

**富蘭克林潛力組合基金**  
**Franklin Mutual U.S. Mid Cap Value Fund**  
**(原名為：Franklin Mutual U.S. Value Fund)**  
**年度財務報告中文簡譯本**

2022 年 10 月 31 日

**本基金年報中文簡譯本僅供參考。**  
**中文簡譯本之內容與英文年報若有歧異，以英文年報之內容為準。**

# 富蘭克林潛力組合基金

## 財務重點

截至 10 月 31 日止之年度

	2022	2021	2020	2019	2018
<b>A 股</b>					
<b>每單位股份操作績效</b>					
(針對持續全年流通在外之股份)					
期初淨資產價值	\$40.20	\$27.59	\$34.61	\$37.93	\$41.08
來自投資操作之收益 <sup>a</sup> ：					
淨投資收益 <sup>b</sup>	0.37	0.43	1.14 <sup>c</sup>	0.52	0.45
淨實現及未實現利得(損失)	(3.28)	13.37	(5.47)	1.13	(0.43)
來自投資操作之收益總額	(2.91)	13.80	(4.33)	1.65	0.02
扣除配息：					
來自淨投資收益	(0.45)	(1.19)	(0.54)	(0.46)	(0.46)
來自淨實現利得	(4.52)	—	(2.15)	(4.51)	(2.71)
配息總額	(4.97)	(1.19)	(2.69)	(4.97)	(3.17)
期末淨資產價值	<b>\$32.32</b>	<b>\$40.20</b>	<b>\$27.59</b>	<b>\$34.61</b>	<b>\$37.93</b>
總報酬 <sup>d</sup>	(8.06)%	51.14%	(13.94)%	6.22%	(0.15)%
<b>對應平均淨資產比率</b>					
未扣除關係企業支付款項減免之費用	0.91%	0.91%	0.95%	0.93%	0.91%
扣除關係企業支付款項減免之費用 <sup>e</sup>	0.90%	0.91% <sup>f</sup>	0.93%	0.89%	0.86%
淨投資收益	1.07%	1.18%	3.94% <sup>c</sup>	1.55%	1.13%
<b>補充資料</b>					
期末淨資產(000's)	\$688,933	\$790,329	\$538,538	\$735,919	\$772,976
投資組合資金週轉率	66.63%	60.45%	57.78%	44.31%	29.85%

- a. 視與基金所獲取的收益以及/或是基金投資公平價值的變動相關的基金股份出售與購回的時間點，於此期間內流通在外股份所顯示的金額可能與此期間的經營業績表所實現的金額無關聯。
- b. 以每日平均流通在外股數為基礎。
- c. 每股淨投資收益中有將近\$0.69美元是以特別股利方式收取。若將此金額除外，則淨投資收益對應平均淨資產比率將為 1.55%。
- d. 總報酬並不反映銷售酬佣或是或有遞延銷售手續費（如適用）。
- e. 費用減少的利益四捨五入到小於 0.01%。
- f. 關係企業的豁免和支付的利益四捨五入到小於 0.01%。

# 富蘭克林潛力組合基金

## 資產負債表

2022年10月31日

資產：

證券投資：

成本 - 非關係企業上市公司	\$690,699,298
成本 - 非控制關係企業上市公司 (附註 3f 和 9)	30,561,198
價值 - 非關係企業上市公司	<u>\$758,447,633</u>
價值 - 非控制關係企業上市公司 (附註 3f 和 9)	30,561,198

現金 5,146

應收款項：

證券投資銷售款	7,520,013
股本銷售款	583,274
股利及利息	532,627
資產合計	<u>797,649,891</u>

負債：

應付款項：

證券投資買入款	2,360,210
股本贖回款	1,512,883
管理費用	300,717
配銷費用	153,493
股務代理機構費用	289,359
專業人士費用	4,130
預提費用及其他負債	127,720
負債合計	<u>4,748,512</u>

淨資產價值 \$792,901,379

淨資產包含：

實收資本	\$697,167,611
可分配盈餘(損失)合計	95,733,768
淨資產價值	<u>\$792,901,379</u>

A 股：

淨資產價值	<u>\$688,933,199</u>
流通在外股份	<u>21,315,196</u>
每股淨資產價值 <sup>a</sup>	<u>\$32.32</u>
每股最高售價 (每股淨資產價值除以 94.50%)	<u>\$34.20</u>

a. 贖回價格等於淨資產價值減掉任何由本基金所提取的或有遞延銷售手續費(如適用)。

# 富蘭克林潛力組合基金

## 經營業績表

截至 2022 年 10 月 31 日止之年度

投資收益：

股利：(扣除外國稅額\$30,178)

非關係企業上市公司 \$16,670,670

非控制關係企業上市公司(附註 3f 及 9) 231,392

投資收益總額 16,902,062

費用：

管理費用(附註 3a) 4,109,598

配銷費用(附註 3c)

A 股 1,859,743

C 股 183,626

R 股 29,342

股務代理機構費用(附註 3e)

A 股 992,406

C 股 24,362

R 股 7,813

R6 股 23,298

Advisor 股 68,863

保管機構費用(附註 4) 8,167

股東報告書費用 71,834

註冊與申報費用 100,320

專業人士費用 148,536

董事酬金與費用 64,166

其他 41,349

總費用 7,733,423

費用抵扣(附註 4) (24)

由關係企業減免/支付的費用(附註 3f 及 3g) (99,892)

淨費用 7,633,507

淨投資收益 9,268,555

實現與未實現利得(損失)：

淨實現利得(損失)來自：

投資：

非關係企業上市公司 32,412,503

外幣交易 49,901

淨實現利得(損失) 32,462,404

淨未實現溢價(折價)變化在：

投資：

非關係企業上市公司 (116,245,726)

以外幣計價之其他資產與負債換算 (239)

淨未實現溢價(折價)變化 (116,245,965)

淨實現與未實現利得(損失) (83,783,561)

淨資產在投資操作上的淨增加(減少) \$(74,515,006)

# 富蘭克林潛力組合基金

## 淨資產變動表

	截至 10 月 31 日止之年度	
	2022	2021
淨資產增加(減少)：		
營運操作：		
淨投資收益	\$9,268,555	\$9,867,517
淨實現利得(損失)	32,462,404	156,893,634
淨未實現溢價(折價)變化	(116,245,965)	140,358,993
淨資產在營運操作上的淨增加(減少)	(74,515,006)	307,120,144
對股東配息：		
A 股	(96,583,319)	(22,744,402)
C 股	(2,428,978)	(552,317)
R 股	(760,276)	(173,376)
R6 股	(4,793,006)	(1,236,499)
Advisor 股	(6,492,610)	(1,479,012)
對股東的配息總額	(111,058,189)	(26,185,606)
股本交易：(附註 2)		
A 股	59,910,867	8,798,321
C 股	(532,442)	(2,860,901)
R 股	305,628	(135,103)
R6 股	5,072,393	(1,292,605)
Advisor 股	819,051	6,589,376
股本交易總額	65,575,497	11,099,088
淨資產的增加(減少)	(119,997,698)	292,033,626
淨資產		
年度期初	912,899,077	620,865,451
年度期末	\$792,901,379	\$912,899,077

# 富蘭克林潛力組合基金

## 財務報告附註

### 1. 組織結構與重要會計政策

富蘭克林價值投資人信託（本信託）是依據美國 1940 年投資公司法案（簡稱為 1940 法案）註冊成立的開放式投資公司，其投資三支個別基金（富蘭克林潛力組合基金為其中之一），並且採行美國一般公認會計原則（U.S. GAAP）之專業會計和報告指南。富蘭克林潛力組合基金提供五種股份類別：A 股、C 股、R 股、R6 股與 Advisor 股。C 股股份在持有 8 年後每月將自動轉換為 A 股股份。各股份類別的首次銷售手續費、或有遞延銷售手續費、對單一股份具影響之事件的投票權、轉換權益、不同約定之分銷費用及股務代理機構費用皆有所不同。

本基金重要會計政策摘要如下：

#### a. 財務工具評價

本基金為每日以公平價值(fair value)評價投資的財務工具。公平價值是市場參與者於秩序交易中，賣出資產或轉移負債於衡量日所被買賣參與者接受的價格。本基金在每個營業日的美東時間下午四點或紐約證券交易所(NYSE)正常排定的收盤時間計算每股淨資產價值(NAV)，以較早者為準。在本基金董事會所核准的政策及程序下，董事會已指定基金的投資經理為估值指定人，並負責監督估值。投資經理在基金管理人的協助下履行此職責，包含主導具有交叉功能之評價委員會（the Valuation Committee (VC)）。本基金得以利用獨立定價服務、來自證券和財務工具的交易商所提供的報價及其他市場資訊來決定公平價值。

在證券交易所或那斯達克交易系統掛牌之股票以及指數股票型基金（Exchange traded funds）是分別以最後公告售價或當日官方收盤價格計價。外國證券是以證券主要交易之外國證券交易所或是東部時間下午四點的收盤價估值。其價格將以國外證券所估值當日東部時間下午四點的收盤匯率被轉換成美元後的價值而定。店頭市場交易證券其估值則不超過最近一次的買賣報價範圍。同時在多個市場或多個交易所進行交易的證券，其估值則以最具廣度和代表性之市場的報價為準。某些股權證券是以類似證券的基本特徵或關係為評價基礎。

投資於開放式共同基金則以結算後的淨資產價值評價。

當財務工具缺乏可以信賴或是無法獲得市場價格時，本基金採用一些程序來決定其公平價值。在這些程序下，本基金主要使用市場基礎法（market-based approach），即使用相關或可比較之資產或負債、近期交易、市場乘數、帳面價值及其他相關資訊來決定投資之公平價值。收益基礎衡量法（income-based valuation approach）也可用於投資之預期未來現金流量折價以計算公平價值。由於處分投資的限制的本質或是存續期間，可能也使用折價來計算。由於此類投資評價固有的不確定性，其公平價值與活躍市場存在的價格可能會有顯著的差異。

於外國證券交易所及店頭交易市場掛牌證券的交易，可能早於東部時間下午四點時間。此外，某些外國市場的交易並不會發生在每一個基金的營業日內。有時候，在外國證券交易完畢與東部時間下午四點之間的時間裡發生的事件可能對本基金所持有之投資組合證券價值的可信度造成影響。因此，由外國市場收盤後所決定之基金組合證券價格與東部時間下午四點最近的價格間，可能會產生差異。為了最小化這些潛在的差異，本基金得採用獨立定價服務將投資組合證券的價值調整至東部時間下午四點最新指標的公平價值。截至 2022 年 10 月 31 日，部分證券已使用公平價值程序來定價，在這種情況下，這些證券被分類為公平價值衡量層級中的等級 2。更多說明，請參閱「公平價值衡量」附註。

當申報期間的最後一日為非營業日時，某些外國市場可能在那幾天有營業，但基金的淨值未被計算，此可能造成基金投資組合證券的價值在申報期間的最後營業日及最後日曆日間有所差異。任何因外國市場開市所造成之顯著證券價值變動將被基金為反映財務申報目的而進行調整和反映。

# 富蘭克林潛力組合基金

## 1. 組織結構與重要會計政策(承續前文)

### b. 外幣轉換

投資組合中以外幣結算的證券以及其他資產與負債，是在估值日以這類外幣對美元的匯率轉換成美元來定價。本基金可能簽訂外匯契約協助以外幣計價的交易。以外幣結算之證券的申購與銷售，收益與費用項目是以在交易日生效的匯率轉換成美元來定價；以外幣計價之投資組合證券、資產及負債包含這些外幣相對於美元價值下跌的風險。偶爾，因事件的發生可能影響外幣對美元匯率的可獲得性或可信度。若有此類事件發生，將以本基金董事會所建立並核准之程序來確定該匯率的公平價值。

本基金不單獨報告外匯匯率變動對所持證券的市場價格變動的影響。這類的變動已包含在經營業績表中的淨實現與未實現投資利得或損失中。

已實現的匯兌利得或損失來自於外幣銷售、在證券的交易日與交割日之間所實現的貨幣利得或損失及股利、利息、外國預扣稅的紀錄金額與其實際交付的等值美元金額之間的差異。淨未實現匯兌利得或損失來自於在報告期末除所持有的投資證券之外，以外幣結算之資產與負債的外幣匯率變動。

### c. 所得稅及遞延稅

按照基金政策，本基金必須符合美國稅務法對於投資公司的規定，對股東分配幾乎所有的應稅收益與淨實現利益以免於繳納聯邦所得稅及特許權稅，因此無需預提美國聯邦所得稅。

本基金在外國管轄區域的投資所收取的收益、證券售出的資本利得以及一些外匯交易可能須繳納外國稅捐。如有外國稅捐，其金額將依據本基金所投資之外國市場實施的稅務法規與稅率申報。如外國對淨實現利得加以課稅，本基金將記錄預估的遞延稅賦義務，其金額相當於當證券在評價日交易須支付的稅額。

由於遍及歐盟一些國家的幾個訴訟案件結果，本基金已經為以前在這些國家所賺取股利的代扣稅款申報追加的返還稅款（歐盟返還）。已認可收益，若有的話，這些歐盟返還金額是以其他收益反映於經營業績表中，而任何相關應收款項，若有的話，是以歐盟稅款返還反映於資產負債表中。與這些文件相關的任何費用都反映在經營業績表的其他費用中。當這些訴訟的最終裁決、取得這些返回稅款的可能性以及付款的可能時間安排尚存有不確定性時，則無金額得以被反映於財務報表中。就美國所得稅目的，本基金所收取的歐盟返還稅款，若有的話，將減少本基金股東可以用作稅收扣減或所得稅申報抵免的外國稅捐金額。

只有當稅務機關基於稅項的技術優勢進行依據美國一般公認會計原則（U.S.GAAP）審查時認為該不明確稅項低於 50% 的情況下，本基金才會確認不明確稅項的稅務義務。截至 2022 年 10 月 31 日，本基金已確定其財務報表中無需就任何開放稅賦年度（或預計在未來納稅年度）的不確定稅項承擔任何稅務義務。開放稅賦年度為基於稅賦管轄權之法定時效限制下仍須接受審查的年度。

### d. 證券交易、投資收益、費用及配息

證券交易是在交易日作入帳。證券交易之已實現利得或損失則決定於特定基礎。股利收入是在除息日入帳，除了某些來自無法獲得股利率的證券。在這種情況下，一旦基金收到信息，股息就會被記錄下來。對股東的配息是在除息日入帳並且依據所得稅法（稅基）確定。以稅基所決定的可分配盈餘可能不同於依照一般美國公認會計準則所紀錄的盈餘。這些差異可能是永久或是暫時的。永久性差異將產生在資本帳戶被重新分類以反映其稅賦特性。這些重新分類對淨資產或是經營業績並不會造成影響。暫時性差異則不用重新分類，因為差異在後續期間將會撤銷。

本信託所招致的共同費用，將依個別基金的淨資產佔本基金的總淨資產的比率，或根據每一基金的股東人數與本信託的股東人數的比率，來配置到各別基金，個別基金單獨招致的費用將直接記錄在招致此費用的基金帳內。

年度財務報告/附屬的財務報表附註是財務報表的一部份

# 富蘭克林潛力組合基金

## 1. 組織結構與重要會計政策(承續前文)

### d. 證券交易、投資收益、費用及配息(承續前文)

已實現與未實現利得與損失以及淨投資收益(股份等級特定費用除外)，是依照個別股份等級的淨資產之相對比重而每日分配到個別股份等級。股份等級的費用差異可能導致各股份等級每股配息款項的差異。

### e. 會計估計

管理階層依照美國一般公認會計原則(U.S. GAAP)編制財務報表時需要做出會計估計與假設。這些會計估計與假設會影響於財務報表日的資產與負債金額以及在財務報表期間的收入與費用金額。實際結果可能與估計值不同。

### f. 保證及賠償

根據本信託的組織文件，其管理人員與董事因履行對本信託的職責而發生的某些債務得以被賠償。此外，在正常業務狀況下，本信託代表本基金與服務提供機構簽訂契約也包含一般賠償條款。本信託在這些處理下的最大風險是未知的，因為涉及未來可能對本信託發生的被訴訟索賠。目前，本信託預期損失的風險是很小的。

## 2. 實益權益股份

截至 2022 年 10 月 31 日，本基金授權發行無數量管制的股份(無股票面值)。本基金股份的交易如下表：

	截至 10 月 31 日止之年度		截至 10 月 31 日止之年度	
	2022		2021	
	股份	金額	股份	金額
<b>A 股：</b>				
股份銷售 <sup>a</sup>	3,833,315	\$132,100,439	4,681,925	\$175,735,473
配息轉入再投資之股份	2,574,503	89,386,752	660,772	20,853,982
股份贖回	(4,754,830)	(161,576,324)	(5,202,212)	(187,791,134)
淨增加(減少)	1,652,988	\$59,910,867	140,485	\$8,798,321

<sup>a</sup>可能包含部分 C 股其被自動轉為 A 股。

## 3. 與關係企業的交易

富蘭克林公司作為控股公司，與其各附屬公司合稱為富蘭克林坦伯頓基金集團。本基金的部分主管與董事也是下列附屬公司的主管以及/或是董事：

附屬公司	與本基金的關係
Franklin Mutual Advisers, LLC (Franklin Mutual)	投資經理公司
Franklin Templeton Services, LLC (FT Services)	行政經理公司
Franklin Distributors, LLC (Distributors)	主辦承銷商
Franklin Templeton Investor Services, LLC (Investor Services)	股務代理機構

### a. 管理費用

本基金按基金的平均每日淨資產價值所適用之年率標準支付投資管理費用，按日計算按月支付，年率標準詳如下表：

年化費率	淨資產
0.625%	不超過(含)一億美元
0.500%	超過一億美元，不超過(含)二億五千萬美元



# 富蘭克林潛力組合基金

## 3. 與關係企業的交易(承續前文)

### a. 管理費用(承續前文)

年化費率	淨資產
0.450%	超過二億五千萬美元，不超過(含)七十五億美元
0.440%	超過七十五億美元，不超過(含)一百億美元
0.430%	超過一百億美元，不超過(含)一百二十五億美元
0.420%	超過一百二十五億美元，不超過(含)一百五十億美元
0.400%	超過一百五十億美元

截至 2022 年 10 月 31 日，淨有效投資管理費率為基金平均每日淨資產的 0.479%。

### b. 行政費用

根據與 Franklin Mutual 的協定，FT Services 為本基金提供行政管理服務。此費用由 Franklin Mutual 根據平均每日淨資產支付，並不是本基金的額外費用。

### c. 配銷費用

除了 R6 股及 Advisor 股以外，本基金董事會遵循美國 1940 年投資公司法案的規則 12b-1，對於各股皆採用配銷計劃。配銷費用在本基金 A 股的償還配銷計劃下，每年本基金將向 Distributors 償付不超過 A 股的最高年度計劃費率的費用，用以彌補其銷售與配銷本基金股份所帶來的費用。在 A 股的償還配銷計劃下，當期計劃年度的費用超出最高償還額度的部分不會在後續期間得到償還。此外，在本基金 C 股及 R 股的補償配銷計劃下，每年本基金將向 Distributors 支付不超過各股的最高年度計劃費率的費用，用以彌補其服務、銷售與配銷本基金股份所招致的費用。為監控最高年度計劃費率之遵循情形，該計劃年度為 2 月 1 日至 1 月 31 日的整個期間。

按本基金的平均每日淨資產的特定比例，各股的最高年度計劃費率列示如下：

償還墊付計劃：

A 股 0.25%

償還配銷計劃：

C 股 1.00%

R 股 0.50%

### d. 銷售手續費/承銷合約

前收型銷售手續費以及或有遞延銷售手續費 (CDSC) 不是本基金的費用。這些手續費在投資之前就從基金股份銷售款項中扣除，或是在贖回收益匯出之前被扣除 (若適用)。承銷商 (Distributors) 已告知本基金下列有關本期間基金股份銷售與贖回的交易佣金：

扣除支付給非關係企業的交易商/經紀商佣金後的銷售手續費	\$ 76,161
保留的或有遞延銷售手續費	\$ 6,280

### e. 股務代理機構費用

每個基金股份為 Investor Services 對股東服務範圍的績效支付股務代理機構費用。自 2022 年 10 月 1 日起，費用基於 0.016% 的年化資產費用加上減少的交易費用。2022 年 10 月 1 日之前，費用根據 0.02% 的年化資產基礎費用加上交易基礎費用。除了 R6 股，每個基金股份為 Investor Services 對股東服務範圍的績效支付股務代理機構費用並且償付 Investor Services 的墊付款項，包括：支付予第三方的股東服務費用。這些費用將以各個股份淨資產的相對比例為基礎每日配置於各該股份。R6 股僅對該股支付 Investor Services 股務代理機構費用。

在截至 2022 年 10 月 31 日止之年度內，本基金支付股務代理機構的費用已標示於經營業績表中，其中支付投資者服務 (Investor Services) 的金額為 \$463,748。

# 富蘭克林潛力組合基金

## 3. 與關係企業的交易(承續前文)

### f. 投資於關係企業管理投資公司

某些或全部基金投資於一個或多個關係企業管理投資公司。根據 1940 年法案的定義，當基金直接或間接擁有附屬基金 25% 或更多的已發行股份或有權對管理行使控制權時，該投資被視為基金的「控制關係企業」。本基金的投資目的不是對管理或政策施加控制影響。本基金可減免投資於關係企業管理投資公司的資產所對應的管理費用已標示於經營業績表中，但金額不超過每一個關係企業直接或間接所支付的管理費用和行政費用。在截至 2022 年 10 月 31 日止之年度，本基金投資在關係企業管理投資公司明細如下：

	期初 價值	申購	銷售	已實現利 得(虧損)	未實現溢價 (折價)淨變動	期末 價值	期末 持有股數	投資收益
<b>非控制關係上市 公司</b>								<u>股利</u>
Institutional Fiduciary Trust Money Market Portfolio, 2.86%	\$47,616,094	\$229,454,930	\$(246,509,826)	\$—	\$—	\$30,561,198	30,561,198	\$231,392
<b>關係上市公司 證券合計</b>	<u>\$47,616,094</u>	<u>\$229,454,930</u>	<u>\$(246,509,826)</u>	<u>\$—</u>	<u>\$—</u>	<u>\$30,561,198</u>		<u>\$231,392</u>

### g. 免除與費用償還

Investor Services 已事先簽約同意免除或是限制其收取的費用，所以 R6 股的股務代理機構費用將不會超過該級別的平均淨資產的 0.03%，直到 2024 年 2 月 29 日。

## 4. 費用抵銷約定

本基金已與保管機構簽訂合約，將未投資的現金部分所獲得的收益用以抵償本基金的部分保管機構費用。截至 2022 年 10 月 31 日止之年度內，調降之保管機構費用已列示於經營業績表。

## 5. 所得稅

在截至 2022 年與 2021 年 10 月 31 日止會計年度內已支付的配息之稅賦性質如下表所示：

	2022	2021
所支付之配息來自：		
一般收益	\$10,073,617	\$26,185,606
長期資本利得	100,984,572	—
	<u>\$111,058,189</u>	<u>\$26,185,606</u>

基於所得稅目的，於 2022 年 10 月 31 日，本基金之投資成本、淨未實現溢價(折價)、未分配一般收益及未分配長期資本利得如下表所示：

投資成本	<u>\$725,231,338</u>
未實現溢價	\$119,329,612
未實現折價	(55,552,119)
淨未實現溢價(折價)	<u>\$63,777,493</u>
可分配收益：	
未分配一般收入	\$5,991,026
未分配長期資本利得	25,965,492
可分配盈餘	<u>\$31,956,518</u>

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## 5. 所得稅(承續前文)

收益以及/或是資本利得在帳面基礎與稅賦基礎上有所不同，主要是因為對沖銷性交易的處理不同而影響分配的特性所致。

基金採用稅務會計慣例將贖回的部分股本收益視為淨投資收入和已實現資本收益的分配。

## 6. 投資交易

截至 2022 年 10 月 31 日止之年度內買入與賣出(不包括短期證券)的交易額分別為 546,134,488 美元及 572,551,145 美元。

## 7. 地緣政治風險

2022 年 2 月 24 日，俄羅斯在烏克蘭主權領土上採取軍事行動。當前圍繞俄羅斯和烏克蘭的政治和金融的不確定性可能會造成市場波動，同時增加在這兩個國家中投資證券的經濟風險。這場戰爭也可能給全球經濟和更廣泛的金融市場帶來不確定性。這些事件的最終後果和長期影響尚不清楚。基金將繼續評估事件對估值和流動性的影響，並將根據董事會批准的程序採取任何必要的潛在行動。

## 8. 新型冠狀病毒大流行

全球性新型冠狀病毒疾病(稱為 COVID-19)的爆發已普遍性對許多公司、產業、國家、區域和市場造成了不利影響，並且可能以無法預料的持續時間蔓延。這種大流行病的影響可能會嚴重地衝擊本基金的價值和績效表現、在適當的價值買賣基金投資的能力以及達成其投資目標的能力。

## 9. (略)

## 10. 信用工具

本基金與富蘭克林坦伯頓基金集團所管理的其他美國註冊以及外國投資基金(全體地，以下稱「全體借用人」)共同簽定一項於 2023 年 2 月 3 日到期之貸款總額為 26.75 億美元的優先無擔保聯合全球信用貸款(以下稱「全球信用工具」)。全球信用工具為一項資金來源，以提供予全體借用人因應其暫時與緊急目的，包括有能力去應付未來無預期或不尋常的大量贖回需求。

依據全球信用工具條款，本基金除了應負擔所動用任何貸款的利息，以及由本基金所產生的其他成本之外，尚須依據本基金佔全體借用人淨資產總額的相對持份比例，分攤履行及維持全球信用工具所產生的費用及支出，包括全球信用工具未使用部分的 0.15% 年度承諾費用。該費用已反映於經營業績表的其他費用中。截至 2022 年 10 月 31 日止，本基金並未使用全球信用工具貸款。

## 11. 公平價值衡量

本基金採用公平價值的等級，其係用來區別從獨立來源所取得的市場資料(可觀察信息)與基金自行的市場假設(不可觀察信息)。這些信息被用於決定基金投資的價值，並得概述於以下之公平價值的等級：

- 等級 1—用同一證券的現行活躍市場報價
- 等級 2—其他重要的明顯信息(包括對於相類似證券的報價、利率、預付款項速度及信用風險等)
- 等級 3—重要的不可觀察信息(包括基金以自行假設決定投資的公平價值)

# 富蘭克林潛力組合基金

## 11. 公平價值衡量(承續前文)

用以評價證券的信息或方法，並非暗示與投資該證券有關的風險或流動性。

以下為截至 2022 年 10 月 31 日止，評估本基金資產之公平價值所採納的信息之等級概要：

	等級 1	等級 2	等級 3	合計
<b>資產：</b>				
證券投資：				
普通股：				
航空及國防	9,637,297	10,334,633	—	19,971,930
汽車零組件	19,937,482	—	—	19,937,482
銀行業	56,180,101	8,684,294	—	64,864,395
建築產品	17,614,651	—	—	17,614,651
化學業	49,077,853	—	—	49,077,853
商務服務及用品	9,268,583	—	—	9,268,583
建築及工程	13,306,446	—	—	13,306,446
多元化金融服務	19,190,361	—	—	19,190,361
電子公用事業	22,606,620	—	—	22,606,620
電子設備	11,894,633	—	—	11,894,633
電子設備儀器及零件	18,530,453	—	—	18,530,453
能源設備與服務	29,622,777	—	—	29,622,777
股權不動產投資信託	28,168,126	—	—	28,168,126
食品業	25,370,119	—	—	25,370,119
保健提供和服務	37,720,439	—	—	37,720,439
家用耐用品	18,405,149	—	—	18,405,149
獨立電力和可再生電力生產商	18,421,637	—	—	18,421,637
保險業	53,891,177	—	—	53,891,177
網路直銷	4,035,075	—	—	4,035,075
資訊服務	34,215,014	—	—	34,215,014
機械業	29,524,208	—	—	29,524,208
媒體業	8,607,554	—	—	8,607,554
金屬及採礦	6,159,754	—	—	6,159,754
石油、天然氣和消耗性燃料	22,723,240	—	—	22,723,240
個人產品	—	11,745,251	—	11,745,251
製藥業	6,730,913	10,955,793	—	17,686,706
專業服務	32,828,395	—	—	32,828,395
不動產管理及開發	25,212,940	—	—	25,212,940
軟體業	21,075,936	—	—	21,075,936
專業零售	13,726,054	—	—	13,726,054
技術硬體存儲和外圍設備	12,067,926	—	—	12,067,926
紡織品服裝和奢侈品	19,208,091	—	—	19,208,091
貿易公司和經銷商	21,768,658	—	—	21,768,658
短期投資	30,561,198	—	—	30,561,198
證券投資總額	\$747,288,860	\$41,719,971 <sup>a</sup>	\$—	\$789,008,831

<sup>a</sup> 包括價值 41,719,971 美元的外國證券，由於應用了市場公平價值程序，這些證券被歸類為等級 2。更多資訊請參見金融工具估值說明。

# 富蘭克林潛力組合基金

## 12. 新會計原則宣告

於 2022 年 6 月，美國財務會計準則委員會(FASB)頒布公告第 2022-03 號會計準則更新(ASU)「公允價值計量(主題 820)－受合同銷售限制的股權證券的公允價值計算」。ASU 中的修訂澄清了限制出售股權證券的合同不被視為權益證券的計算單位，因此在計算公允價值時不應考慮。此更新於 2023 年 12 月 15 日之後開始的期中和年度報告期間正式生效，也可選擇提前採用。管理單位目前正在評估此 ASU 的影響。

## 13. 期後事項

本基金已評量截至本財報公告日期間的期後事項，除了已經揭露的事項，確定沒有發生應行揭露的事項。

# 富蘭克林潛力組合基金

## 翻譯自獨立公開發行註冊會計師事務所簽證英文報告原文

致富蘭克林潛力組合基金的全體董事與股東

### 財務報表之意見

我們已查核富蘭克林潛力組合基金（以下簡稱「基金」）前附截至 2022 年 10 月 31 日之包括投資明細表在內的資產負債表、相關經營業績表、兩年的淨資產變動表、五年各期末的財務重點以及相關附註（以下簡稱「財務報表」）。我們認為，財務報表在所有重大方面，公允反映了基金於 2022 年 10 月 31 日的財務狀況、年度的經營成果、淨資產變動情況，以及各期末的財務重點，並符合美國公認會計準則的規定。

### 意見之基礎

這些財務報表的編制是基金管理者的責任。我們的責任是在我們查核的基礎上對這些財務報表表示意見。我們是公開發行會計公司，在公開發行公司會計監督委員會（美國）（“PCAOB”）註冊，並且被要求必須獨立於基金，符合美國聯邦證券法、美國證券交易委員會和 PCAOB 的適用規則和條例。

我們依據 PCAOB 的標準對這些財務報表進行查核。這些準則要求我們計劃與執行查核工作，以合理確信這些財務報表是否不存在重大誤述，無論是由於錯誤還是欺詐。對基金的財務報告內部控管進行查核時，基金無需擁有，也不參與執行報告。作為我們查核的一部分，我們需要了解財務報告的內部控管，但不是以基金財務報告內部控管的有效性發表意見為目的。因此，我們不對內部控制的有效性發表意見。

我們的查核工作包括評估財務報表重大誤述風險的執程序，無論是由於錯誤或是欺詐，以及執行應對這些風險的程序。這些程序包括在抽查的基礎上檢查支持財務報表金額與相關財務公開的證據。我們的查核工作也包括在評價管理當局在編制財務報表時採用的會計政策和作出的重大會計估計，以及評價財務報表的整體表達。我們相信，我們的查核工作（包括於 2022 年 10 月 31 日與保管銀行、服務代理商及經紀商確認的證券餘額狀況，若審計請求不被單位接受，我們將訴求其他審計程序）為所表示的意見提供了合理的基礎。

Ernst & Young LLP (E&Y)會計師事務所

自 1987 年以來，我們一直擔任富蘭克林坦伯頓投資基金的一家或多家投資公司之會計師。

波士頓·馬薩諸塞州

2022 年 12 月 19 日

所附財務報表並非意圖顯現其財務立場和營運結果符合美國以外地區接受的一般會計原則之標準。

這些財務報表之查核的標準、程序和實務運作為美國當地接受和應用。

**This version of our report is a translation from the original report, which was prepared in English. In all matters of interpretation of information, views or opinions, the original English language version of our report takes precedence over this translation.**

中文簡譯本之內容與英文年報若有歧異，以英文年報之內容為準。

ANNUAL REPORT AND SHAREHOLDER LETTER

# FRANKLIN VALUE INVESTORS TRUST

October 31, 2022



FRANKLIN  
TEMPLETON

**Franklin MicroCap Value Fund**

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**Franklin Mutual U.S. Mid Cap Value Fund**  
*Formerly, Franklin Mutual U.S. Value Fund*

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**Franklin Small Cap Value Fund**

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# SHAREHOLDER LETTER

Dear Franklin Fund Shareholder:

The past 12 months were eventful and volatile. Several themes carried over from the winter of 2021 into the new calendar year, but with seemingly increased intensity. Mounting inflation, more hawkish central banks, continuing supply-chain difficulties and renewed COVID lockdowns remained a part of the economic landscape, joined by new elements, like war in Europe. Corporate earnings and other economic indicators generally remained strong for much of the 12 months. However, some elements such as consumer spending patterns and corporate inventories showed strain as inflationary pressures and concern over the possibility of a recession took their toll on the general population, companies and investors.

Equity markets generally declined during the year, pressured by high inflation, tightening monetary policy and continued knock-on effects from Russia's invasion of Ukraine. Supply-chain disruptions helped drive inflation in many countries to reach the highest levels in decades. In response, some of the world's central banks tightened monetary policy, including the U.S. Federal Reserve, which made its first rate hike in over three years in March, followed by additional increases throughout the remainder of the period. Rising rates can cool economic growth and a recession may be on the horizon. Some U.S. large-cap valuations reflect this recession risk. Furthermore, many U.S. small-cap value stocks are trading well below their 52-week highs and valuations of profitable companies are near 20-year lows relative to large-cap value stocks. Higher interest rates also continue to work against long-duration growth stocks by increasing the discount rate of a company's projected future cash flows. This downward pressure on technology and other long-duration growth names is helping to support investor interest in more defensive value stocks, which handily outperformed their growth counterparts over the past 12 months.

Even though the initial shock of Russia's invasion of Ukraine has receded, the conflict continues to roil markets as Russia leverages its position as a prominent supplier of oil and natural gas to much of Europe. Many European countries and companies have been exploring alternate ways to fulfill their need for energy. Aside from energy shortages, other supply-chain disruptions continued through the end of the period, although there are early signs of improvement. As China gets closer to a meaningful reopening, we are optimistic their full reengagement in the global economy will

be a significant catalyst to supply-chain issues easing.

Not all progress is evidenced by a steady march forward. In the near-term, market activity will likely be influenced by developments around the Ukraine conflict, inflation concerns, supply-chain constraints, and changes to monetary and fiscal support. We remain focused on identifying opportunities to acquire stocks at attractive valuations based upon our assessment of fundamental value, while taking advantage of volatility. Our process of finding underappreciated and misunderstood companies with identifiable catalysts to unlock shareholder value may provide meaningful upside potential and possible downside risk management during turbulent periods. In addition, we continue to focus on event-driven situations across equity and fixed income with catalysts less correlated to the overall markets. While unnerving, volatility remains an inherent part of investing in risk assets, and the market historically rewards investors who take an opportunistic long-term perspective.

On the following pages, the portfolio management team of each Fund reviews investment decisions made during this 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 continuing to serve your investment needs in the years ahead.

Sincerely,



Christian Correa, CFA  
President and Chief Investment Officer  
Franklin Value Investors Trust

*This letter reflects our analysis and opinions as of October 31, 2022, unless otherwise indicated. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.*

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Not FDIC Insured	May Lose Value	No Bank Guarantee
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Visit **franklintempleton.com** for fund updates, to access your account, or to find helpful financial planning tools.

# ANNUAL REPORT

## Economic and Market Overview

U.S. equities, as measured by the Standard & Poor's® 500 Index (S&P 500®), posted a -14.61% total return for the 12 months ended October 31, 2022.<sup>1</sup> High inflation, rising interest rates and geopolitical instability contributed to a sharp decline in equity prices. Although consumer spending continued to rise, deteriorating financial conditions negatively impacted consumer sentiment, which improved slightly at the end of the period after falling in June 2022 to the lowest level ever recorded in over 60 years.

Elevated inflation was a major concern for both consumers and investors, as inflation accelerated in June 2022 to the highest rate since 1981. Continued supply-chain disruptions, strong consumer demand, and volatile energy prices drove inflation higher. Russia's invasion of Ukraine also disrupted financial markets and led to a rise in oil and commodity prices, although much of that increase abated by period-end. Amid notable employment gains in the leisure and hospitality and health care sectors, the U.S. unemployment rate declined from 4.6% in October 2021 to 3.5% in September 2022, before rising modestly to 3.7% in October 2022. Wages climbed at the fastest rate in decades, which added to some investors' inflation concerns.

U.S. gross domestic product (GDP) growth was robust in the fourth quarter of 2021 as strong consumer spending and business investment in growing inventories supported the economy. GDP contracted in the first half of 2022 due to declining residential and business investment and lower levels of government spending, but grew in 2022's third quarter amid a narrowing trade deficit and strong consumer spending. Increased nonresidential fixed investment and government spending also positively contributed to the third quarter economic growth. Rising interest rates translated to higher borrowing costs for individuals and businesses. Mortgage rates reached the highest level since 2007, and new home construction slowed toward period-end.

In an effort to control inflation, the U.S. Federal Reserve (Fed) began to raise the federal funds target rate in March 2022, the first such increase since 2018. The Fed raised the federal funds rate again at each of its four subsequent meetings to end the period at a range of 3.00%–3.25%. The Fed noted in its September 2022 meeting that inflation remained elevated amid robust job growth and low unemployment. Furthermore, the Fed said it would continue

to reduce its bond holdings, and Fed Chair Jerome Powell indicated that reducing inflation was likely to require a period of below-trend growth.

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*The foregoing information reflects our analysis and opinions as of October 31, 2022. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.*

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

# Franklin MicroCap Value Fund

This annual report for Franklin MicroCap Value Fund covers the fiscal year ended October 31, 2022.

## Your Fund's Goal and Main Investments

The Fund seeks high total return, of which capital appreciation and income are components. The Fund normally invests at least 80% of its net assets in securities of microcap companies with total market capitalizations of \$1 billion or less or within the bottom 40% of the Russell 2000® Value Index, whichever is higher at the time of purchase.<sup>1</sup> The Fund generally invests in equity securities, predominantly common stocks, of companies that we believe are undervalued and have the potential for capital appreciation. The Fund may invest up to 25% of its total assets in foreign securities.

## Performance Overview

The Fund's Class A shares posted a -2.00% cumulative total return for the 12 months under review. In comparison, the Russell 2000® Value Index, which measures the performance of those Russell 2000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates, posted a -10.73% cumulative total return for the same period.<sup>2</sup> You can find more of the Fund's performance data in the Performance Summary beginning on page 7.

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

## Investment Strategy

Our strategy is to buy shares of companies that we believe are undervalued at the time of purchase and have the potential for capital appreciation. The types of companies the Fund may invest in include, among other things, those that may be considered out of favor due to actual or perceived cyclical or secular challenges, or are experiencing temporary setbacks, diminished expectations, mismanagement or undermanagement, or are financially stressed. Environmental, social and governance (ESG)

1. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Russell 2000® Value Index is market capitalization weighted and measures the performance of those Russell 2000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.

2. Source: Morningstar.

The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

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

**The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI). The SOI begins on page 28.**

related assessments of companies may be considered. In choosing investments, we conduct an in-depth analysis of a company's long-term or normalized earnings and free cash flow potential, quality of management, ownership of valuable franchises, trademarks or trade names, control of distribution networks, underutilized assets and market share for particular products, balance sheet, and other factors that may identify the issuer as a potential investment. The investment manager considers selling a security when it no longer meets its value criteria.

## Portfolio Composition

10/31/22

	<b>% of Total Net Assets</b>
Banks	22.6%
Machinery	6.0%
Health Care Equipment & Supplies	5.0%
Equity Real Estate Investment Trusts (REITs)	5.0%
Hotels, Restaurants & Leisure	4.2%
Communications Equipment	4.1%
Construction & Engineering	3.9%
Electrical Equipment	3.4%
Energy Equipment & Services	3.4%
Thrifts & Mortgage Finance	3.0%
Biotechnology	2.9%
Electronic Equipment, Instruments & Components	2.4%
Textiles, Apparel & Luxury Goods	2.3%
Health Care Technology	1.8%
Other*	21.2%
Short-Term Investments & Other Net Assets	8.8%

\*Categories within the Other category are listed in full in the Fund's Schedule of Investments (SOI), which can be found later in this report.

## Manager's Discussion

During the 12-month reporting period, security selection in the financials, information technology and communication services sectors supported relative results. Conversely, stock selection in the consumer discretionary and industrials sectors, as well as stock selection and an underweight in utilities, hampered relative results.

Major positive contributors relative to the Fund's benchmark index over the 12-month period included Ardmore Shipping (not held at period-end), Digi International and IntriCon (not held at period-end). Digi International is listed among the Fund's largest positions in the Top 10 Holdings table on this page.

### Top 10 Holdings

10/31/22

Company Industry, Country	% of Total Net Assets
First Business Financial Services, Inc. Banks, United States	2.3%
Digi International, Inc. Communications Equipment, United States	2.1%
Peapack-Gladstone Financial Corp. Banks, United States	2.1%
Northeast Bank Banks, United States	2.0%
Investar Holding Corp. Banks, United States	1.8%
Southern Missouri Bancorp, Inc. Thrifts & Mortgage Finance, United States	1.8%
CTO Realty Growth, Inc. Equity Real Estate Investment Trusts (REITs), United States	1.7%
Utah Medical Products, Inc. Health Care Equipment & Supplies, United States	1.7%
Helix Energy Solutions Group, Inc. Energy Equipment & Services, United States	1.7%
Premier Financial Corp. Banks, United States	1.7%

Oil tanker company Ardmore Shipping was a notable positive relative contributor. The company is seeing an improvement in its business, which it expects to continue throughout 2022. However, Ardmore did note that it was monitoring several competing factors, including the pandemic's evolution and the global economic recovery, as well as geopolitical concerns and whether currently high oil prices will lead to reduced shipments. Similar to other high leverage energy-related stocks, Ardmore is highly cyclical and volatile. We sold the stock because valuation appeared full at price-to-book versus its 10-year historical average. We redeployed the proceeds into other names in the portfolio with better valuation and risk/reward profiles, including other energy companies.

Digi International, an "internet of things" products maker, boosted relative results, following strong fiscal third-quarter 2022 results, supported by a jump in sales. The company attributed the stronger revenues to increased sales of console servers and cellular products driven in part by data center demand. Digi also boosted its fiscal fourth-quarter earnings estimates and continues to expect sustained cash flow generation over the longer term.

IntriCon, which helps to design and manufacture implantable and body-worn devices, positively contributed to relative performance following news that it was being taken over by an investment firm focused on the health care industry. Additionally, IntriCon's recent financial results have been strong, with the company seeing growth across its businesses. IntriCon was acquired in May 2022 by an affiliate of Altaris Capital Partners, a private equity firm.

Key detractors relative to the Fund's benchmark index included Invacare (not held at period-end), Rocky Brands and Vera Bradley.

Medical equipment manufacturer Invacare detracted from relative returns over the period. The company has seen strong demand and orders for its products during the period, but after many years of underperformance and poor management execution, we sold the position. Invacare had just initiated yet another restructuring program to get its costs under control, as management could not seem to manage input cost inflation and supply-chain challenges appropriately. In addition, the balance sheet has a lot of debt, which made the stock even more risky going into a potential recession in 2023.

Rocky Brands detracted in the period, as inflationary pressures continued to pressure its earnings in the second quarter of 2022. Although the apparel company's sales growth has been strong, it is seeing gross margin pressure due to higher product and freight costs. Rocky Brands has begun raising prices to offset some of these pressures, which it expects will begin to ease later in the year.

Apparel retailer Vera Bradley further hindered relative performance, as its second-quarter 2022 results were weaker than anticipated. The company reported a drop in same-store sales, and noted that inflationary pressures, including rising gas prices, are having an impact on spending among lower end consumers. The company is reducing costs to deal with rising freight and material expenses as appropriate.

Thank you for your participation in Franklin MicroCap Value Fund. We look forward to continuing to serve your investment needs.

Oliver H. Wong, CFA  
Portfolio Manager

*The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2022, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings*

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

## Performance Summary as of October 31, 2022

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 10/31/22<sup>1</sup>

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

Share Class	Cumulative Total Return <sup>2</sup>	Average Annual Total Return <sup>3</sup>
<b>A<sup>4</sup></b>		
1-Year	-2.00%	-7.40%
5-Year	+25.77%	+3.51%
10-Year	+118.38%	+7.51%
<b>Advisor</b>		
1-Year	-1.77%	-1.77%
5-Year	+27.28%	+4.94%
10-Year	+123.67%	+8.38%

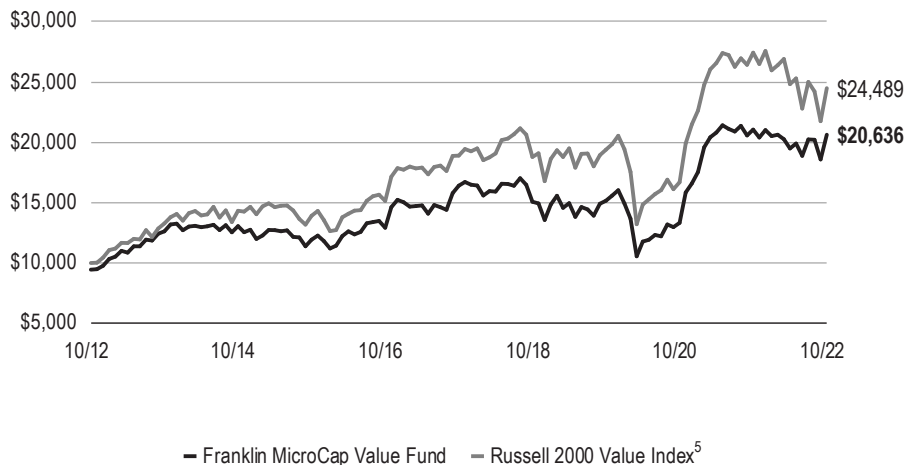
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com)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

See page 9 for Performance Summary footnotes.

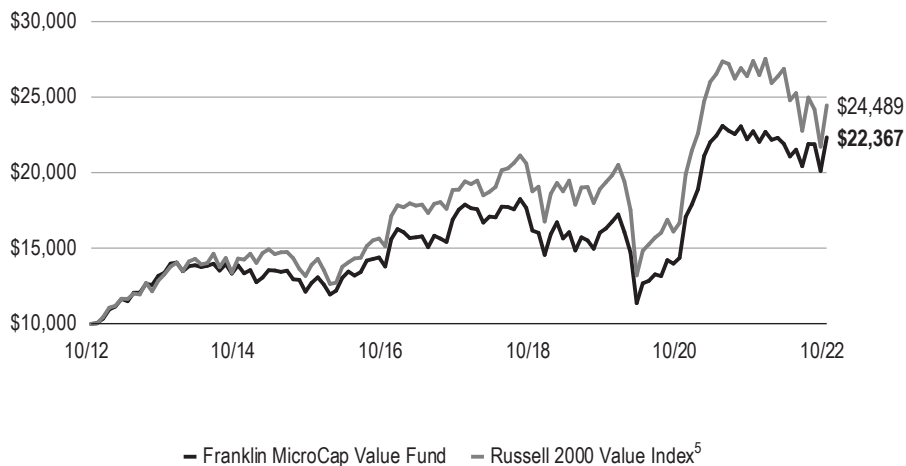
### Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

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

#### Class A (10/31/12–10/31/22)



#### Advisor Class (10/31/12–10/31/22)



See page 9 for Performance Summary footnotes.



## Distributions (11/1/21–10/31/22)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.0846	\$0.4300	\$3.8080	\$4.3226
R6	\$0.1879	\$0.4300	\$3.8080	\$4.4259
Advisor	\$0.1534	\$0.4300	\$3.8080	\$4.3914

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

Share Class	
A	1.23%
Advisor	0.98%

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's ability to invest in smaller-company securities that may have limited liquidity involves additional risks, such as relatively small revenues, limited product lines and small market share. Historically, these stocks have exhibited greater price volatility than larger-company stocks, especially over the short term. In addition, the Fund may invest up to 25% of its total assets in foreign securities, which involve special risks, including currency fluctuations and economic and political uncertainty. Value securities may not increase in price as anticipated or may decline further in value. The manager's portfolio selection strategy is not solely based on ESG considerations, and therefore the issuers in which the Fund invests may not be considered ESG-focused companies. Integrating ESG considerations into the investment process is not a guarantee that better performance will be achieved. 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.

Russia's military invasion of Ukraine in February 2022, the resulting responses by the United States and other countries, and the potential for wider conflict could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The United States and other countries have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to its invasion of Ukraine. The United States and other countries have also imposed economic sanctions on Belarus and may impose sanctions on other countries that support Russia's military invasion. These sanctions, as well as any other economic consequences related to the invasion, such as additional sanctions, boycotts or changes in consumer or purchaser preferences or cyberattacks on governments, companies or individuals, may further decrease the value and liquidity of certain Russian securities and securities of issuers in other countries that are subject to economic sanctions related to the invasion.

1. The total annual operating expenses are sourced from the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
4. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 5.50%.
5. Source: FactSet. The Russell 2000<sup>®</sup> Value Index is market capitalization weighted and measures the performance of those Russell 2000<sup>®</sup> Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.
6. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown. See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

## Your Fund's Expenses

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

### Actual Fund Expenses

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

### Hypothetical Example for Comparison with Other Funds

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

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

Share Class	Beginning Account Value 5/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 10/31/22	Expenses Paid During Period 5/1/22–10/31/22 <sup>1,2</sup>	Ending Account Value 10/31/22	Expenses Paid During Period 5/1/22–10/31/22 <sup>1,2</sup>	
A	\$1,000	\$1,058.80	\$6.39	\$1,019.00	\$6.27	1.23%
R6	\$1,000	\$1,060.60	\$4.49	\$1,020.85	\$4.40	0.86%
Advisor	\$1,000	\$1,059.90	\$5.11	\$1,020.24	\$5.02	0.98%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.

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

# Franklin Mutual U.S. Mid Cap Value Fund

Formerly, Franklin Mutual U.S. Value Fund

This annual report for Franklin Mutual U.S. Value Fund covers the fiscal year ended October 31, 2022. As recently approved by the Fund's Board of Trustees, effective June 1, 2022, the Fund changed its name to Franklin Mutual U.S. Mid Cap Value Fund. Additionally, the Fund changed its investment policy to invest at least 80% of its net assets in securities of U.S. mid cap companies. The Fund also changed its primary benchmark to the Russell MidCap® Value Index.<sup>1</sup> Please refer to the Fund's prospectus for more information. If you have questions, please contact your financial professional.

## Your Fund's Goal and Main Investments

The Fund seeks high total return, of which capital appreciation and income are components. The Fund normally invests at least 80% of its net assets in U.S. mid cap securities. Mid capitalization companies are companies with market capitalizations equal to those within the universe of the Russell Midcap® Value Index at the time of purchase. The Fund invests primarily in equity securities (including securities convertible into, or that we expect to be exchanged for, common or preferred stock) of U.S. companies that we believe are available at market prices less than their fundamental value. The Fund currently does not expect to invest more than 10% of its net assets in non-U.S. securities.

## Performance Overview

The Fund's Class A shares posted a -8.06% cumulative total return for the 12 months under review. In comparison, the Fund's new primary benchmark, the Russell MidCap® Value Index, which is market capitalization weighted and measures the performance of those Russell Midcap® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates, posted a -10.18% cumulative total return, while its old primary benchmark, the Russell 3000® Value Index posted a -7.25% cumulative total return for the same period.<sup>2</sup> The Russell Midcap® Value Index is replacing the Russell 3000® Value Index as the Fund's primary benchmark because the investment manager believes that the benchmark better reflects the Fund's investment strategies.

1. Russell Midcap® Value Index is market capitalization weighted and measures the performance of those Russell Midcap® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.

2. Source: Morningstar.

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

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

**The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI). The SOI begins on page 37.**

You can find more of the Fund's performance data in the Performance Summary beginning on page 14.

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

## Investment Strategy

We employ a research driven, fundamental value strategy for the Fund and select investments based on our own evaluation of the security's fundamental value, including for equity securities, an analysis of the cash flow potential, long-term earnings, multiples of earnings and book value. We examine each investment separately and there are no set criteria as to specific value parameters, earnings or industry type. Environmental, social and governance (ESG) related assessments of companies are also considered.

## Portfolio Composition

10/31/22

	% of Total Net Assets
Banks	8.2%
Insurance	6.8%
Chemicals	6.2%
Health Care Providers & Services	4.8%
IT Services	4.3%
Professional Services	4.1%
Energy Equipment & Services	3.7%
Machinery	3.7%
Equity Real Estate Investment Trusts (REITs)	3.6%
Food Products	3.2%
Real Estate Management & Development	3.2%
Oil, Gas & Consumable Fuels	2.9%
Electric Utilities	2.9%
Trading Companies & Distributors	2.8%
Other*	35.3%
Short-Term Investments & Other Net Assets	4.3%

\*Categories within the Other category are listed in full in the Fund's Schedule of Investments (SOI), which can be found later in this report.

## Manager's Discussion

During the 12-month review period, security selection in the health care, industrials and information technology sectors boosted relative returns. Conversely, stock selection in the materials, real estate and communication services sectors hampered relative performance.

Major positive contributors relative to the Fund's benchmark index during the 12-month period included SLB, Chevron and Kraft Heinz. Kraft Heinz is listed among the Fund's largest positions in the Top 10 Holdings table on this page.

### Top 10 Holdings

10/31/22

Company Industry, Country	% of Total Net Assets
Citizens Financial Group, Inc. <i>Banks, United States</i>	3.5%
Kraft Heinz Co. (The) <i>Food Products, United States</i>	3.2%
NortonLifeLock, Inc. <i>Software, United States</i>	2.7%
Lear Corp. <i>Auto Components, United States</i>	2.5%
Tapestry, Inc. <i>Textiles, Apparel &amp; Luxury Goods, United States</i>	2.4%
Voya Financial, Inc. <i>Diversified Financial Services, United States</i>	2.4%
PNC Financial Services Group, Inc. (The) <i>Banks, United States</i>	2.4%
Everest Re Group Ltd. <i>Insurance, United States</i>	2.4%
Flex Ltd. <i>Electronic Equipment, Instruments &amp; Components, United States</i>	2.3%
AES Corp. (The) <i>Independent Power and Renewable Electricity Producers, United States</i>	2.3%

Oilfield services firm SLB, formerly Schlumberger, was a positive contributor to relative performance, as energy stocks have had a strong 2022 due to a sharp rise in oil and natural gas prices, given robust demand and more constrained supplies. The Russian invasion of Ukraine further pushed up oil prices. The shares also benefited as the company has continued to improve free cash conversion, and accelerated revenue growth. SLB management have also been positive on the outlook for demand for their products and services over the medium term, even without the disruption of Russian energy supplies.

Chevron boosted relative results as recent quarterly earnings have benefited from stronger energy prices. The company also continues to buy back its shares, noted that the expansion of a major project in Kazakhstan remains on schedule and that it should see a resumption of growth in the Permian shale basin, an oil and gas producing region mostly in west Texas.

Food product producer Kraft Heinz contributed positively to relative performance during the period. The management team is pursuing a strategy to reinvigorate certain categories and brands and the company continues to prune lower growth brands to position it for better growth prospects in the future.

Key detractors relative to the Fund's benchmark index included Liberty Broadband, Elanco Animal Health (not held at period-end) and Vornado Realty Trust.

Liberty Broadband, which owns a stake in U.S.-based cable company Charter Communications, hindered relative results. Charter Communications' latest quarterly financials showed negative broadband subscriber growth. While we believe the company may face a couple more quarters of negative subscriber trends, our view is the company should still see revenue, EBITDA and free cash flow growth. The company is buying back significant amounts of stock, which should continue. Although Charter is unlikely to go back to the more than 1 million subscriber additions of the past, they will continue to add subscribers over time, in our view. In the meantime, we believe Charter's mobile and business-to-business services should continue to grow.

Elanco Animal Health, a U.S.-based animal health care company, detracted from relative returns as the company lowered 2022 guidance due to currency headwinds, a slower recovery from COVID-19 lockdowns in China, supply-chain problems and general economic weakness. High leverage also disproportionately impacted the company's equity value and performance metrics. We expect business performance to improve in the medium term with better execution, increased pricing, and a focus on innovation. In addition, management is committed to bringing down leverage by using most of its free cash flow to pay down debt. We eliminated Elanco from the portfolio at period-end, primarily to take a tax loss and reduce the tax burden for clients. While Elanco has high financial leverage, we still like the investment merits of the company and might revisit it during the course of the next year.

U.S.-based property operator Vornado Realty Trust detracted from relative results amid continued uncertainty surrounding the environment for office leasing, particularly in New York City, its exposure to retail space as well as higher interest rates affecting borrowing costs for its variable-rate debt. We believe the current price assigns an overly punitive valuation of the company's current property portfolio.

Thank you for your participation in Franklin Mutual U.S. Mid Cap Value Fund. We look forward to continuing to serve your investment needs.

Grace Hoefig  
Lead Portfolio Manager

Srini Vijay, CFA  
Portfolio Manager

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*The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2022, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of October 31, 2022

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 10/31/22<sup>1</sup>

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

Share Class	Cumulative Total Return <sup>2</sup>	Average Annual Total Return <sup>3</sup>
<b>A<sup>4</sup></b>		
1-Year	-8.06%	-13.12%
5-Year	+26.83%	+3.69%
10-Year	+116.55%	+7.42%
<b>Advisor</b>		
1-Year	-7.86%	-7.86%
5-Year	+28.40%	+5.13%
10-Year	+122.03%	+8.30%

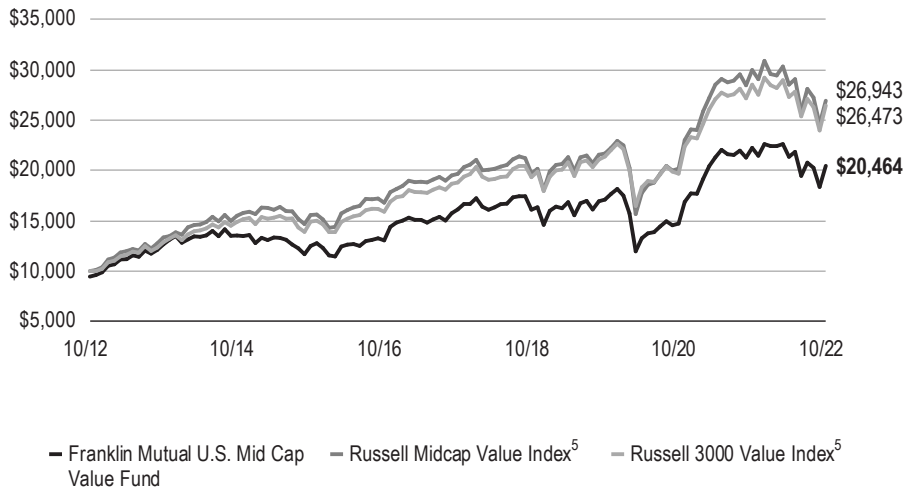
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com)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

See page 16 for Performance Summary footnotes.

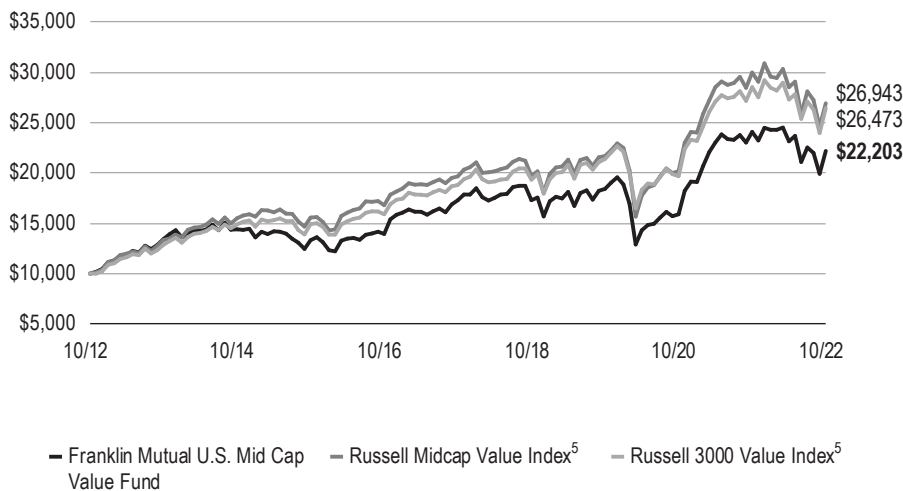
## Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

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

### Class A (10/31/12–10/31/22)



### Advisor Class (10/31/12–10/31/22)



See page 16 for Performance Summary footnotes.

## Distributions (11/1/21–10/31/22)

Share Class	Net Investment Income	Long-Term Capital Gain	Total
A	\$0.4486	\$4.5244	\$4.9730
C	\$0.1300	\$4.5244	\$4.6544
R	\$0.3477	\$4.5244	\$4.8721
R6	\$0.5824	\$4.5244	\$5.1068
Advisor	\$0.5401	\$4.5244	\$5.0645

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

Share Class	
A	0.91%
Advisor	0.66%

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. Value securities may not increase in price as anticipated or may decline further in value. While smaller and midsize companies may offer substantial opportunities for capital growth, they also involve heightened risks and should be considered speculative. Historically, smaller- and midsize-company securities have been more volatile in price than larger-company securities, especially over the short term. The Fund may invest in foreign securities, which may involve special risks, including currency fluctuations and economic and political uncertainty. The manager's portfolio selection strategy is not solely based on ESG considerations, and therefore the issuers in which the Fund invests may not be considered ESG-focused companies. Integrating ESG considerations into the investment process is not a guarantee that better performance will be achieved. 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.

Russia's military invasion of Ukraine in February 2022, the resulting responses by the United States and other countries, and the potential for wider conflict could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The United States and other countries have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to its invasion of Ukraine. The United States and other countries have also imposed economic sanctions on Belarus and may impose sanctions on other countries that support Russia's military invasion. These sanctions, as well as any other economic consequences related to the invasion, such as additional sanctions, boycotts or changes in consumer or purchaser preferences or cyberattacks on governments, companies or individuals, may further decrease the value and liquidity of certain Russian securities and securities of issuers in other countries that are subject to economic sanctions related to the invasion.

1. The total annual operating expenses are sourced from the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
4. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 5.50%.
5. Source: FactSet. The Russell Midcap<sup>®</sup> Value Index is market capitalization weighted and measures the performance of those Russell Midcap<sup>®</sup> Index companies with relatively lower price-to-book ratios and lower forecasted growth rates. The Russell 3000<sup>®</sup> Value Index is market capitalization weighted and measures the performance of those Russell 3000<sup>®</sup> Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.
6. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown. See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.



## Your Fund's Expenses

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

### Actual Fund Expenses

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

### Hypothetical Example for Comparison with Other Funds

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

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

Share Class	Beginning Account Value 5/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 10/31/22	Expenses Paid During Period 5/1/22–10/31/22 <sup>1,2</sup>	Ending Account Value 10/31/22	Expenses Paid During Period 5/1/22–10/31/22 <sup>1,2</sup>	
A	\$1,000	\$957.60	\$4.54	\$1,020.57	\$4.68	0.92%
C	\$1,000	\$954.00	\$8.21	\$1,016.80	\$8.48	1.67%
R	\$1,000	\$956.40	\$5.77	\$1,019.31	\$5.95	1.17%
R6	\$1,000	\$959.30	\$2.73	\$1,022.42	\$2.81	0.55%
Advisor	\$1,000	\$958.80	\$3.30	\$1,021.83	\$3.41	0.67%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.

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

# Franklin Small Cap Value Fund

This annual report for Franklin Small Cap Value Fund covers the fiscal year ended October 31, 2022. The Fund closed to new investors on May 27, 2021. Existing shareholders who had an open and funded account on May 27, 2021, may continue to invest through exchanges and additional purchases. Please contact your financial professional or refer to the Fund's prospectus for more information.

## Your Fund's Goal and Main Investments

The Fund seeks long-term total return by normally investing at least 80% of its net assets in investments of small-capitalization (small-cap) companies, predominantly common stocks, and generally investing in equity securities of companies that we believe are undervalued at the time of purchase and have the potential for capital appreciation. We define small-cap companies as those with market capitalizations not exceeding either: the highest market capitalization in the Russell 2000® Index;<sup>1</sup> or the 12-month average of the highest market capitalization in the Russell 2000® Index, whichever is greater at the time of purchase. The Fund may also invest in real estate investment trusts (REITs) and invest up to 25% of its total assets in foreign securities.

## Performance Overview

The Fund's Class A shares posted a -7.83% cumulative total return for the 12 months under review. In comparison, the Russell 2000® Value Index, which measures the performance of those Russell 2000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates, posted a -10.73% cumulative total return for the same period.<sup>2</sup> You can find more of the Fund's performance data in the Performance Summary beginning on page 21.

*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.*

## Portfolio Composition

10/31/22

	% of Total Net Assets
Banks	14.1%
Insurance	6.6%
Hotels, Restaurants & Leisure	6.3%
Trading Companies & Distributors	6.1%
Oil, Gas & Consumable Fuels	5.5%
Construction & Engineering	5.4%
Machinery	4.6%
Health Care Equipment & Supplies	3.9%
Electronic Equipment, Instruments & Components	3.8%
Energy Equipment & Services	3.7%
Equity Real Estate Investment Trusts (REITs)	3.5%
Software	3.4%
Building Products	3.3%
Communications Equipment	3.1%
Other*	23.7%
Short-Term Investments & Other Net Assets	3.0%

\*Categories within the Other category are listed in full in the Fund's Schedule of Investments (SOI), which can be found later in this report.

## Investment Strategy

The Fund generally invests in equity securities, predominantly common stocks of small cap companies, that we believe are undervalued at the time of purchase and have the potential for capital appreciation. A stock is undervalued when it trades at less than the price at which we believe it would trade if the market reflected all factors relating to the company's worth. Following this strategy, the Fund invests in companies that we believe have, for example: stock prices that are low relative to current, or historical or future earnings, book value, cash flow or sales; recent sharp price declines but the potential for good long-term earnings prospects; and valuable intangibles not reflected in the stock price. The types of companies the Fund may invest in include those that may be considered out of favor due to actual or perceived cyclical or secular challenges, or are experiencing temporary setbacks, diminished expectations, mismanagement or undermanagement, or are financially stressed. Environmental, social and governance (ESG) related assessments of companies are also considered.

1. Russell 2000® Index is market capitalization weighted and measures the performance of the approximately 2,000 smallest companies in the Russell 3000® Index that represent a small amount of the total market capitalization of the Russell 3000® Index.

2. Source: Morningstar.

The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

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

**The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI). The SOI begins on page 45.**

## Manager's Discussion

During the 12-month review period, security selection in the financials sector, an underweight in health care and stock selection in industrials boosted relative performance. Conversely, stock selection in consumer staples, an overweight in consumer discretionary and stock selection and an overweight in materials hindered relative returns.

Major positive contributors relative to the Fund's benchmark index for the 12-month period included Crescent Point Energy, TechnipFMC and McGrath RentCorp. These companies are listed among the Fund's largest positions in the Top 10 Holdings table on this page.

### Top 10 Holdings

10/31/22

<b>Company Industry, Country</b>	<b>% of Total Net Assets</b>
Crescent Point Energy Corp. <i>Oil, Gas &amp; Consumable Fuels, Canada</i>	3.4%
McGrath RentCorp <i>Trading Companies &amp; Distributors, United States</i>	3.2%
NetScout Systems, Inc. <i>Communications Equipment, United States</i>	3.1%
Hanover Insurance Group, Inc. (The) <i>Insurance, United States</i>	3.0%
TechnipFMC plc <i>Energy Equipment &amp; Services, United Kingdom</i>	2.9%
WillScot Mobile Mini Holdings Corp. <i>Construction &amp; Engineering, United States</i>	2.8%
SouthState Corp. <i>Banks, United States</i>	2.8%
ACI Worldwide, Inc. <i>Software, United States</i>	2.7%
Integer Holdings Corp. <i>Health Care Equipment &amp; Supplies, United States</i>	2.5%
Columbia Banking System, Inc. <i>Banks, United States</i>	2.4%

Crescent Point Energy, a Canada-based exploration and production company, boosted relative performance. Multiple factors contributed positively to the strong performance, including shareholder friendly actions such as a surprise dividend boost and share buyback, a reduction in debt, and strong free cash flow generation along with and driven by an increase in oil prices.

TechnipFMC, an oilfield equipment and services company, boosted relative performance, driven by better-than-expected quarterly results, continued strength in offshore order inflow, and visibility on an improving industry order pipeline. Additionally, the board authorized a share buyback program and management reiterated its intention to start quarterly dividends in the second half of 2023.

McGrath RentCorp, a provider of modular classrooms, offices and storage containers, outperformed during the period driven by improving rental rates and the successful integration of recent acquisitions. We continue to find the shares attractive due to the company's discounted valuation relative to its closest publicly traded peer and management's ability to continue to consolidate the modular classroom industry.

Among key detractors relative to the Fund's benchmark index were Knowles, Bread Financial Holdings and Great Lakes Dredge & Dock.

Shares of Knowles, a provider of advanced micro-acoustic, audio processing, and precision device solutions, detracted from results. Lower global demand for consumer electronics, COVID-19 related shutdowns in China, excess inventory in the supply chain, and the shift away from commoditized products led to a drop in capacity utilization. Furthermore, the company recently initiated a restructuring program to decrease its exposure to the commodity MEMS microphone business.

Bread Financial Holdings, a leading provider of private label/co-branded credit card and loyalty solutions to retailers, hindered relative performance following mixed quarterly earnings and concerns about the loss of a major credit card customer. Additionally, concerns regarding a potential downturn in the U.S. economy, which could lead to elevated credit losses, have weighed on shares.

Great Lakes Dredge & Dock, a U.S.-focused dredging company, underperformed due to weaker-than-expected second-quarter results. The company has faced operational challenges throughout 2022 due to COVID-19, supply-chain issues, labor costs, weather and dry dock scheduling, leading to a shortfall in meeting full-year 2022 guidance.

Thank you for your participation in Franklin Small Cap Value Fund. We look forward to continuing to serve your investment needs.

Steven Raineri  
Lead Portfolio Manager

Nicholas Karzon, CFA  
Portfolio Manager

Christopher Meeker, CFA  
Portfolio Manager

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*The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2022, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of October 31, 2022

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 10/31/22<sup>1</sup>

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

Share Class	Cumulative Total Return <sup>2</sup>	Average Annual Total Return <sup>3</sup>
<b>A<sup>4</sup></b>		
1-Year	-7.83%	-12.90%
5-Year	+33.91%	+4.82%
10-Year	+148.65%	+8.92%
<b>Advisor</b>		
1-Year	-7.59%	-7.59%
5-Year	+35.60%	+6.28%
10-Year	+155.33%	+9.83%

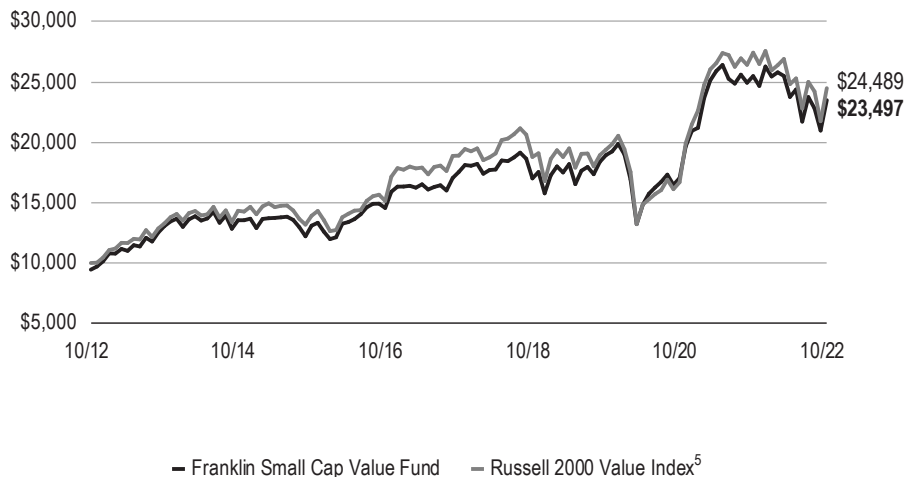
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com)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

See page 23 for Performance Summary footnotes.

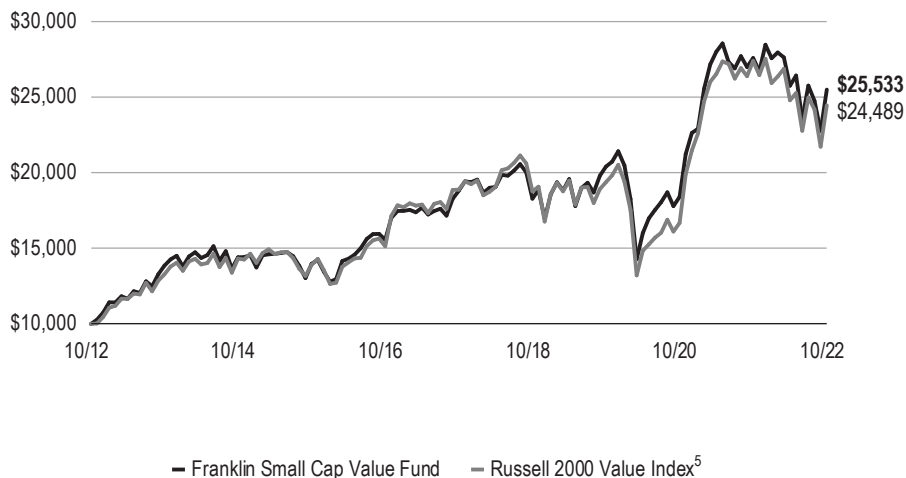
### Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

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

#### Class A (10/31/12–10/31/22)



#### Advisor Class (10/31/12–10/31/22)



See page 23 for Performance Summary footnotes.

## Distributions (11/1/21–10/31/22)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.3351	\$2.6536	\$2.7149	\$5.7036
C	—	\$2.6536	\$2.7149	\$5.3685
R	\$0.1766	\$2.6536	\$2.7149	\$5.5451
R6	\$0.5875	\$2.6536	\$2.7149	\$5.9560
Advisor	\$0.5001	\$2.6536	\$2.7149	\$5.8686

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

Share Class	
A	1.00%
Advisor	0.75%

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's investments in smaller-company stocks carry special risks as such stocks have historically exhibited greater price volatility than larger-company stocks, particularly over the short term. Value securities may not increase in price as anticipated or may decline further in value. Additionally, smaller companies often have relatively small revenues, limited product lines and small market share. In addition, the Fund may invest up to 25% of its total assets in foreign securities, which involve special risks, including currency fluctuations and economic and political uncertainty. REITS may be affected by any change in the value of the properties owned and other factors, and their prices tend to go up and down. The manager's portfolio selection strategy is not solely based on ESG considerations, and therefore the issuers in which the Fund invests may not be considered ESG-focused companies. Integrating ESG considerations into the investment process is not a guarantee that better performance will be achieved. 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.

Russia's military invasion of Ukraine in February 2022, the resulting responses by the United States and other countries, and the potential for wider conflict could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The United States and other countries have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to its invasion of Ukraine. The United States and other countries have also imposed economic sanctions on Belarus and may impose sanctions on other countries that support Russia's military invasion. These sanctions, as well as any other economic consequences related to the invasion, such as additional sanctions, boycotts or changes in consumer or purchaser preferences or cyberattacks on governments, companies or individuals, may further decrease the value and liquidity of certain Russian securities and securities of issuers in other countries that are subject to economic sanctions related to the invasion.

1. The total annual operating expenses are sourced from the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
4. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 5.50%.
5. Source: FactSet. The Russell 2000® Value Index is market capitalization weighted and measures the performance of those Russell 2000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.
6. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown. See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

## Your Fund's Expenses

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

### Actual Fund Expenses

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

### Hypothetical Example for Comparison with Other Funds

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

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

Share Class	Beginning Account Value 5/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 10/31/22	Expenses Paid During Period 5/1/22–10/31/22 <sup>1,2</sup>	Ending Account Value 10/31/22	Expenses Paid During Period 5/1/22–10/31/22 <sup>1,2</sup>	
A	\$1,000	\$988.80	\$4.98	\$1,020.19	\$5.06	0.99%
C	\$1,000	\$985.10	\$8.72	\$1,016.42	\$8.86	1.74%
R	\$1,000	\$987.70	\$6.24	\$1,018.93	\$6.33	1.24%
R6	\$1,000	\$990.80	\$2.99	\$1,022.21	\$3.03	0.59%
Advisor	\$1,000	\$990.10	\$3.74	\$1,021.45	\$3.80	0.75%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.

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



## Financial Highlights

### Franklin MicroCap Value Fund

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$32.58	\$21.77	\$29.32	\$31.06	\$36.43
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b</sup> . . . . .	0.12	0.11 <sup>c</sup>	0.11	0.06	(0.04)
Net realized and unrealized gains (losses) . . . . .	(0.81)	12.15	(2.89)	(0.03)	(2.70)
Total from investment operations . . . . .	(0.69)	12.26	(2.78)	0.03	(2.74)
Less distributions from:					
Net investment income . . . . .	(0.08)	(0.11)	(0.06)	—	(—) <sup>d</sup>
Net realized gains . . . . .	(4.24)	(1.34)	(4.71)	(1.77)	(2.63)
Total distributions . . . . .	(4.32)	(1.45)	(4.77)	(1.77)	(2.63)
Net asset value, end of year . . . . .	\$27.57	\$32.58	\$21.77	\$29.32	\$31.06
Total return <sup>e</sup> . . . . .	(2.00)%	57.97%	(12.10)%	0.58%	(8.11)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.24%	1.23%	1.28%	1.22%	1.17%
Expenses net of waiver and payments by affiliates . . . . .	1.22% <sup>f</sup>	1.23% <sup>g</sup>	1.27% <sup>f</sup>	1.21% <sup>f</sup>	1.16% <sup>f</sup>
Net investment income (loss) . . . . .	0.45%	0.37% <sup>c</sup>	0.50%	0.23%	(0.11)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$144,717	\$161,200	\$94,015	\$145,897	\$184,613
Portfolio turnover rate . . . . .	19.91%	31.98%	31.04%	7.04%	4.08%

<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>Net investment income per share includes approximately \$0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.20%.

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

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

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

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

**Franklin MicroCap Value Fund** (continued)

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$33.21	\$22.17	\$29.80	\$31.43	\$36.85
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.22	0.22 <sup>c</sup>	0.20	0.16	0.08
Net realized and unrealized gains (losses) . . . . .	(0.82)	12.36	(2.94)	(0.02)	(2.74)
Total from investment operations . . . . .	(0.60)	12.58	(2.74)	0.14	(2.66)
Less distributions from:					
Net investment income . . . . .	(0.19)	(0.20)	(0.18)	—	(0.13)
Net realized gains . . . . .	(4.24)	(1.34)	(4.71)	(1.77)	(2.63)
Total distributions . . . . .	(4.43)	(1.54)	(4.89)	(1.77)	(2.76)
Net asset value, end of year . . . . .	\$28.18	\$33.21	\$22.17	\$29.80	\$31.43
Total return . . . . .	(1.67)%	58.51%	(11.80)%	0.97%	(7.83)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.91%	0.91%	0.95%	0.89%	0.85%
Expenses net of waiver and payments by affiliates . . . . .	0.87% <sup>d</sup>	0.88%	0.91% <sup>d</sup>	0.86% <sup>d</sup>	0.82% <sup>d</sup>
Net investment income . . . . .	0.79%	0.72% <sup>c</sup>	0.86%	0.58%	0.23%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$25,570	\$23,137	\$12,299	\$19,266	\$21,070
Portfolio turnover rate . . . . .	19.91%	31.98%	31.04%	7.04%	4.08%

<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>Net investment income per share includes approximately \$0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.54%.

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

**Franklin MicroCap Value Fund** (continued)

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$32.96	\$22.01	\$29.62	\$31.28	\$36.67
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.19	0.19 <sup>c</sup>	0.17	0.15	0.05
Net realized and unrealized gains (losses) . . . . .	(0.81)	12.28	(2.94)	(0.04)	(2.72)
Total from investment operations . . . . .	(0.62)	12.47	(2.77)	0.11	(2.67)
Less distributions from:					
Net investment income . . . . .	(0.15)	(0.18)	(0.13)	—	(0.09)
Net realized gains . . . . .	(4.24)	(1.34)	(4.71)	(1.77)	(2.63)
Total distributions . . . . .	(4.39)	(1.52)	(4.84)	(1.77)	(2.72)
Net asset value, end of year . . . . .	\$27.95	\$32.96	\$22.01	\$29.62	\$31.28
Total return . . . . .	(1.77)%	58.40%	(11.95)%	0.87%	(7.90)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.99%	0.98%	1.03%	0.97%	0.92%
Expenses net of waiver and payments by affiliates . . . . .	0.97% <sup>d</sup>	0.98% <sup>e</sup>	1.02% <sup>d</sup>	0.96% <sup>d</sup>	0.91% <sup>d</sup>
Net investment income . . . . .	0.69%	0.60% <sup>c</sup>	0.73%	0.48%	0.14%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$44,877	\$38,829	\$22,429	\$29,687	\$53,329
Portfolio turnover rate . . . . .	19.91%	31.98%	31.04%	7.04%	4.08%

<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>Net investment income per share includes approximately \$0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.43%.

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

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

## Schedule of Investments, October 31, 2022

## Franklin MicroCap Value Fund

	Country	Shares	Value
<b>Common Stocks 91.2%</b>			
<b>Aerospace &amp; Defense 1.7%</b>			
<sup>a</sup> Ducommun, Inc. . . . .	United States	49,125	\$2,319,191
Magellan Aerospace Corp. . . . .	Canada	243,900	1,262,108
			3,581,299
<b>Banks 22.6%</b>			
American National Bankshares, Inc. . . . .	United States	94,823	3,467,677
Arrow Financial Corp. . . . .	United States	101,788	3,544,258
Bar Harbor Bankshares. . . . .	United States	121,700	3,652,217
First Business Financial Services, Inc. . . . .	United States	130,500	4,978,575
First Internet Bancorp . . . . .	United States	85,500	2,196,495
<sup>a</sup> First Western Financial, Inc. . . . .	United States	110,706	3,056,593
Investar Holding Corp. . . . .	United States	184,381	3,971,567
Northeast Bank. . . . .	United States	101,675	4,280,517
Northrim BanCorp, Inc. . . . .	United States	60,900	2,967,657
Orrstown Financial Services, Inc. . . . .	United States	111,725	2,957,361
Peapack-Gladstone Financial Corp. . . . .	United States	114,985	4,549,956
Peoples Financial Services Corp. . . . .	United States	66,013	3,630,055
Premier Financial Corp. . . . .	United States	127,500	3,678,375
WesBanco, Inc. . . . .	United States	42,357	1,712,917
			48,644,220
<b>Biotechnology 2.9%</b>			
<sup>a</sup> Anika Therapeutics, Inc. . . . .	United States	108,392	3,080,501
<sup>a</sup> Catalyst Pharmaceuticals, Inc. . . . .	United States	118,100	1,638,047
<sup>a</sup> Vanda Pharmaceuticals, Inc. . . . .	United States	141,200	1,478,364
			6,196,912
<b>Commercial Services &amp; Supplies 1.3%</b>			
<sup>a</sup> Heritage-Crystal Clean, Inc. . . . .	United States	98,400	2,703,048
<b>Communications Equipment 4.1%</b>			
<sup>a</sup> Digi International, Inc. . . . .	United States	113,801	4,589,594
<sup>a</sup> PCTEL, Inc. . . . .	United States	393,331	1,828,989
<sup>a</sup> Sierra Wireless, Inc. . . . .	Canada	78,100	2,318,008
			8,736,591
<b>Construction &amp; Engineering 3.9%</b>			
<sup>a</sup> Matrix Service Co. . . . .	United States	535,141	2,622,191
<sup>a</sup> Northwest Pipe Co. . . . .	United States	65,700	2,233,143
<sup>a</sup> Sterling Infrastructure, Inc. . . . .	United States	127,451	3,439,902
			8,295,236
<b>Diversified Telecommunication Services 0.6%</b>			
ATN International, Inc. . . . .	United States	29,000	1,250,480
<b>Electrical Equipment 3.4%</b>			
LSI Industries, Inc. . . . .	United States	309,318	2,375,562
Powell Industries, Inc. . . . .	United States	94,700	2,336,249
Preformed Line Products Co. . . . .	United States	32,700	2,595,399
			7,307,210
<b>Electronic Equipment, Instruments &amp; Components 2.4%</b>			
<sup>a</sup> Daktronics, Inc. . . . .	United States	754,858	2,581,614
<sup>a</sup> Kimball Electronics, Inc. . . . .	United States	120,416	2,488,999
			5,070,613
<b>Energy Equipment &amp; Services 3.4%</b>			
<sup>a</sup> Geospace Technologies Corp. . . . .	United States	200,000	808,000

Franklin MicroCap Value Fund (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Energy Equipment &amp; Services</b> (continued)			
<sup>a</sup> Helix Energy Solutions Group, Inc. ....	United States	526,542	\$3,685,794
<sup>a</sup> Oil States International, Inc. ....	United States	431,890	2,794,328
			7,288,122
<b>Equity Real Estate Investment Trusts (REITs) 5.0%</b>			
Alpine Income Property Trust, Inc. ....	United States	193,121	3,563,082
CTO Realty Growth, Inc. ....	United States	186,588	3,750,419
Indus Realty Trust, Inc. ....	United States	64,378	3,334,137
			10,647,638
<b>Food &amp; Staples Retailing 1.5%</b>			
Village Super Market, Inc., A ....	United States	148,898	3,311,492
<b>Food Products 0.5%</b>			
Alico, Inc. ....	United States	35,800	1,096,196
<b>Health Care Equipment &amp; Supplies 5.0%</b>			
<sup>a</sup> Orthofix Medical, Inc. ....	United States	107,400	1,724,844
<sup>a</sup> Semler Scientific, Inc. ....	United States	50,939	2,139,947
<sup>a</sup> UFP Technologies, Inc. ....	United States	33,400	3,134,590
Utah Medical Products, Inc. ....	United States	41,696	3,733,877
			10,733,258
<b>Health Care Technology 1.8%</b>			
<sup>a</sup> CareCloud, Inc. ....	United States	361,530	1,282,819
<sup>a</sup> Computer Programs and Systems, Inc. ....	United States	83,329	2,691,527
			3,974,346
<b>Hotels, Restaurants &amp; Leisure 4.2%</b>			
<sup>a</sup> Century Casinos, Inc. ....	United States	333,062	2,647,843
<sup>a</sup> Chuy's Holdings, Inc. ....	United States	97,300	2,850,890
Ruth's Hospitality Group, Inc. ....	United States	169,600	3,524,288
			9,023,021
<b>Household Durables 1.1%</b>			
Hooker Furnishings Corp. ....	United States	161,110	2,432,761
<b>Independent Power and Renewable Electricity Producers 1.1%</b>			
Polaris Renewable Energy, Inc. ....	Canada	193,300	2,355,241
<b>Insurance 1.4%</b>			
Tiptree, Inc. ....	United States	101,718	1,238,925
United Fire Group, Inc. ....	United States	64,200	1,739,820
			2,978,745
<b>Interactive Media &amp; Services 1.8%</b>			
<sup>a</sup> DHI Group, Inc. ....	United States	360,217	2,305,389
<sup>a</sup> QuinStreet, Inc. ....	United States	145,800	1,663,578
			3,968,967
<b>IT Services 1.5%</b>			
Hackett Group, Inc. (The) ....	United States	152,200	3,324,048
<b>Machinery 6.0%</b>			
Alamo Group, Inc. ....	United States	18,100	2,752,648
Graham Corp. ....	United States	147,510	1,312,839
Hurco Cos., Inc. ....	United States	95,500	2,210,825
<sup>a</sup> L B Foster Co., A. ....	United States	190,465	1,904,650
Miller Industries, Inc. ....	United States	108,800	2,766,784

**Franklin MicroCap Value Fund** (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Machinery</b> (continued)			
Shyft Group, Inc. (The) .....	United States	87,817	\$2,018,035
			12,965,781
<b>Media 0.1%</b>			
Entravision Communications Corp., A .....	United States	53,891	252,210
<b>Metals &amp; Mining 1.5%</b>			
Haynes International, Inc. ....	United States	64,177	3,138,897
<b>Oil, Gas &amp; Consumable Fuels 0.6%</b>			
VAALCO Energy, Inc. ....	United States	269,500	1,387,925
<b>Paper &amp; Forest Products 1.2%</b>			
Mercer International, Inc. ....	Germany	192,300	2,580,666
<b>Pharmaceuticals 0.9%</b>			
<sup>a</sup> Harrow Health, Inc. ....	United States	167,755	2,018,093
<b>Professional Services 1.6%</b>			
Resources Connection, Inc. ....	United States	187,400	3,423,798
<b>Semiconductors &amp; Semiconductor Equipment 0.5%</b>			
<sup>a</sup> AXT, Inc. ....	United States	254,300	1,154,522
<b>Specialty Retail 1.5%</b>			
<sup>a</sup> Children's Place, Inc. (The) .....	United States	30,300	1,226,544
<sup>a</sup> Genesco, Inc. ....	United States	40,504	1,905,308
			3,131,852
<b>Textiles, Apparel &amp; Luxury Goods 2.3%</b>			
<sup>a</sup> Delta Apparel, Inc. ....	United States	72,636	1,097,530
Rocky Brands, Inc. ....	United States	104,520	2,057,476
<sup>a</sup> Vera Bradley, Inc. ....	United States	551,274	1,791,641
			4,946,647
<b>Thrifts &amp; Mortgage Finance 3.0%</b>			
Southern Missouri Bancorp, Inc. ....	United States	76,800	3,936,000
Territorial Bancorp, Inc. ....	United States	121,739	2,513,910
			6,449,910
<b>Wireless Telecommunication Services 0.8%</b>			
Spok Holdings, Inc. ....	United States	202,951	1,783,939
<b>Total Common Stocks (Cost \$138,695,892) .....</b>			<b>196,153,684</b>

**Franklin MicroCap Value Fund** (continued)

**Short Term Investments 9.4%**

	Country	Shares	Value
<b>Money Market Funds 9.4%</b>			
<sup>b,c</sup> Institutional Fiduciary Trust - Money Market Portfolio, 2.86% . . . . .	United States	20,193,831	\$20,193,831
<b>Total Money Market Funds (Cost \$20,193,831)</b> . . . . .			<b>20,193,831</b>
<b>Total Short Term Investments (Cost \$20,193,831)</b> . . . . .			<b>20,193,831</b>
<b>Total Investments (Cost \$158,889,723) 100.6%</b> . . . . .			<b>\$216,347,515</b>
<b>Other Assets, less Liabilities (0.6)%</b> . . . . .			<b>(1,184,080)</b>
<b>Net Assets 100.0%</b> . . . . .			<b>\$215,163,435</b>

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

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

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

## Financial Highlights

### Franklin Mutual U.S. Mid Cap Value Fund

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$40.20	\$27.59	\$34.61	\$37.93	\$41.08
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.37	0.43	1.14 <sup>c</sup>	0.52	0.45
Net realized and unrealized gains (losses) . . . . .	(3.28)	13.37	(5.47)	1.13	(0.43)
Total from investment operations . . . . .	(2.91)	13.80	(4.33)	1.65	0.02
Less distributions from:					
Net investment income . . . . .	(0.45)	(1.19)	(0.54)	(0.46)	(0.46)
Net realized gains . . . . .	(4.52)	—	(2.15)	(4.51)	(2.71)
Total distributions . . . . .	(4.97)	(1.19)	(2.69)	(4.97)	(3.17)
Net asset value, end of year . . . . .	\$32.32	\$40.20	\$27.59	\$34.61	\$37.93
Total return <sup>d</sup> . . . . .	(8.06)%	51.14%	(13.94)%	6.22%	(0.15)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.91%	0.91%	0.95%	0.93%	0.91%
Expenses net of waiver and payments by affiliates <sup>e</sup> . . . . .	0.90%	0.91% <sup>f</sup>	0.93%	0.89%	0.86%
Net investment income . . . . .	1.07%	1.18%	3.94% <sup>c</sup>	1.55%	1.13%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$688,933	\$790,329	\$538,538	\$735,919	\$772,976
Portfolio turnover rate . . . . .	66.63%	60.45%	57.78%	44.31%	29.85%

<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>Net investment income per share includes approximately \$0.69 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.55%.

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

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

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



## Franklin Mutual U.S. Mid Cap Value Fund (continued)

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$38.15	\$26.21	\$32.97	\$36.13	\$39.27
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.11	0.15	0.93 <sup>c</sup>	0.26	0.15
Net realized and unrealized gains (losses) . . . . .	(3.11)	12.72	(5.28)	1.09	(0.41)
Total from investment operations . . . . .	(3.00)	12.87	(4.35)	1.35	(0.26)
Less distributions from:					
Net investment income . . . . .	(0.13)	(0.93)	(0.26)	—	(0.17)
Net realized gains . . . . .	(4.52)	—	(2.15)	(4.51)	(2.71)
Total distributions . . . . .	(4.65)	(0.93)	(2.41)	(4.51)	(2.88)
Net asset value, end of year . . . . .	\$30.50	\$38.15	\$26.21	\$32.97	\$36.13
Total return <sup>d</sup> . . . . .	(8.77)%	50.06%	(14.57)%	5.41%	(0.91)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.66%	1.66%	1.70%	1.68%	1.66%
Expenses net of waiver and payments by affiliates <sup>e</sup> . . . . .	1.65%	1.66% <sup>f</sup>	1.68%	1.64%	1.61%
Net investment income . . . . .	0.32%	0.42%	3.36% <sup>c</sup>	0.80%	0.38%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$15,412	\$20,132	\$15,881	\$27,443	\$33,854
Portfolio turnover rate . . . . .	66.63%	60.45%	57.78%	44.31%	29.85%

<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>Net investment income per share includes approximately \$0.66 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.97%.

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

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

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

**Franklin Mutual U.S. Mid Cap Value Fund** (continued)

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Class R</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$40.34	\$27.67	\$34.70	\$37.99	\$41.10
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.28	0.34	1.11 <sup>c</sup>	0.44	0.35
Net realized and unrealized gains (losses) . . . . .	(3.29)	13.44	(5.55)	1.14	(0.42)
Total from investment operations . . . . .	(3.01)	13.78	(4.44)	1.58	(0.07)
Less distributions from:					
Net investment income . . . . .	(0.35)	(1.11)	(0.44)	(0.36)	(0.33)
Net realized gains . . . . .	(4.52)	—	(2.15)	(4.51)	(2.71)
Total distributions . . . . .	(4.87)	(1.11)	(2.59)	(4.87)	(3.04)
Net asset value, end of year . . . . .	\$32.46	\$40.34	\$27.67	\$34.70	\$37.99
Total return . . . . .	(8.32)%	50.87%	(14.16)%	5.94%	(0.39)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.16%	1.16%	1.20%	1.18%	1.16%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	1.15%	1.16% <sup>e</sup>	1.18%	1.14%	1.11%
Net investment income . . . . .	0.82%	0.93%	3.80% <sup>c</sup>	1.30%	0.88%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$5,419	\$6,362	\$4,465	\$6,764	\$7,280
Portfolio turnover rate . . . . .	66.63%	60.45%	57.78%	44.31%	29.85%

<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>Net investment income per share includes approximately \$0.70 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.41%.

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

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

## Franklin Mutual U.S. Mid Cap Value Fund (continued)

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$41.93	\$28.73	\$35.93	\$39.20	\$42.38
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.51	0.59	1.27 <sup>c</sup>	0.67	0.61
Net realized and unrealized gains (losses) . . . . .	(3.43)	13.91	(5.65)	1.18	(0.45)
Total from investment operations . . . . .	(2.92)	14.50	(4.38)	1.85	0.16
Less distributions from:					
Net investment income . . . . .	(0.58)	(1.30)	(0.67)	(0.61)	(0.63)
Net realized gains . . . . .	(4.52)	—	(2.15)	(4.51)	(2.71)
Total distributions . . . . .	(5.10)	(1.30)	(2.82)	(5.12)	(3.34)
Net asset value, end of year . . . . .	\$33.91	\$41.93	\$28.73	\$35.93	\$39.20
Total return . . . . .	(7.76)%	51.74%	(13.61)%	6.61%	0.19%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.59%	0.59%	0.61%	0.59%	0.57%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	0.55%	0.55%	0.55%	0.52%	0.50%
Net investment income . . . . .	1.42%	1.54%	4.24% <sup>c</sup>	1.92%	1.49%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$36,512	\$39,290	\$27,952	\$36,398	\$36,580
Portfolio turnover rate . . . . .	66.63%	60.45%	57.78%	44.31%	29.85%

<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>Net investment income per share includes approximately \$0.72 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.85%.

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

**Franklin Mutual U.S. Mid Cap Value Fund** (continued)

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$42.04	\$28.80	\$36.01	\$39.26	\$42.39
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.48	0.55	1.28 <sup>c</sup>	0.63	0.57
Net realized and unrealized gains (losses) . . . . .	(3.44)	13.95	(5.72)	1.19	(0.46)
Total from investment operations . . . . .	(2.96)	14.50	(4.44)	1.82	0.11
Less distributions from:					
Net investment income . . . . .	(0.54)	(1.26)	(0.62)	(0.56)	(0.53)
Net realized gains . . . . .	(4.52)	—	(2.15)	(4.51)	(2.71)
Total distributions . . . . .	(5.06)	(1.26)	(2.77)	(5.07)	(3.24)
Net asset value, end of year . . . . .	\$34.02	\$42.04	\$28.80	\$36.01	\$39.26
Total return . . . . .	(7.86)%	51.57%	(13.71)%	6.48%	0.07%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.66%	0.66%	0.70%	0.68%	0.66%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	0.65%	0.66% <sup>e</sup>	0.68%	0.64%	0.61%
Net investment income . . . . .	1.32%	1.43%	4.22% <sup>c</sup>	1.80%	1.38%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$46,625	\$56,787	\$34,029	\$47,427	\$48,616
Portfolio turnover rate . . . . .	66.63%	60.45%	57.78%	44.31%	29.85%

<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>Net investment income per share includes approximately \$0.72 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.83%.

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

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

## Schedule of Investments, October 31, 2022

## Franklin Mutual U.S. Mid Cap Value Fund

	Country	Shares	Value
<b>Common Stocks 95.7%</b>			
<b>Aerospace &amp; Defense 2.5%</b>			
Airbus SE . . . . .	France	95,506	\$10,334,633
Huntington Ingalls Industries, Inc. . . . .	United States	37,489	9,637,297
			<u>19,971,930</u>
<b>Auto Components 2.5%</b>			
Lear Corp. . . . .	United States	143,735	19,937,482
<b>Banks 8.2%</b>			
Citizens Financial Group, Inc. . . . .	United States	675,062	27,610,036
ING Groep NV . . . . .	Netherlands	882,542	8,684,294
PNC Financial Services Group, Inc. (The) . . . . .	United States	116,147	18,796,069
<sup>a</sup> SVB Financial Group. . . . .	United States	42,319	9,773,996
			<u>64,864,395</u>
<b>Building Products 2.2%</b>			
Johnson Controls International plc. . . . .	United States	304,541	17,614,651
<b>Chemicals 6.2%</b>			
Ashland, Inc. . . . .	United States	161,998	16,996,830
Avient Corp. . . . .	United States	454,783	15,685,466
Huntsman Corp. . . . .	United States	612,689	16,395,557
			<u>49,077,853</u>
<b>Commercial Services &amp; Supplies 1.2%</b>			
<sup>a</sup> Stericycle, Inc. . . . .	United States	207,909	9,268,583
<b>Construction &amp; Engineering 1.7%</b>			
<sup>a</sup> WillScot Mobile Mini Holdings Corp. . . . .	United States	312,872	13,306,446
<b>Diversified Financial Services 2.4%</b>			
Voya Financial, Inc. . . . .	United States	280,725	19,190,361
<b>Electric Utilities 2.9%</b>			
Entergy Corp. . . . .	United States	107,474	11,514,765
Evergy, Inc. . . . .	United States	181,447	11,091,855
			<u>22,606,620</u>
<b>Electrical Equipment 1.5%</b>			
Regal Rexnord Corp. . . . .	United States	93,999	11,894,633
<b>Electronic Equipment, Instruments &amp; Components 2.3%</b>			
<sup>a</sup> Flex Ltd. . . . .	United States	946,397	18,530,453
<b>Energy Equipment &amp; Services 3.7%</b>			
Baker Hughes Co. . . . .	United States	493,362	13,646,393
Schlumberger NV . . . . .	United States	307,061	15,976,384
			<u>29,622,777</u>
<b>Equity Real Estate Investment Trusts (REITs) 3.6%</b>			
Brixmor Property Group, Inc. . . . .	United States	816,394	17,397,356
Vornado Realty Trust. . . . .	United States	456,582	10,770,770
			<u>28,168,126</u>
<b>Food Products 3.2%</b>			
Kraft Heinz Co. (The) . . . . .	United States	659,478	25,370,119
<b>Health Care Providers &amp; Services 4.8%</b>			
AmerisourceBergen Corp. . . . .	United States	73,791	11,601,421
CVS Health Corp. . . . .	United States	79,333	7,512,835
Elevance Health, Inc. . . . .	United States	16,795	9,183,002

Franklin Mutual U.S. Mid Cap Value Fund (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Health Care Providers &amp; Services</b> (continued)			
Humana, Inc. . . . .	United States	16,885	\$9,423,181
			37,720,439
<b>Household Durables 2.3%</b>			
DR Horton, Inc. . . . .	United States	239,401	18,405,149
<b>Independent Power and Renewable Electricity Producers 2.3%</b>			
AES Corp. (The) . . . . .	United States	704,191	18,421,637
<b>Insurance 6.8%</b>			
Everest Re Group Ltd. . . . .	United States	58,073	18,737,834
Hartford Financial Services Group, Inc. (The) . . . . .	United States	243,586	17,638,062
Willis Towers Watson plc. . . . .	United States	80,268	17,515,281
			53,891,177
<b>Internet &amp; Direct Marketing Retail 0.5%</b>			
eBay, Inc. . . . .	United States	101,282	4,035,075
<b>IT Services 4.3%</b>			
<sup>a</sup> Fiserv, Inc. . . . .	United States	56,998	5,855,974
Global Payments, Inc. . . . .	United States	142,043	16,229,833
SS&C Technologies Holdings, Inc. . . . .	United States	235,885	12,129,207
			34,215,014
<b>Machinery 3.7%</b>			
Parker-Hannifin Corp. . . . .	United States	58,042	16,868,166
Timken Co. (The) . . . . .	United States	177,529	12,656,042
			29,524,208
<b>Media 1.1%</b>			
<sup>a</sup> Liberty Broadband Corp., C. . . . .	United States	101,949	8,607,554
<b>Metals &amp; Mining 0.8%</b>			
Alcoa Corp. . . . .	United States	157,821	6,159,754
<b>Oil, Gas &amp; Consumable Fuels 2.9%</b>			
Chevron Corp. . . . .	United States	73,221	13,245,679
Williams Cos., Inc. (The) . . . . .	United States	289,568	9,477,561
			22,723,240
<b>Personal Products 1.5%</b>			
<sup>a</sup> Haleon plc . . . . .	United Kingdom	3,830,237	11,745,251
<b>Pharmaceuticals 2.2%</b>			
GSK plc . . . . .	United States	668,807	10,955,793
Merck & Co., Inc. . . . .	United States	66,511	6,730,913
			17,686,706
<b>Professional Services 4.1%</b>			
<sup>a</sup> CACI International, Inc., A. . . . .	United States	28,236	8,584,591
ICF International, Inc. . . . .	United States	49,284	5,895,845
KBR, Inc. . . . .	United States	368,655	18,347,959
			32,828,395
<b>Real Estate Management &amp; Development 3.2%</b>			
<sup>a</sup> CBRE Group, Inc., A. . . . .	United States	252,688	17,925,687
<sup>a</sup> Cushman & Wakefield plc . . . . .	United States	630,931	7,287,253
			25,212,940
<b>Software 2.7%</b>			
NortonLifeLock, Inc. . . . .	United States	935,461	21,075,936

Franklin Mutual U.S. Mid Cap Value Fund (continued)

	Country	Shares	Value
<b>Common Stocks (continued)</b>			
<b>Specialty Retail 1.7%</b>			
Dick's Sporting Goods, Inc. . . . .	United States	120,658	\$13,726,054
<b>Technology Hardware, Storage &amp; Peripherals 1.5%</b>			
<sup>a</sup> Western Digital Corp. . . . .	United States	351,118	12,067,926
<b>Textiles, Apparel &amp; Luxury Goods 2.4%</b>			
Tapestry, Inc. . . . .	United States	606,316	19,208,091
<b>Trading Companies &amp; Distributors 2.8%</b>			
<sup>a</sup> AerCap Holdings NV . . . . .	Ireland	158,173	8,448,020
<sup>a</sup> Univar Solutions, Inc. . . . .	United States	522,788	13,320,638
			21,768,658
<b>Total Common Stocks (Cost \$690,699,298) . . . . .</b>			<b>758,447,633</b>
<b>Short Term Investments 3.9%</b>			
	Country	Shares	Value
<b>Money Market Funds 3.9%</b>			
<sup>b,c</sup> Institutional Fiduciary Trust - Money Market Portfolio, 2.86% . . . . .	United States	30,561,198	30,561,198
<b>Total Money Market Funds (Cost \$30,561,198) . . . . .</b>			<b>30,561,198</b>
<b>Total Short Term Investments (Cost \$30,561,198) . . . . .</b>			<b>30,561,198</b>
<b>Total Investments (Cost \$721,260,496) 99.6% . . . . .</b>			<b>\$789,008,831</b>
<b>Other Assets, less Liabilities 0.4% . . . . .</b>			<b>3,892,548</b>
<b>Net Assets 100.0% . . . . .</b>			<b>\$792,901,379</b>

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

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

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

## Financial Highlights

### Franklin Small Cap Value Fund

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$61.24	\$41.84	\$49.48	\$52.59	\$59.07
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.25	0.47 <sup>c</sup>	0.45	0.51 <sup>d</sup>	0.39 <sup>e</sup>
Net realized and unrealized gains (losses) . . . . .	(4.60)	20.03	(5.01)	4.00	(1.95)
Total from investment operations . . . . .	(4.35)	20.50	(4.56)	4.51	(1.56)
Less distributions from:					
Net investment income . . . . .	(0.34)	(0.35)	(0.58)	(0.44)	(0.42)
Net realized gains . . . . .	(5.37)	(0.75)	(2.50)	(7.18)	(4.50)
Total distributions . . . . .	(5.71)	(1.10)	(3.08)	(7.62)	(4.92)
Net asset value, end of year . . . . .	\$51.18	\$61.24	\$41.84	\$49.48	\$52.59
Total return <sup>f</sup> . . . . .	(7.83)%	49.59%	(10.04)%	11.35%	(3.04)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.98%	1.00%	1.08%	1.06%	1.05%
Expenses net of waiver and payments by affiliates . . . . .	0.98% <sup>g</sup>	1.00% <sup>g</sup>	1.07% <sup>h</sup>	1.05% <sup>h</sup>	1.03% <sup>h</sup>
Net investment income . . . . .	0.46%	0.81% <sup>c</sup>	1.08%	1.10% <sup>d</sup>	0.69% <sup>e</sup>
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$1,268,890	\$1,577,561	\$1,123,039	\$1,334,235	\$1,366,866
Portfolio turnover rate . . . . .	47.06%	52.76%	67.46%	57.84%	53.26%

<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>Net investment income per share includes approximately \$0.15 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.56%.

<sup>d</sup>Net investment income per share includes approximately \$0.14 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.80%.

<sup>e</sup>Net investment income per share includes approximately \$0.09 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.52%.

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

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

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



## Franklin Small Cap Value Fund (continued)

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$52.25	\$35.87	\$42.84	\$46.45	\$52.75
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b</sup> . . . . .	(0.13)	0.02 <sup>c</sup>	0.12	0.15 <sup>d</sup>	(0.02) <sup>e</sup>
Net realized and unrealized gains (losses) . . . . .	(3.87)	17.20	(4.33)	3.42	(1.72)
Total from investment operations . . . . .	(4.00)	17.22	(4.21)	3.57	(1.74)
Less distributions from:					
Net investment income . . . . .	—	(0.09)	(0.26)	—	(0.06)
Net realized gains . . . . .	(5.37)	(0.75)	(2.50)	(7.18)	(4.50)
Total distributions . . . . .	(5.37)	(0.84)	(2.76)	(7.18)	(4.56)
Net asset value, end of year . . . . .	\$42.88	\$52.25	\$35.87	\$42.84	\$46.45
Total return <sup>f</sup> . . . . .	(8.51)%	48.51%	(10.73)%	10.52%	(3.77)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.73%	1.75%	1.83%	1.81%	1.80%
Expenses net of waiver and payments by affiliates . . . . .	1.73% <sup>g</sup>	1.75% <sup>g</sup>	1.82% <sup>h</sup>	1.80% <sup>h</sup>	1.78% <sup>h</sup>
Net investment income (loss) . . . . .	(0.29)%	0.05% <sup>c</sup>	0.34%	0.35% <sup>d</sup>	(0.06)% <sup>e</sup>
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$68,960	\$99,994	\$77,586	\$111,639	\$138,188
Portfolio turnover rate . . . . .	47.06%	52.76%	67.46%	57.84%	53.26%

<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>Net investment income per share includes approximately \$0.15 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been (0.20)%.

<sup>d</sup>Net investment income per share includes approximately \$0.14 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.05%.

<sup>e</sup>Net investment income per share includes approximately \$0.09 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been (0.23)%.

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

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

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

**Franklin Small Cap Value Fund** (continued)

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Class R</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$60.43	\$41.31	\$48.88	\$51.98	\$58.37
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.11	0.32 <sup>c</sup>	0.35	0.40 <sup>d</sup>	0.25 <sup>e</sup>
Net realized and unrealized gains (losses) . . . . .	(4.53)	19.79	(4.97)	3.94	(1.93)
Total from investment operations . . . . .	(4.42)	20.11	(4.62)	4.34	(1.68)
Less distributions from:					
Net investment income . . . . .	(0.18)	(0.24)	(0.45)	(0.26)	(0.21)
Net realized gains . . . . .	(5.37)	(0.75)	(2.50)	(7.18)	(4.50)
Total distributions . . . . .	(5.55)	(0.99)	(2.95)	(7.44)	(4.71)
Net asset value, end of year . . . . .	\$50.46	\$60.43	\$41.31	\$48.88	\$51.98
Total return . . . . .	(8.05)%	49.22%	(10.27)%	11.06%	(3.28)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.23%	1.25%	1.33%	1.31%	1.30%
Expenses net of waiver and payments by affiliates . . . . .	1.23% <sup>f</sup>	1.25% <sup>f</sup>	1.32% <sup>g</sup>	1.30% <sup>g</sup>	1.28% <sup>g</sup>
Net investment income . . . . .	0.21%	0.56% <sup>c</sup>	0.84%	0.85% <sup>d</sup>	0.44% <sup>e</sup>
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$119,060	\$150,288	\$106,201	\$143,634	\$158,678
Portfolio turnover rate . . . . .	47.06%	52.76%	67.46%	57.84%	53.26%

<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>Net investment income per share includes approximately \$0.15 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.32%.

<sup>d</sup>Net investment income per share includes approximately \$0.14 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.55%.

<sup>e</sup>Net investment income per share includes approximately \$0.09 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.27%.

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

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

**Franklin Small Cap Value Fund** (continued)

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$65.05	\$44.37	\$52.29	\$55.17	\$61.71
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.48	0.71 <sup>c</sup>	0.65	0.75 <sup>d</sup>	0.66 <sup>e</sup>
Net realized and unrealized gains (losses) . . . . .	(4.89)	21.27	(5.27)	4.23	(2.05)
Total from investment operations . . . . .	(4.41)	21.98	(4.62)	4.98	(1.39)
Less distributions from:					
Net investment income . . . . .	(0.59)	(0.55)	(0.80)	(0.68)	(0.65)
Net realized gains . . . . .	(5.37)	(0.75)	(2.50)	(7.18)	(4.50)
Total distributions . . . . .	(5.96)	(1.30)	(3.30)	(7.86)	(5.15)
Net asset value, end of year . . . . .	\$54.68	\$65.05	\$44.37	\$52.29	\$55.17
Total return . . . . .	(7.46)%	50.21%	(9.65)%	11.82%	(2.63)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.62%	0.62%	0.68%	0.66%	0.66%
Expenses net of waiver and payments by affiliates . . . . .	0.59%	0.59%	0.64% <sup>f</sup>	0.61% <sup>f</sup>	0.60% <sup>f</sup>
Net investment income . . . . .	0.84%	1.15% <sup>c</sup>	1.47%	1.54% <sup>d</sup>	1.12% <sup>e</sup>
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$1,248,367	\$1,336,020	\$510,946	\$362,397	\$270,426
Portfolio turnover rate . . . . .	47.06%	52.76%	67.46%	57.84%	53.26%

<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>Net investment income per share includes approximately \$0.15 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.90%.

<sup>d</sup>Net investment income per share includes approximately \$0.14 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.24%.

<sup>e</sup>Net investment income per share includes approximately \$0.09 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.95%.

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

**Franklin Small Cap Value Fund** (continued)

	Year Ended October 31,				
	2022	2021	2020	2019	2018
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$65.13	\$44.44	\$52.36	\$55.19	\$61.66
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.41	0.63 <sup>c</sup>	0.58	0.67 <sup>d</sup>	0.56 <sup>e</sup>
Net realized and unrealized gains (losses) . . . . .	(4.91)	21.30	(5.29)	4.24	(2.06)
Total from investment operations . . . . .	(4.50)	21.93	(4.71)	4.91	(1.50)
Less distributions from:					
Net investment income . . . . .	(0.50)	(0.49)	(0.71)	(0.56)	(0.47)
Net realized gains . . . . .	(5.37)	(0.75)	(2.50)	(7.18)	(4.50)
Total distributions . . . . .	(5.87)	(1.24)	(3.21)	(7.74)	(4.97)
Net asset value, end of year . . . . .	\$54.76	\$65.13	\$44.44	\$52.36	\$55.19
Total return . . . . .	(7.59)%	49.98%	(9.81)%	11.61%	(2.81)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.73%	0.75%	0.83%	0.81%	0.80%
Expenses net of waiver and payments by affiliates . . . . .	0.73% <sup>f</sup>	0.75% <sup>f</sup>	0.82% <sup>g</sup>	0.80% <sup>g</sup>	0.78% <sup>g</sup>
Net investment income . . . . .	0.71%	1.01% <sup>c</sup>	1.30%	1.35% <sup>d</sup>	0.94% <sup>e</sup>
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$1,406,507	\$1,687,270	\$646,240	\$522,329	\$544,792
Portfolio turnover rate . . . . .	47.06%	52.76%	67.46%	57.84%	53.26%

<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>Net investment income per share includes approximately \$0.15 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.76%.

<sup>d</sup>Net investment income per share includes approximately \$0.14 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.05%.

<sup>e</sup>Net investment income per share includes approximately \$0.09 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.77%.

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

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

## Schedule of Investments, October 31, 2022

## Franklin Small Cap Value Fund

	Country	Shares	Value
<b>Common Stocks 97.0%</b>			
<b>Aerospace &amp; Defense 2.1%</b>			
<sup>a</sup> Aerojet Rocketdyne Holdings, Inc. ....	United States	1,414,094	\$68,512,854
QinetiQ Group plc. ....	United Kingdom	4,494,789	18,526,928
			87,039,782
<b>Auto Components 1.2%</b>			
<sup>a</sup> Adient plc. ....	United States	1,257,666	43,993,157
LCI Industries. ....	United States	41,140	4,365,365
			48,358,522
<b>Banks 14.1%</b>			
Atlantic Union Bankshares Corp. ....	United States	2,105,924	72,738,615
Camden National Corp. ....	United States	652,964	28,416,993
Columbia Banking System, Inc. ....	United States	2,984,466	99,890,077
First Bancorp. ....	United States	221,330	9,864,678
First Interstate BancSystem, Inc., A. ....	United States	2,154,994	98,289,276
First of Long Island Corp. (The). ....	United States	840,921	14,783,391
German American Bancorp, Inc. ....	United States	682,332	26,808,824
Peoples Bancorp, Inc. ....	United States	1,064,606	32,225,624
SouthState Corp. ....	United States	1,272,610	115,082,122
TriCo Bancshares. ....	United States	908,962	52,637,990
Washington Trust Bancorp, Inc. ....	United States	616,609	29,905,537
			580,643,127
<b>Building Products 3.3%</b>			
Apogee Enterprises, Inc. ....	United States	831,787	38,162,387
Insteel Industries, Inc. ....	United States	3,739	98,523
<sup>a</sup> Masonite International Corp. ....	United States	136,056	9,732,086
UFP Industries, Inc. ....	United States	1,237,236	88,128,320
			136,121,316
<b>Chemicals 3.0%</b>			
Ashland, Inc. ....	United States	201,814	21,174,325
Avient Corp. ....	United States	124,772	4,303,386
<sup>a,b</sup> Elementis plc. ....	United Kingdom	31,885,141	33,707,697
Minerals Technologies, Inc. ....	United States	839,134	46,160,762
Tronox Holdings plc. ....	United States	1,492,269	17,907,228
			123,253,398
<b>Commercial Services &amp; Supplies 0.5%</b>			
<sup>a</sup> IAA, Inc. ....	United States	582,248	22,084,667
<b>Communications Equipment 3.1%</b>			
<sup>a,b</sup> NetScout Systems, Inc. ....	United States	3,599,232	129,284,413
<b>Construction &amp; Engineering 5.4%</b>			
<sup>a,b</sup> Great Lakes Dredge & Dock Corp. ....	United States	3,900,693	29,489,239
Primoris Services Corp. ....	United States	889,544	17,959,893
Stantec, Inc. ....	Canada	1,174,880	57,484,954
<sup>a</sup> WillScot Mobile Mini Holdings Corp. ....	United States	2,742,810	116,651,709
			221,585,795
<b>Construction Materials 1.8%</b>			
<sup>a</sup> Summit Materials, Inc., A. ....	United States	2,798,728	73,746,483
<b>Consumer Finance 0.1%</b>			
Bread Financial Holdings, Inc. ....	United States	120,751	4,360,319

**Franklin Small Cap Value Fund** (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Electric Utilities 0.2%</b>			
IDACORP, Inc. ....	United States	80,420	\$8,419,974
<b>Electrical Equipment 0.7%</b>			
Regal Rexnord Corp. ....	United States	220,232	27,868,157
<b>Electronic Equipment, Instruments &amp; Components 3.8%</b>			
<sup>b</sup> Benchmark Electronics, Inc. ....	United States	2,564,535	72,807,149
<sup>a</sup> Coherent Corp. ....	United States	77,014	2,588,440
CTS Corp. ....	United States	450,721	17,812,494
<sup>a,b</sup> Knowles Corp. ....	United States	4,547,752	62,531,590
			155,739,673
<b>Energy Equipment &amp; Services 3.7%</b>			
<sup>b</sup> Hunting plc. ....	United Kingdom	9,175,111	28,146,395
<sup>a</sup> Natural Gas Services Group, Inc. ....	United States	531,000	6,106,500
<sup>a</sup> TechnipFMC plc. ....	United Kingdom	11,079,847	117,335,580
			151,588,475
<b>Equity Real Estate Investment Trusts (REITs) 3.5%</b>			
Alexander & Baldwin, Inc. ....	United States	2,160,573	42,087,962
Highwoods Properties, Inc. ....	United States	129,440	3,654,091
Kimco Realty Corp. ....	United States	34,636	740,518
STAG Industrial, Inc. ....	United States	937,348	29,610,823
Sunstone Hotel Investors, Inc. ....	United States	6,211,244	69,255,371
			145,348,765
<b>Food Products 3.0%</b>			
Glanbia plc. ....	Ireland	7,585,685	87,613,591
Maple Leaf Foods, Inc. ....	Canada	2,280,374	33,793,857
			121,407,448
<b>Health Care Equipment &amp; Supplies 3.9%</b>			
<sup>a</sup> Envista Holdings Corp. ....	United States	1,758,833	58,059,077
<sup>a</sup> Integer Holdings Corp. ....	United States	1,644,708	102,514,650
			160,573,727
<b>Hotels, Restaurants &amp; Leisure 6.3%</b>			
Boyd Gaming Corp. ....	United States	152,048	8,782,293
<sup>a,b</sup> Brinker International, Inc. ....	United States	2,452,635	81,893,483
<sup>a</sup> Dalata Hotel Group plc. ....	Ireland	5,854,643	18,783,613
<sup>a,b</sup> Denny's Corp. ....	United States	3,794,830	42,995,424
<sup>a</sup> Hilton Grand Vacations, Inc. ....	United States	506,762	19,885,341
Jack in the Box, Inc. ....	United States	1,002,927	88,488,249
			260,828,403
<b>Household Durables 1.0%</b>			
Century Communities, Inc. ....	United States	156,292	6,956,557
<sup>a</sup> M/I Homes, Inc. ....	United States	382,685	15,877,601
<sup>a</sup> Meritage Homes Corp. ....	United States	157,377	11,985,832
<sup>a</sup> Taylor Morrison Home Corp. ....	United States	304,053	8,008,756
			42,828,746
<b>Insurance 6.6%</b>			
CNO Financial Group, Inc. ....	United States	1,846,527	40,734,385
Hanover Insurance Group, Inc. (The). ....	United States	840,898	123,183,148
Horace Mann Educators Corp. ....	United States	1,841,893	72,681,098

## Franklin Small Cap Value Fund (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Insurance</b> (continued)			
Selective Insurance Group, Inc. ....	United States	362,901	\$35,593,330
			272,191,961
<b>Leisure Products 0.3%</b>			
Brunswick Corp. ....	United States	171,030	12,086,690
<b>Machinery 4.6%</b>			
Astec Industries, Inc. ....	United States	464,765	20,286,992
Columbus McKinnon Corp. ....	United States	301,688	8,604,142
Greenbrier Cos., Inc. (The) ....	United States	1,486,787	52,498,449
REV Group, Inc. ....	United States	1,890,957	25,981,749
Timken Co. (The) ....	United States	1,143,203	81,498,942
			188,870,274
<b>Metals &amp; Mining 1.6%</b>			
Alcoa Corp. ....	United States	717,288	27,995,751
<sup>a</sup> Arconic Corp. ....	United States	749,110	15,551,524
Commercial Metals Co. ....	United States	445,963	20,291,316
			63,838,591
<b>Multi-Utilities 0.2%</b>			
Black Hills Corp. ....	United States	141,797	9,269,270
<b>Oil, Gas &amp; Consumable Fuels 5.5%</b>			
Crescent Point Energy Corp. ....	Canada	18,115,923	141,613,755
<sup>a,b</sup> Green Plains, Inc. ....	United States	2,938,698	84,898,985
			226,512,740
<b>Professional Services 1.3%</b>			
ICF International, Inc. ....	United States	458,980	54,907,777
<b>Real Estate Management &amp; Development 0.6%</b>			
<sup>a</sup> Cushman & Wakefield plc ....	United States	2,136,367	24,675,039
<b>Road &amp; Rail 1.1%</b>			
<sup>a</sup> Saia, Inc. ....	United States	233,783	46,490,087
<b>Semiconductors &amp; Semiconductor Equipment 1.6%</b>			
<sup>a</sup> Cohu, Inc. ....	United States	1,107,363	36,454,390
<sup>a</sup> Onto Innovation, Inc. ....	United States	425,990	28,473,172
			64,927,562
<b>Software 3.4%</b>			
<sup>a</sup> ACI Worldwide, Inc. ....	United States	4,567,806	111,134,720
Software AG ....	Germany	1,207,790	26,424,152
			137,558,872
<b>Specialty Retail 1.0%</b>			
<sup>a,b</sup> Children's Place, Inc. (The) ....	United States	885,230	35,834,110
Group 1 Automotive, Inc. ....	United States	24,149	4,177,777
			40,011,887
<b>Textiles, Apparel &amp; Luxury Goods 0.5%</b>			
Carter's, Inc. ....	United States	320,742	21,768,760
<b>Thriffs &amp; Mortgage Finance 1.9%</b>			
WSFS Financial Corp. ....	United States	1,632,184	75,994,487
<b>Trading Companies &amp; Distributors 6.1%</b>			
Herc Holdings, Inc. ....	United States	579,298	68,131,238

**Franklin Small Cap Value Fund** (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Trading Companies &amp; Distributors</b> (continued)			
<sup>b</sup> McGrath RentCorp .....	United States	1,406,790	\$132,308,599
<sup>a</sup> Univar Solutions, Inc. ....	United States	1,936,416	49,339,880
			249,779,717
<b>Total Common Stocks (Cost \$3,659,145,948)</b> .....			<b>3,989,964,904</b>
 <b>Short Term Investments 3.4%</b>			
	Country	Shares	Value
<b>Money Market Funds 3.4%</b>			
<sup>c,d</sup> Institutional Fiduciary Trust - Money Market Portfolio, 2.86% .....	United States	139,833,283	139,833,283
<b>Total Money Market Funds (Cost \$139,833,283)</b> .....			<b>139,833,283</b>
<b>Total Short Term Investments (Cost \$139,833,283)</b> .....			<b>139,833,283</b>
<b>Total Investments (Cost \$3,798,979,231) 100.4%</b> .....			<b>\$4,129,798,187</b>
<b>Other Assets, less Liabilities (0.4)%</b> .....			<b>(18,014,094)</b>
<b>Net Assets 100.0%</b> .....			<b>\$4,111,784,093</b>

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

<sup>b</sup> See Note 9 regarding holdings of 5% voting securities.

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

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



## Statements of Assets and Liabilities

October 31, 2022

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
<b>Assets:</b>			
Investments in securities:			
Cost - Unaffiliated issuers . . . . .	\$138,695,892	\$690,699,298	\$2,905,994,721
Cost - Non-controlled affiliates (Note 3f and 9) . . . . .	20,193,831	30,561,198	892,984,510
Value - Unaffiliated issuers . . . . .	\$196,153,684	\$758,447,633	\$3,256,067,820
Value - Non-controlled affiliates (Note 3f and 9) . . . . .	20,193,831	30,561,198	873,730,367
Cash . . . . .	20,645	5,146	50,192
Receivables:			
Investment securities sold . . . . .	652,007	7,520,013	12,432,015
Capital shares sold . . . . .	54,391	583,274	5,260,581
Dividends . . . . .	25,405	532,627	838,559
Total assets . . . . .	217,099,963	797,649,891	4,148,379,534
<b>Liabilities:</b>			
Payables:			
Investment securities purchased . . . . .	1,390,385	2,360,210	22,987,285
Capital shares redeemed . . . . .	267,431	1,512,883	9,671,329
Management fees . . . . .	121,543	300,717	1,769,894
Distribution fees . . . . .	28,854	153,493	358,465
Transfer agent fees . . . . .	60,147	289,359	1,579,674
Trustees' fees and expenses . . . . .	710	4,130	20,643
Accrued expenses and other liabilities . . . . .	67,458	127,720	208,151
Total liabilities . . . . .	1,936,528	4,748,512	36,595,441
Net assets, at value . . . . .	\$215,163,435	\$792,901,379	\$4,111,784,093
<b>Net assets consist of:</b>			
Paid-in capital . . . . .	\$144,813,542	\$697,167,611	\$3,686,476,034
Total distributable earnings (losses) . . . . .	70,349,893	95,733,768	425,308,059
Net assets, at value . . . . .	\$215,163,435	\$792,901,379	\$4,111,784,093

## Statements of Assets and Liabilities (continued)

October 31, 2022

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
<b>Class A:</b>			
Net assets, at value	\$144,716,819	\$688,933,199	\$1,268,889,794
Shares outstanding	5,248,775	21,315,196	24,792,311
Net asset value per share <sup>a</sup>	\$27.57	\$32.32	\$51.18
Maximum offering price per share (net asset value per share + 94.50%)	\$29.17	\$34.20	\$54.16
<b>Class C:</b>			
Net assets, at value	\$—	\$15,412,202	\$68,960,422
Shares outstanding	—	505,304	1,608,317
Net asset value and maximum offering price per share <sup>a</sup>	\$—	\$30.50	\$42.88
<b>Class R:</b>			
Net assets, at value	\$—	\$5,419,043	\$119,059,902
Shares outstanding	—	166,926	2,359,631
Net asset value and maximum offering price per share	\$—	\$32.46	\$50.46
<b>Class R6:</b>			
Net assets, at value	\$25,569,959	\$36,511,907	\$1,248,367,087
Shares outstanding	907,228	1,076,670	22,830,226
Net asset value and maximum offering price per share	\$28.18	\$33.91	\$54.68
<b>Advisor Class:</b>			
Net assets, at value	\$44,876,657	\$46,625,028	\$1,406,506,888
Shares outstanding	1,605,807	1,370,703	25,686,826
Net asset value and maximum offering price per share	\$27.95	\$34.02	\$54.76

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

## Statements of Operations

for the year ended October 31, 2022

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Investment income:			
Dividends: (net of foreign taxes of \$25,690, \$30,178 and \$879,788, respectively)			
Unaffiliated issuers . . . . .	\$3,348,446	\$16,670,670	\$50,127,431
Non-controlled affiliates (Note 3f and 9) . . . . .	114,081	231,392	12,667,998
Total investment income . . . . .	3,462,527	16,902,062	62,795,429
Expenses:			
Management fees (Note 3a) . . . . .	1,561,215	4,109,598	23,763,414
Distribution fees: (Note 3c)			
Class A . . . . .	365,917	1,859,743	3,511,287
Class C . . . . .	—	183,626	832,065
Class R . . . . .	—	29,342	656,429
Transfer agent fees: (Note 3e)			
Class A . . . . .	192,702	992,406	2,345,650
Class C . . . . .	—	24,362	138,523
Class R . . . . .	—	7,813	219,417
Class R6 . . . . .	12,575	23,298	636,702
Advisor Class . . . . .	50,724	68,863	2,474,450
Custodian fees (Note 4) . . . . .	1,074	8,167	33,690
Reports to shareholders fees . . . . .	13,840	71,834	220,576
Registration and filing fees . . . . .	56,853	100,320	234,111
Professional fees . . . . .	122,110	148,536	103,179
Trustees' fees and expenses . . . . .	14,593	64,166	320,626
Other . . . . .	10,640	41,349	108,967
Total expenses . . . . .	2,402,243	7,733,423	35,599,086
Expense reductions (Note 4) . . . . .	(28)	(24)	—
Expenses waived/paid by affiliates (Note 3f and 3g) . . . . .	(41,470)	(99,892)	(517,752)
Net expenses . . . . .	2,360,745	7,633,507	35,081,334
Net investment income . . . . .	1,101,782	9,268,555	27,714,095
Realized and unrealized gains (losses):			
Net realized gain (loss) from:			
Investments:			
Unaffiliated issuers . . . . .	13,519,742	32,412,503	168,646,136
Non-controlled affiliates (Note 3f and 9) . . . . .	—	—	(42,240,028)
Foreign currency transactions . . . . .	150	49,901	(310,183)
Net realized gain (loss) . . . . .	13,519,892	32,462,404	126,095,925
Net change in unrealized appreciation (depreciation) on:			
Investments:			
Unaffiliated issuers . . . . .	(19,159,042)	(116,245,726)	(425,681,767)
Non-controlled affiliates (Note 3f and 9) . . . . .	—	—	(78,052,321)
Translation of other assets and liabilities denominated in foreign currencies . . . . .	—	(239)	(18,322)
Net change in unrealized appreciation (depreciation) . . . . .	(19,159,042)	(116,245,965)	(503,752,410)
Net realized and unrealized gain (loss) . . . . .	(5,639,150)	(83,783,561)	(377,656,485)
Net increase (decrease) in net assets resulting from operations . . . . .	\$(4,537,368)	\$(74,515,006)	\$(349,942,390)

## Statements of Changes in Net Assets

	Franklin MicroCap Value Fund		Franklin Mutual U.S. Mid Cap Value Fund	
	Year Ended October 31, 2022	Year Ended October 31, 2021	Year Ended October 31, 2022	Year Ended October 31, 2021
Increase (decrease) in net assets:				
Operations:				
Net investment income . . . . .	\$1,101,782	\$912,922	\$9,268,555	\$9,867,517
Net realized gain (loss) . . . . .	13,519,892	32,608,110	32,462,404	156,893,634
Net change in unrealized appreciation (depreciation) . . . . .	(19,159,042)	40,148,742	(116,245,965)	140,358,993
Net increase (decrease) in net assets resulting from operations.	(4,537,368)	73,669,774	(74,515,006)	307,120,144
Distributions to shareholders:				
Class A . . . . .	(21,286,656)	(6,083,695)	(96,583,319)	(22,744,402)
Class C . . . . .	—	—	(2,428,978)	(552,317)
Class R . . . . .	—	—	(760,276)	(173,376)
Class R6 . . . . .	(3,358,927)	(884,169)	(4,793,006)	(1,236,499)
Advisor Class . . . . .	(5,166,227)	(1,530,858)	(6,492,610)	(1,479,012)
Total distributions to shareholders . . . . .	(29,811,810)	(8,498,722)	(111,058,189)	(26,185,606)
Capital share transactions: (Note 2)				
Class A . . . . .	8,510,330	20,172,380	59,910,867	8,798,321
Class C . . . . .	—	—	(532,442)	(2,860,901)
Class R . . . . .	—	—	305,628	(135,103)
Class R6 . . . . .	6,135,424	4,300,636	5,072,393	(1,292,605)
Advisor Class . . . . .	11,699,630	4,780,407	819,051	6,589,376
Total capital share transactions . . . . .	26,345,384	29,253,423	65,575,497	11,099,088
Net increase (decrease) in net assets . . . . .	(8,003,794)	94,424,475	(119,997,698)	292,033,626
Net assets:				
Beginning of year . . . . .	223,167,229	128,742,754	912,899,077	620,865,451
End of year . . . . .	\$215,163,435	\$223,167,229	\$792,901,379	\$912,899,077

Statements of Changes in Net Assets (continued)

	Franklin Small Cap Value Fund	
	Year Ended October 31, 2022	Year Ended October 31, 2021
Increase (decrease) in net assets:		
Operations:		
Net investment income . . . . .	\$27,714,095	\$39,128,581
Net realized gain (loss) . . . . .	126,095,925	444,950,030
Net change in unrealized appreciation (depreciation) . . . . .	(503,752,410)	798,486,903
Net increase (decrease) in net assets resulting from operations . . . . .	(349,942,390)	1,282,565,514
Distributions to shareholders:		
Class A . . . . .	(144,535,579)	(27,860,860)
Class C . . . . .	(9,999,178)	(1,853,782)
Class R . . . . .	(13,461,304)	(2,516,577)
Class R6 . . . . .	(123,172,938)	(16,086,898)
Advisor Class . . . . .	(150,020,873)	(20,153,588)
Total distributions to shareholders . . . . .	(441,189,872)	(68,471,705)
Capital share transactions: (Note 2)		
Class A . . . . .	(45,290,914)	(46,025,652)
Class C . . . . .	(13,371,033)	(13,872,001)
Class R . . . . .	(6,656,943)	(4,495,364)
Class R6 . . . . .	134,520,650	552,286,445
Advisor Class . . . . .	(17,417,388)	685,131,851
Total capital share transactions . . . . .	51,784,372	1,173,025,279
Net increase (decrease) in net assets . . . . .	(739,347,890)	2,387,119,088
Net assets:		
Beginning of year . . . . .	4,851,131,983	2,464,012,895
End of year . . . . .	\$4,111,784,093	\$4,851,131,983

# Notes to Financial Statements

## 1. Organization and Significant Accounting Policies

Franklin Value Investors Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of three separate funds (Funds) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). The classes of shares offered within each of the Funds are indicated below. Class C shares automatically convert to Class A shares on a monthly basis, after they have been held for 8 years. Each class of shares may differ by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees due to differing arrangements for distribution and transfer agent fees.

### Class A, Class R6 & Advisor Class

Franklin MicroCap Value Fund

### Class A, Class C, Class R, Class R6 & Advisor Class

Franklin Mutual U.S. Mid Cap Value Fund<sup>a</sup>

Franklin Small Cap Value Fund<sup>b</sup>

<sup>a</sup>Effective June 1, 2022, Franklin Mutual U.S. Value Fund was renamed Franklin Mutual U.S. Mid Cap Value Fund.

<sup>b</sup>Effective May 27, 2021, Franklin Small Cap Value Fund was closed to new investors with limited exceptions.

The following summarizes the Funds' significant accounting policies.

### a. Financial Instrument Valuation

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

independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

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

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

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

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Funds' business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Funds' portfolio securities as determined at the foreign market close and the latest indications of value at

**1. Organization and Significant Accounting Policies**

(continued)

**a. Financial Instrument Valuation** (continued)

4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Funds' portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At October 31, 2022, 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 Funds' NAV is not calculated, which could result in differences between the value of the Funds' portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Funds for financial reporting purposes.

**b. Foreign Currency Translation**

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

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

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

**c. Income and Deferred Taxes**

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

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

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

## 1. Organization and Significant Accounting Policies

(continued)

### c. Income and Deferred Taxes (continued)

Each Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of October 31, 2022, each Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

### d. 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. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Funds. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

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

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the

relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

### e. 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.

### f. Guarantees and Indemnifications

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



## 2. Shares of Beneficial Interest

At October 31, 2022, there were an unlimited number of shares authorized (without par value). Transactions in the Funds' shares were as follows:

	Franklin MicroCap Value Fund		Franklin Mutual U.S. Mid Cap Value Fund	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Year ended October 31, 2022				
Shares sold <sup>a</sup> . . . . .	719,382	\$19,904,740	3,833,315	\$132,100,439
Shares issued in reinvestment of distributions . . . . .	759,014	20,759,034	2,574,503	89,386,752
Shares redeemed . . . . .	(1,178,090)	(32,153,444)	(4,754,830)	(161,576,324)
Net increase (decrease) . . . . .	300,306	\$8,510,330	1,652,988	\$59,910,867
Year ended October 31, 2021				
Shares sold <sup>a</sup> . . . . .	1,462,945	\$46,213,507	4,681,925	\$175,735,473
Shares issued in reinvestment of distributions . . . . .	226,581	5,893,373	660,772	20,853,982
Shares redeemed . . . . .	(1,059,767)	(31,934,500)	(5,202,212)	(187,791,134)
Net increase (decrease) . . . . .	629,759	\$20,172,380	140,485	\$8,798,321
<b>Class C Shares:</b>				
Year ended October 31, 2022				
Shares sold . . . . .	—	\$—	137,768	\$4,615,640
Shares issued in reinvestment of distributions . . . . .	—	—	73,166	2,413,008
Shares redeemed <sup>a</sup> . . . . .	—	—	(233,366)	(7,561,090)
Net increase (decrease) . . . . .	—	\$—	(22,432)	\$(532,442)
Year ended October 31, 2021				
Shares sold . . . . .	—	\$—	256,950	\$9,200,910
Shares issued in reinvestment of distributions . . . . .	—	—	18,229	549,596
Shares redeemed <sup>a</sup> . . . . .	—	—	(353,358)	(12,611,407)
Net increase (decrease) . . . . .	—	\$—	(78,179)	\$(2,860,901)
<b>Class R Shares:</b>				
Year ended October 31, 2022				
Shares sold . . . . .	—	\$—	19,913	\$686,271
Shares issued in reinvestment of distributions . . . . .	—	—	21,753	760,276
Shares redeemed . . . . .	—	—	(32,449)	(1,140,919)
Net increase (decrease) . . . . .	—	\$—	9,217	\$305,628
Year ended October 31, 2021				
Shares sold . . . . .	—	\$—	25,435	\$959,623
Shares issued in reinvestment of distributions . . . . .	—	—	5,464	173,376
Shares redeemed . . . . .	—	—	(34,551)	(1,268,102)
Net increase (decrease) . . . . .	—	\$—	(3,652)	\$(135,103)

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

	Franklin MicroCap Value Fund		Franklin Mutual U.S. Mid Cap Value Fund	
	Shares	Amount	Shares	Amount
<b>Class R6 Shares:</b>				
Year ended October 31, 2022				
Shares sold	443,820	\$12,691,780	242,203	\$8,742,484
Shares issued in reinvestment of distributions	19,499	543,425	131,944	4,792,208
Shares redeemed	(252,888)	(7,099,781)	(234,577)	(8,462,299)
Net increase (decrease)	210,431	\$6,135,424	139,570	\$5,072,393
Year ended October 31, 2021				
Shares sold	383,411	\$11,842,262	248,335	\$9,612,236
Shares issued in reinvestment of distributions	4,821	127,434	37,469	1,229,343
Shares redeemed	(246,239)	(7,669,060)	(321,570)	(12,134,184)
Net increase (decrease)	141,993	\$4,300,636	(35,766)	\$(1,292,605)
<b>Advisor Class Shares:</b>				
Year ended October 31, 2022				
Shares sold	569,364	\$15,566,231	340,359	\$12,456,001
Shares issued in reinvestment of distributions	183,267	5,069,161	174,964	6,379,178
Shares redeemed	(325,010)	(8,935,762)	(495,504)	(18,016,128)
Net increase (decrease)	427,621	\$11,699,630	19,819	\$819,051
Year ended October 31, 2021				
Shares sold	969,102	\$31,340,755	533,163	\$20,901,972
Shares issued in reinvestment of distributions	56,508	1,483,316	44,043	1,450,354
Shares redeemed	(866,250)	(28,043,664)	(407,969)	(15,762,950)
Net increase (decrease)	159,360	\$4,780,407	169,237	\$6,589,376
<b>Franklin Small Cap Value Fund</b>				
	<b>Shares</b>	<b>Amount</b>		
<b>Class A Shares:</b>				
Year ended October 31, 2022				
Shares sold <sup>a</sup>	1,893,858	\$102,272,555		
Shares issued in reinvestment of distributions	2,484,880	137,836,298		
Shares redeemed	(5,348,480)	(285,399,767)		
Net increase (decrease)	(969,742)	\$(45,290,914)		
Year ended October 31, 2021				
Shares sold <sup>a</sup>	6,789,553	\$391,493,645		
Shares issued in reinvestment of distributions	511,688	25,702,130		
Shares redeemed	(8,383,289)	(463,221,427)		
Net increase (decrease)	(1,082,048)	\$(46,025,652)		

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

	<b>Franklin Small Cap Value Fund</b>	
	<b>Shares</b>	<b>Amount</b>
<b>Class C Shares:</b>		
Year ended October 31, 2022		
Shares sold . . . . .	117,738	\$5,358,331
Shares issued in reinvestment of distributions . . . . .	202,027	9,450,847
Shares redeemed <sup>a</sup> . . . . .	(625,299)	(28,180,211)
Net increase (decrease) . . . . .	(305,534)	\$(13,371,033)
Year ended October 31, 2021		
Shares sold . . . . .	748,913	\$36,643,555
Shares issued in reinvestment of distributions . . . . .	41,812	1,803,779
Shares redeemed <sup>a</sup> . . . . .	(1,039,615)	(52,319,335)
Net increase (decrease) . . . . .	(248,890)	\$(13,872,001)
<b>Class R Shares:</b>		
Year ended October 31, 2022		
Shares sold . . . . .	377,026	\$20,099,136
Shares issued in reinvestment of distributions . . . . .	244,996	13,425,803
Shares redeemed . . . . .	(749,330)	(40,181,882)
Net increase (decrease) . . . . .	(127,308)	\$(6,656,943)
Year ended October 31, 2021		
Shares sold . . . . .	820,094	\$47,246,697
Shares issued in reinvestment of distributions . . . . .	50,187	2,493,272
Shares redeemed . . . . .	(954,221)	(54,235,333)
Net increase (decrease) . . . . .	(83,940)	\$(4,495,364)
<b>Class R6 Shares:</b>		
Year ended October 31, 2022		
Shares sold . . . . .	6,319,464	\$362,704,237
Shares issued in reinvestment of distributions . . . . .	1,849,348	109,222,521
Shares redeemed . . . . .	(5,875,630)	(337,406,108)
Net increase (decrease) . . . . .	2,293,182	\$134,520,650
Year ended October 31, 2021		
Shares sold . . . . .	14,413,112	\$885,847,704
Shares issued in reinvestment of distributions . . . . .	263,119	13,990,043
Shares redeemed . . . . .	(5,653,897)	(347,551,303)
Net increase (decrease) . . . . .	9,022,334	\$552,286,444

## 2. Shares of Beneficial Interest (continued)

	Franklin Small Cap Value Fund	
	Shares	Amount
<b>Advisor Class Shares:</b>		
Year ended October 31, 2022		
Shares sold . . . . .	8,113,577	\$446,920,937
Shares issued in reinvestment of distributions . . . . .	2,115,030	125,230,902
Shares redeemed . . . . .	(10,447,907)	(589,569,227)
Net increase (decrease) . . . . .	(219,300)	\$(17,417,388)
Year ended October 31, 2021		
Shares sold . . . . .	18,326,262	\$1,123,861,942
Shares issued in reinvestment of distributions . . . . .	308,116	16,422,595
Shares redeemed . . . . .	(7,270,843)	(455,152,686)
Net increase (decrease) . . . . .	11,363,535	\$685,131,851

\*May include a portion of Class C shares that were automatically converted to Class A.

## 3. Transactions with Affiliates

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

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

### a. Management Fees

Franklin MicroCap Value Fund pays an investment management fee, calculated daily and paid monthly, to Franklin Mutual of 0.75% per year of the average daily net assets of the Fund.

Franklin Mutual U.S. Mid Cap Value Fund pays an investment management fee, calculated daily and paid monthly, to Franklin Mutual based on the average daily net assets of the Fund as follows:

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

**3. Transactions with Affiliates** (continued)**a. Management Fees** (continued)

Franklin Small Cap Value Fund pays an investment management fee, calculated daily and paid monthly, to Franklin Mutual based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.750%	Up to and including \$500 million
0.625%	Over \$500 million, up to and including \$1 billion
0.500%	Over \$1 billion, up to and including \$5 billion
0.490%	In excess of \$5 billion

For the year ended October 31, 2022, each Fund's gross effective investment management fee rate based on average daily net assets was as follows:

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Gross effective investment management fee rate . . . . .	0.750%	0.479%	0.543%

**b. Administrative Fees**

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

**c. Distribution Fees**

The Board has adopted distribution plans for each share class, with the exception of Class R6 and Advisor Class shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Funds' Class A reimbursement distribution plans, the Funds reimburse Distributors for costs incurred in connection with the servicing, sale and distribution of each Fund's shares up to the maximum annual plan rate. Under the Class A reimbursement distribution plans, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Funds' Class C and R compensation distribution plans, the Funds pay Distributors for costs incurred in connection with the servicing, sale and distribution of each Fund's shares up to the maximum annual plan rate for each class. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31 for each Fund.

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

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Reimbursement Plans:			
Class A . . . . .	0.25%	0.25%	0.35%
Compensation Plans:			
Class C . . . . .	—	1.00%	1.00%
Class R . . . . .	—	0.50%	0.50%

For Franklin Small Cap Value Fund, the Board has set the current rate at 0.25% per year for Class A shares until further notice and approval by the Board.

### 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 Funds. These charges are deducted from the proceeds of sales of fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Funds of the following commission transactions related to the sales and redemptions of the Funds' shares for the year:

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Sales charges retained net of commissions paid to unaffiliated brokers/dealers . . . . .	\$19,932	\$76,161	\$45,267
CDSC retained . . . . .	\$2,327	\$6,280	\$11,881

#### e. Transfer Agent Fees

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

For the year ended October 31, 2022, the Funds paid transfer agent fees as noted in the Statements of Operations of which the following amounts were retained by Investor Services:

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Transfer agent fees . . . . .	\$119,158	\$463,748	\$2,394,172

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

Certain or all Funds invest in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Funds are waived on assets invested in the affiliated management investment companies, as noted in the Statements of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended October 31, 2022, investments in affiliated management investment companies were as follows:

**3. Transactions with Affiliates** (continued)**f. Investments in Affiliated Management Investment 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 Held at End of Year	Investment Income
<b>Franklin MicroCap Value Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 2.86%.	\$7,943,014	\$49,913,002	\$(37,662,185)	\$—	\$—	\$20,193,831	20,193,831	\$114,081
<b>Total Affiliated Securities . . .</b>	<b>\$7,943,014</b>	<b>\$49,913,002</b>	<b>\$(37,662,185)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$20,193,831</b>		<b>\$114,081</b>
<b>Franklin Mutual U.S. Mid Cap Value Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 2.86%.	\$47,616,094	\$229,454,930	\$(246,509,826)	\$—	\$—	\$30,561,198	30,561,198	\$231,392
<b>Total Affiliated Securities . . .</b>	<b>\$47,616,094</b>	<b>\$229,454,930</b>	<b>\$(246,509,826)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$30,561,198</b>		<b>\$231,392</b>
<b>Franklin Small Cap Value Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 2.86%.	\$50,903,498	\$1,048,059,272	\$(959,129,487)	\$—	\$—	\$139,833,283	139,833,283	\$789,857
<b>Total Affiliated Securities . . .</b>	<b>\$50,903,498</b>	<b>\$1,048,059,272</b>	<b>\$(959,129,487)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$139,833,283</b>		<b>\$789,857</b>

**g. Waiver and Expense Reimbursements**

Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.03% based on the average net assets of the class until February 29, 2024.

**4. Expense Offset Arrangement**

The Funds have entered into an arrangement with their custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Funds' custodian expenses. During the year ended October 31, 2022, the custodian fees were reduced as noted in the Statements of Operations.

## 5. Income Taxes

The tax character of distributions paid during the years ended October 31, 2022 and 2021, was as follows:

	Franklin MicroCap Value Fund		Franklin Mutual U.S. Mid Cap Value Fund	
	2022	2021	2022	2021
Distributions paid from:				
Ordinary income . . . . .	\$3,689,425	\$743,894	\$10,073,617	\$26,185,606
Long term capital gain . . . . .	26,122,385	7,754,828	100,984,572	—
	\$29,811,810	\$8,498,722	\$111,058,189	\$26,185,606
	Franklin Small Cap Value Fund			
	2022	2021		
Distributions paid from:				
Ordinary income . . . . .	\$235,196,624	\$62,291,644		
Long term capital gain . . . . .	205,993,248	6,180,061		
	\$441,189,872	\$68,471,705		

At October 31, 2022, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Cost of investments . . . . .	\$158,931,171	\$725,231,338	\$3,827,955,384
Unrealized appreciation. . . . .	\$70,975,620	\$119,329,612	\$603,328,928
Unrealized depreciation. . . . .	(13,559,276)	(55,552,119)	(301,486,125)
Net unrealized appreciation (depreciation). . . . .	\$57,416,344	\$63,777,493	\$301,842,803
Distributable earnings:			
Undistributed ordinary income. . . . .	\$1,286,666	\$5,991,026	\$16,517,035
Undistributed long term capital gains. . . . .	11,646,888	25,965,492	106,968,752
Total distributable earnings . . . . .	\$12,933,554	\$31,956,518	\$123,485,787

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of wash sales.

The Funds utilized a tax accounting practice to treat a portion of the proceeds from capital shares redeemed as a distribution from net investment income and realized capital gains.

## 6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended October 31, 2022, were as follows:

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Purchases . . . . .	\$39,186,600	\$546,134,488	\$2,017,826,363



**6. Investment Transactions** (continued)

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Sales .....	\$53,081,278	\$572,551,145	\$2,456,718,419

**7. Geopolitical Risk**

On February 24, 2022, Russia engaged in military actions in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine may increase market volatility and the economic risk of investing in securities in these countries and may also cause uncertainty for the global economy and broader financial markets. The ultimate fallout and long-term impact from these events are not known. The Funds will continue to assess the impact on valuations and liquidity and will take any potential actions needed in accordance with procedures approved by the Board.

**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 Funds, their ability to buy and sell fund investments at appropriate valuations and their ability to achieve their investment objectives.

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

The 1940 Act defines "affiliated companies" to include investments in portfolio companies in which a fund owns 5% or more of the outstanding voting securities. Additionally, as defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated companies' outstanding shares or has the power to exercise control over management or policies of such company. During the year ended October 31, 2022, investments in "affiliated companies" were as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income	Dividends
<b>Franklin Small Cap Value Fund</b>									
<b>Non-Controlled Affiliates</b>									
Apogee Enterprises, Inc.	\$64,367,204	\$—	\$(31,814,509)	\$5,804,358	\$— <sup>a</sup>	\$— <sup>a</sup>	— <sup>a</sup>	—	\$915,062
Benchmark Electronics, Inc. ....	59,779,311	—	—	—	13,027,838	72,807,149	2,564,535	—	1,692,593
Brinker International, Inc.	—	81,418,633	—	—	474,850	81,893,483	2,452,635	—	—
Children's Place Inc. (The)	39,002,812	24,648,445	—	—	(27,817,147)	35,834,110	885,230	—	—
Dalata Hotel Group plc .	49,073,911	4,123,069	(23,816,335)	(9,247,393)	— <sup>a</sup>	— <sup>a</sup>	— <sup>a</sup>	—	—
Denny's Corp . . . . .	83,295,680	—	(16,688,725)	(7,925,882)	(15,685,649)	42,995,424	3,794,830	—	—
Elementis plc . . . . .	42,381,088	15,715,722	—	—	(24,389,113)	33,707,697	31,885,141	—	—
First of Long Island Corp. (The) . . . . .	24,772,099	—	(7,232,314)	(3,649,783)	— <sup>a</sup>	— <sup>a</sup>	— <sup>a</sup>	—	926,147
Great Lakes Dredge & Dock Corp. . . . .	62,276,435	—	(2,017,434)	(1,030,776)	(29,738,986)	29,489,239	3,900,693	—	—
Green Plains, Inc. . . . .	84,682,731	47,814,512	(31,962,335)	8,169,063	(23,804,986)	84,898,985	2,938,698	—	—

## 9. 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 Held at End of Year	Investment Income
<b>Franklin Small Cap Value Fund (continued)</b>								
<b>Non-Controlled Affiliates</b>								
Greenbrier Cos., Inc. (The)	\$108,244,766	\$5,823,590	\$(45,848,460)	\$(7,027,592)	\$— <sup>a</sup>	\$— <sup>a</sup>	— <sup>a</sup>	\$2,561,486
Hunting plc . . . . .	11,157,900	16,650,186	—	—	338,309	28,146,395	9,175,111	732,638
Jack in the Box, Inc. . . . .	112,723,345	20,297,381	(26,970,303)	(12,296,268)	— <sup>a</sup>	— <sup>a</sup>	— <sup>a</sup>	2,331,068
Knowles Corp. . . . .	130,764,498	8,263,780	(28,213,377)	(16,925,386)	(31,357,925)	62,531,590	4,547,752	—
McGrath RentCorp. . . . .	102,145,118	8,311,526	(10,165,470)	854,306	31,163,119	132,308,599	1,406,790	2,719,147
NetScout Systems, Inc. . . . .	84,940,826	43,366,434	(29,795,541)	1,035,325	29,737,369	129,284,413	3,599,232	—
<b>Total Affiliated Securities</b> (Value is 17.9% of Net Assets). . . . .	<b>\$1,059,607,724</b>	<b>\$276,433,278</b>	<b>\$(254,524,803)</b>	<b>\$(42,240,028)</b>	<b>\$(78,052,321)</b>	<b>\$733,897,084</b>		<b>\$11,878,141</b>

<sup>a</sup>As of October 31, 2022, no longer an affiliate.

## 10. Credit Facility

The Funds, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matures on February 3, 2023. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Funds shall, in addition to interest charged on any borrowings made by the Funds and other costs incurred by the Funds, pay their share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon their relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statements of Operations. During the year ended October 31, 2022, the Funds did not use the Global Credit Facility.

## 11. Fair Value Measurements

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

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

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

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

A summary of inputs used as of October 31, 2022, in valuing the Funds' assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Franklin MicroCap Value Fund</b>				
<b>Assets:</b>				
Investments in Securities: <sup>a</sup>				
Common Stocks . . . . .	\$196,153,684	\$—	\$—	\$196,153,684
Short Term Investments . . . . .	20,193,831	—	—	20,193,831
Total Investments in Securities . . . . .	\$216,347,515	\$—	\$—	\$216,347,515
<b>Franklin Mutual U.S. Mid Cap Value Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense . . . . .	9,637,297	10,334,633	—	19,971,930
Auto Components . . . . .	19,937,482	—	—	19,937,482
Banks . . . . .	56,180,101	8,684,294	—	64,864,395
Building Products . . . . .	17,614,651	—	—	17,614,651
Chemicals . . . . .	49,077,853	—	—	49,077,853
Commercial Services & Supplies . . . . .	9,268,583	—	—	9,268,583
Construction & Engineering . . . . .	13,306,446	—	—	13,306,446
Diversified Financial Services . . . . .	19,190,361	—	—	19,190,361
Electric Utilities . . . . .	22,606,620	—	—	22,606,620
Electrical Equipment . . . . .	11,894,633	—	—	11,894,633
Electronic Equipment, Instruments & Components . . . . .	18,530,453	—	—	18,530,453
Energy Equipment & Services . . . . .	29,622,777	—	—	29,622,777
Equity Real Estate Investment Trusts (REITs) . . . . .	28,168,126	—	—	28,168,126
Food Products . . . . .	25,370,119	—	—	25,370,119
Health Care Providers & Services . . . . .	37,720,439	—	—	37,720,439
Household Durables . . . . .	18,405,149	—	—	18,405,149
Independent Power and Renewable Electricity Producers . . . . .	18,421,637	—	—	18,421,637
Insurance . . . . .	53,891,177	—	—	53,891,177
Internet & Direct Marketing Retail . . . . .	4,035,075	—	—	4,035,075
IT Services . . . . .	34,215,014	—	—	34,215,014
Machinery . . . . .	29,524,208	—	—	29,524,208
Media . . . . .	8,607,554	—	—	8,607,554
Metals & Mining . . . . .	6,159,754	—	—	6,159,754
Oil, Gas & Consumable Fuels . . . . .	22,723,240	—	—	22,723,240
Personal Products . . . . .	—	11,745,251	—	11,745,251
Pharmaceuticals . . . . .	6,730,913	10,955,793	—	17,686,706
Professional Services . . . . .	32,828,395	—	—	32,828,395
Real Estate Management & Development . . . . .	25,212,940	—	—	25,212,940
Software . . . . .	21,075,936	—	—	21,075,936
Specialty Retail . . . . .	13,726,054	—	—	13,726,054
Technology Hardware, Storage & Peripherals . . . . .	12,067,926	—	—	12,067,926
Textiles, Apparel & Luxury Goods . . . . .	19,208,091	—	—	19,208,091
Trading Companies & Distributors . . . . .	21,768,658	—	—	21,768,658
Short Term Investments . . . . .	30,561,198	—	—	30,561,198
Total Investments in Securities . . . . .	\$747,288,860	\$41,719,971 <sup>b</sup>	\$—	\$789,008,831
<b>Franklin Small Cap Value Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense . . . . .	68,512,854	18,526,928	—	87,039,782

## 11. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
<b>Franklin Small Cap Value Fund (continued)</b>				
<b>Assets: (continued)</b>				
Investments in Securities:				
Common Stocks:				
Auto Components	\$48,358,522	\$—	\$—	\$48,358,522
Banks	580,643,127	—	—	580,643,127
Building Products	136,121,316	—	—	136,121,316
Chemicals	89,545,701	33,707,697	—	123,253,398
Commercial Services & Supplies	22,084,667	—	—	22,084,667
Communications Equipment	129,284,413	—	—	129,284,413
Construction & Engineering	221,585,795	—	—	221,585,795
Construction Materials	73,746,483	—	—	73,746,483
Consumer Finance	4,360,319	—	—	4,360,319
Electric Utilities	8,419,974	—	—	8,419,974
Electrical Equipment	27,868,157	—	—	27,868,157
Electronic Equipment, Instruments & Components	155,739,673	—	—	155,739,673
Energy Equipment & Services	151,588,475	—	—	151,588,475
Equity Real Estate Investment Trusts (REITs)	145,348,765	—	—	145,348,765
Food Products	33,793,857	87,613,591	—	121,407,448
Health Care Equipment & Supplies	160,573,727	—	—	160,573,727
Hotels, Restaurants & Leisure	242,044,790	18,783,613	—	260,828,403
Household Durables	42,828,746	—	—	42,828,746
Insurance	272,191,961	—	—	272,191,961
Leisure Products	12,086,690	—	—	12,086,690
Machinery	188,870,274	—	—	188,870,274
Metals & Mining	63,838,591	—	—	63,838,591
Multi-Utilities	9,269,270	—	—	9,269,270
Oil, Gas & Consumable Fuels	226,512,740	—	—	226,512,740
Professional Services	54,907,777	—	—	54,907,777
Real Estate Management & Development	24,675,039	—	—	24,675,039
Road & Rail	46,490,087	—	—	46,490,087
Semiconductors & Semiconductor Equipment	64,927,562	—	—	64,927,562
Software	111,134,720	26,424,152	—	137,558,872
Specialty Retail	40,011,887	—	—	40,011,887
Textiles, Apparel & Luxury Goods	21,768,760	—	—	21,768,760
Thriffs & Mortgage Finance	75,994,487	—	—	75,994,487
Trading Companies & Distributors	249,779,717	—	—	249,779,717
Short Term Investments	139,833,283	—	—	139,833,283
Total Investments in Securities	\$3,944,742,206	\$185,055,981 <sup>c</sup>	\$—	\$4,129,798,187

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

<sup>b</sup>Includes foreign securities valued at \$41,719,971, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

<sup>c</sup>Includes foreign securities valued at \$185,055,981, 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. New Accounting Pronouncements

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

### **13. Subsequent Events**

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

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Value Investors Trust and Shareholders of Franklin MicroCap Value Fund, Franklin Mutual U.S. Mid Cap Value Fund, and Franklin Small Cap Value Fund:

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

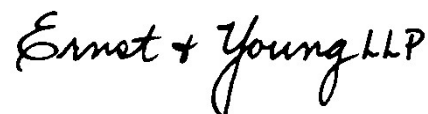
We have audited the accompanying statements of assets and liabilities of Franklin Value Investors Trust (the "Trust") (comprising Franklin MicroCap Value Fund, Franklin Mutual U.S. Mid Cap Value Fund (formerly, Franklin Mutual U.S. Value Fund), and Franklin Small Cap Value Fund (collectively referred to as the "Funds"), including the schedules of investments, as of October 31, 2022, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds comprising Franklin Value Investors Trust at October 31, 2022, the results of its operations for the year then ended, changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

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

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

We conducted our audits 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. The Funds are not required to have, nor were we engaged to perform, an audit of the Funds' internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion.

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 procedures included confirmation of securities owned as of October 31, 2022, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. 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. We believe that our audits provide a reasonable basis for our opinion.

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

We have served as the auditor of one or more Franklin investment companies since 1987.

Boston, Massachusetts  
December 19, 2022

## Tax Information (unaudited)

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

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

The Funds below hereby report the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended October 31, 2022:

	<b>Pursuant to:</b>	<b>Franklin MicroCap Value Fund</b>	<b>Franklin Mutual U.S. Mid Cap Value Fund</b>	<b>Franklin Small Cap Value Fund</b>
Long-Term Capital Gain Dividends Distributed	§852(b)(3)(C)	\$27,580,365	\$110,248,863	\$233,879,389
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	\$2,654,556	\$11,459,281	\$49,168,487
Qualified Dividend Income Earned (QDI)	§854(b)(1)(B)	\$2,880,917	\$15,070,501	\$58,611,711
Short-Term Capital Gain Dividends Distributed	§871(k)(2)(C)	\$2,991,270	—	\$201,339,413

## Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton/Legg Mason 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>Edward I. Altman, Ph.D. (1941)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2015	11	None
<b>Principal Occupation During at Least the Past 5 Years:</b> Max L. Heine Professor of Finance, Emeritus and Director of The Credit and Debt Markets Research Program, Salomon Center, Stern School of Business, New York University; editor and author of numerous financial publications; financial consultant; an adviser to numerous financial and publishing organizations; and <b>formerly</b> , Vice Director, Salomon Center, Stern School of Business, New York University.				
<b>Ann Torre Bates (1958)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chairperson and Trustee	Chairperson since 2020 and Trustee since 2015	30	Ares Strategic Income Fund (closed-end investment management company) (September 2022-present); Ares Capital Corporation (specialty finance company) (2010-present), United Natural Foods, Inc. (2013-present), <b>formerly</b> , Navient Corporation (loan management, servicing and asset recovery) (2014-2016).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Executive Vice President and Chief Financial Officer, NHP Incorporated (manager of multifamily housing) (1995-1997); and Vice President and Treasurer, US Airways, Inc. (until 1995).				
<b>Jan Hopkins Trachtman (1947)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2015	11	FTAC Parnassus Acquisition Corp. (special purpose fintech acquisition company) (2021-present); and <b>formerly</b> , FTAC Olympus Acquisition Corp. (special purpose fintech acquisition company) (2020-2022) and FinTech Acquisition Corp. III (special purpose fintech acquisition company) (2018-2021).
<b>Principal Occupation During at Least the Past 5 Years:</b> President and Founder, The Jan Hopkins Group (communications consulting firm); serves on Alumni Advisory Board of Knight Bagehot Fellowship; and <b>formerly</b> , President, Economic Club of New York (2007-2015); Anchor/Correspondent, CNN Financial News (until 2003); Managing Director and Head of Client Communications, Citigroup Private Bank (until 2005); Off-Air Reporter, ABC News' World News Tonight; and Editor, CBS Network News.				
<b>Keith E. Mitchell (1954)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2015	11	None
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various boards of asset management firms; and <b>formerly</b> , Managing Member, Mitchell, Hartley & Bechtel Advisers, LLC ( <b>formerly</b> , Mitchell Advisers, LLC) (advisory firm) (2003-2015) and Managing Director, Putman Lovell NBF.				



## 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>David W. Niemiec (1949)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2011	30	Hess Midstream LP (oil and gas midstream infrastructure) (2017-present).
<b>Principal Occupation During at Least the Past 5 Years:</b> Advisor, Saratoga Partners (private equity fund); and <b>formerly</b> , Managing Director, Saratoga Partners (1998-2001) and SBC Warburg Dillon Read (investment banking) (1997-1998); Vice Chairman, Dillon, Read & Co. Inc. (investment banking) (1991-1997); and Chief Financial Officer, Dillon, Read & Co. Inc. (1982-1997).				
<b>Robert E. Wade (1946)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2004	30	EI Oro Ltd (investments) (2003-2019).
<b>Principal Occupation During at Least the Past 5 Years:</b> Attorney at law engaged in private practice as a sole practitioner (1972-2008) and member of various boards.				
<b>Gregory H. Williams (1943)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2008	11	None
<b>Principal Occupation During at Least the Past 5 Years:</b> Private investor; Consultant; and <b>formerly</b> , President, University of Cincinnati (2009-2012); President, The City College of New York (2001-2009); Dean, College of Law, Ohio State University (1993-2001); and Associate Vice President, Academic Affairs and Professor of Law, University of Iowa (1977-1993).				

## 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 2015	131	None
<b>Principal Occupation During at Least the Past 5 Years:</b> 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 certain funds in the Franklin Templeton/Legg Mason fund complex; Vice Chairman, Investment Company Institute; and <b>formerly</b> , Chief Executive Officer (2013-2020) and President (1994-2015) Franklin Resources, Inc.				
<b>**Jennifer M. Johnson (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2015	70	None
<b>Principal Occupation During at Least the Past 5 Years:</b> Chief Executive Officer, President 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 certain funds in the Franklin Templeton/Legg Mason fund complex; and <b>formerly</b> , Chief Operating Officer and Executive Vice President, Franklin Resources, Inc. (1994-2015); Executive Vice President of Operations and Technology, Franklin Resources, Inc. (2005-2010); and Senior Vice President, Franklin Resources, Inc. (2003-2005).				
<b>Rupert H. Johnson, Jr. (1940)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 1989	124	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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 certain funds in the Franklin Templeton/Legg Mason fund complex.				

## Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Alison E. Baur (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.				
<b>Breda M. Beckerle (1958)</b> 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since 2020	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
<b>Christian K. Correa (1973)</b> c/o Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078-2716	President, and Chief Executive Officer – Investment Management	Since 2021	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> President, Franklin Mutual Advisers, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
<b>Steven J. Gray (1955)</b> One Franklin Parkway San Mateo, CA 94403-1906	Secretary and Vice President	Secretary since 2005 and Vice President since 2009	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Distributors, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
<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 certain funds in the Franklin Templeton/Legg Mason fund complex; 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 2021	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Compliance Analyst, Franklin Templeton; Chief Anti-Money Laundering Compliance Officer, Legg Mason & Co., or its affiliates; Anti Money Laundering Compliance Officer; Senior Compliance Officer, LMIS; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				

## 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>Christopher Kings (1974)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since January 2022	Not Applicable	Not Applicable

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

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

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

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

<b>Lori A. Weber (1964)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2011	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

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

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

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

Note 1: Gregory E. Johnson and Jennifer M. Johnson are siblings. Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson and Jennifer M. 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 U.S. 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 each of Ann Torre Bates and David W. Niemiec as an audit committee financial expert. The Board believes that Ms. Bates and Mr. Niemiec qualify as such an expert in view of their extensive business background and experience. Ms. Bates has served as a member of the Fund Audit Committee since 2015. She currently serves as a director of Ares Capital Corporation (2010-present) and United Natural Foods, Inc. (2013-present) and was formerly a director of Navient Corporation from 2014 to 2016, SLM Corporation from 1997 to 2014 and Allied Capital Corporation from 2003 to 2010, Executive Vice President and Chief Financial Officer of NHP Incorporated from 1995 to 1997 and Vice President and Treasurer of US Airways, Inc. until 1995. Mr. Niemiec has served as a member of the Fund Audit Committee since 2011, currently serves as an Advisor to Saratoga Partners and was formerly its Managing Director from 1998 to 2001 and serves as a director of Hess Midstream LP (2017-present). Mr. Niemiec was formerly a director of Emeritus Corporation from 1999 to 2010 and OSI Pharmaceuticals, Inc. from 2006 to 2010, Managing Director of SBC Warburg Dillon Read from 1997 to 1998, and was Vice Chairman from 1991 to 1997 and Chief Financial Officer from 1982 to 1997 of Dillon, Read & Co. Inc. As a result of such background and experience, the Board believes that Ms. Bates and Mr. Niemiec have each 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. Bates and Mr. Niemiec are independent Board members as that term is defined under the applicable U.S. 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 VALUE INVESTORS TRUST (EACH SERIES OF SUCH TRUST, A “FUND”)

The Board of Trustees (Board), including a majority of trustees that are not “interested persons” as such term is defined in section 2(a)(19) of the Investment Company Act of 1940 (hereinafter referred to as “independent trustees”), at a meeting held on May 24, 2022, unanimously approved the renewal of the Fund’s investment management agreement. Prior to a meeting of all of the trustees for the purpose of considering such renewal, the independent trustees participated in two other meetings held in connection with the renewal process. Throughout the process, the independent trustees received assistance and advice from and met separately with independent counsel. The independent trustees met with and interviewed officers of the investment manager (including portfolio managers), the transfer agent and shareholder services group and the distributor. In approving the renewal of the investment management agreement for the Fund, the Board, including the independent trustees, determined that the investment management fee structure was fair and reasonable and that continuance of the agreement was in the best interests of the Fund and its shareholders.

In reaching their decision on the investment management agreement, the trustees took into account information furnished throughout the year at Board meetings, as well as information specifically requested and furnished for the renewal process, which culminated in the meetings referred to above for the specific purpose of considering such agreement. Information furnished throughout the year included, among others, reports on the Fund’s investment performance, expenses, portfolio composition, portfolio brokerage execution, client commission arrangements, derivatives, securities lending, asset segregation, portfolio turnover, Rule 12b-1 plan, distribution, shareholder servicing, legal and compliance matters, pricing of securities, sales and redemptions, and marketing support payments made to financial intermediaries, as well as a third-party survey of transfer agent fees charged to funds within the Franklin Templeton (FT) complex in comparison with those charged to other fund complexes deemed comparable. Also, related financial statements and other information about the scope and quality of services provided by the investment manager and its affiliates and enhancements to such services over the past year were provided. In addition, the trustees received

periodic reports throughout the year and during the renewal process relating to compliance with the Fund’s investment policies and restrictions. During the renewal process, the independent trustees considered the investment manager’s methods of operation within the Franklin Templeton group and its activities on behalf of other clients. The Board also reviewed and considered an annual report on payments made by 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 information obtained by the trustees during the renewal process also included a special report prepared by Broadridge Financial Solutions, Inc., an independent third-party analyst that utilizes data from Lipper, Inc. (“Lipper”), comparing the Fund’s investment performance and expenses with those of other mutual funds deemed comparable to the Fund as selected by Lipper (Broadridge Section 15(c) Report). The trustees reviewed the Broadridge Section 15(c) Report and its usefulness in the renewal process with respect to matters such as comparative fees, expenses, expense ratios, performance and volatility. They concluded that the report continues to be a reliable resource in the performance of their duties.

In addition, the trustees received a Profitability Study (Profitability Study) prepared by management discussing the profitability to FT from its overall U.S. fund operations, as well as on an individual fund-by-fund basis. Over the past year, the Board and counsel to the independent trustees continued to receive reports on management’s handling of recent regulatory inquiries and pending legal actions against the investment manager and its affiliates. The independent trustees were satisfied with the actions taken to date by management in response to such regulatory and legal matters.

The trustees reviewed the personnel, operations, financial condition, and investment management capabilities, methodologies and resources of the investment manager. As part of this review, particular attention was given to management’s diligent risk management program, including continual monitoring and management of cybersecurity, liquidity and counterparty credit risk, and attention given to derivatives and other complex instruments that are held and expected to be held by the Fund and how such instruments are used to carry out the Fund’s investment goal(s). The Board also took into account, among other things, management’s efforts in establishing a global credit facility

for the benefit of the Fund and other accounts managed by FT to provide a source of cash for temporary and emergency purposes or to meet unusual redemption requests as well as the strong financial position of the investment manager's parent company and its commitment to the mutual fund business. 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 recognized management's commitment to facilitating Board oversight of particular areas, including derivatives and payments to intermediaries, by enhanced reporting.

In addition to the above and other matters considered by the trustees throughout the course of the year, the following discussion relates to certain primary factors relevant to the Board's decision. This discussion of the information and factors considered by the Board (including the information and factors discussed above) is not intended to be exhaustive, but rather summarizes certain factors considered by the Board. In view of the wide variety of factors considered, the Board did not, unless otherwise noted, find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual trustees may have assigned different weights to various factors.

**NATURE, EXTENT AND QUALITY OF SERVICES.** The trustees reviewed the nature, extent and quality of the services provided, and to be provided, by the investment manager. The trustees cited the investment manager's ability to implement the Fund's disciplined value investment approach and its long-term relationship with the Fund as reasons that shareholders choose to invest, and remain invested, in the Fund. The trustees reviewed the Fund's portfolio management team, including its performance, staffing, skills and compensation program. With respect to portfolio manager compensation, management assured the trustees that the Fund's long-term performance is a significant component of incentive-based compensation and noted that a portion of a portfolio manager's incentive-based compensation is paid in shares of pre-designated funds from the portfolio manager's fund management area. The trustees noted that the portfolio manager compensation program aligned the interests of the portfolio managers with that of shareholders of the Fund. The trustees discussed with management various other products, portfolios and entities that are advised by the investment manager and the allocation of assets and expenses among and within them, as well as their relative fees and reasons for differences with respect thereto and any potential conflicts. During regular

Board meetings and the aforementioned meetings of the independent trustees, the trustees received reports and presentations on the investment manager's best execution trading policies. The trustees considered periodic reports provided to them showing that the investment manager complied with the investment policies and restrictions of the Fund as well as other reports periodically furnished to the Board covering matters such as the compliance of portfolio managers and other management personnel with the code of ethics covering the investment management personnel, the adherence to fair value pricing procedures established by the Board and the accuracy of net asset value calculations. The Board noted the extent of the benefits provided to Fund shareholders from being part of the Franklin Templeton group of funds, including the right to exchange investments between funds (same class) without a sales charge, the ability to reinvest Fund dividends into other funds and the right to combine holdings of other funds to obtain reduced sales charges. The Board considered the investment manager's significant efforts in developing and implementing compliance procedures established in accordance with SEC and other requirements.

The Board considered the nature, extent and quality of the services to be provided under the Fund's other service agreements to determine that, on an overall basis, Fund shareholders were well served. In this connection, the Board also took into account transfer agent and shareholder services provided to Fund shareholders by an affiliate of the investment manager, and favorable periodic reports on shareholder services conducted by independent third parties. While such considerations directly affected the trustees' decision in renewing the Fund's transfer agent and shareholder services agreement, the Board also considered these commitments as incidental benefits to Fund shareholders deriving from the investment management relationship.

Based on their review, the trustees were satisfied with the nature and quality of the overall services provided, and to be provided, by the investment manager and its affiliates to the Fund and its shareholders and were confident in the abilities of the management team to continue the disciplined value investment approach of the Fund and to provide quality services to the Fund and its shareholders.

**INVESTMENT PERFORMANCE.** The trustees reviewed and placed significant emphasis on the investment performance of the Fund over the one-, three-, five- and 10-year periods ended December 31, 2021. They considered the history of performance of the Fund relative to various benchmarks. As

part of their review, they inquired of management regarding benchmarks, style drift and restrictions on permitted investments. Consideration was also given to performance in the context of available levels of cash during the periods.

The trustees had meetings during the year, including the meetings referred to above held in connection with the renewal process, with the Fund's portfolio managers to discuss performance and the management of the Fund. In addition to the materials provided by management in connection with the renewal process, the independent trustees requested throughout the year (and received) additional presentations from the investment manager and senior management of FT regarding the performance of the investment manager and the Fund. As part of these presentations, the investment manager and senior management of FT reviewed enhancements that have been made, and are being made, to the investment manager's investment process.

Particular attention in assessing performance was given to the Broadridge Section 15(c) Report. That report showed the investment performance of the Fund (Class A shares) in comparison to other funds determined comparable by Lipper.

**Franklin Mutual U.S. Mid Cap Value Fund (Formerly, Franklin Mutual U.S. Value Fund).** The comparable funds to the Fund, as chosen by Lipper, included all retail and institutional multi-cap value funds. The Fund had total returns in the middle performing quintile for the one-year period ended December 31, 2021, and had annualized total returns for the three- and five-year periods in the lowest performing quintile. The trustees noted that the Fund's total return on an annualized basis for the 10-year period ended December 31, 2021 was also in the lowest performing quintile. The trustees also compared Fund performance to other industry benchmarks, including measures of risk-adjusted performance of a fund, as part of their evaluation of investment performance. The trustees discussed with management the reasons for the relative underperformance for the three-, five- and 10-year periods ended December 31, 2021. The Board was encouraged by improved performance in 2021 and did not believe that any changes with respect to the Fund were warranted at the time, particularly since the recent personnel changes had taken effect on November 2, 2020 and the continued enhancements to the investment manager's personnel and investment process. The Board noted that it would continue to monitor future performance.

**Franklin MicroCap Value Fund.** The comparable funds to the Fund, as chosen by Lipper, included all retail and institutional small-cap value funds. The Fund had total returns in the lowest performing quintile for the one-year

period ended December 31, 2021, and had annualized total returns for the three- and five-year periods also in the lowest performing quintile. The trustees noted that the Fund's total return on an annualized basis for the 10-year period ended December 31, 2021 was also in the lowest performing quintile. The trustees also compared Fund performance to other industry benchmarks, including measures of risk-adjusted performance of a fund, as part of their evaluation of investment performance. The trustees discussed with management the reasons for the relative underperformance for the one-, three-, five-, and 10-year periods ended December 31, 2021. While disappointed with the relative underperformance of the Fund, the Board did not believe that any changes with respect to the Fund were warranted at the time, particularly since the recent personnel changes had taken effect on November 2, 2020 and the continued enhancements to the investment manager's personnel and investment process. The Board noted that it would continue to monitor future performance.

**Franklin Small Cap Value Fund.** The comparable funds to the Fund, as chosen by Lipper, included all retail and institutional small-cap value funds. The Fund had total returns in the lowest performing quintile for the one-year period ended December 31, 2021, had annualized total returns for the three-year period in the middle performing quintile, and had annualized total returns for the five-year period in the second-best performing quintile. The trustees noted that the Fund's total return on an annualized basis for the 10-year period ended December 31, 2021 was also in the middle performing quintile. The Board was satisfied with such comparative performance.

The trustees also compared Fund performance to other industry benchmarks, including measures of risk-adjusted performance of a fund, as part of their evaluation of investment performance. The trustees concluded that the Fund had continued to perform well in comparison to its various benchmarks and in the context of the Fund's goal.

#### **COMPARATIVE EXPENSES AND MANAGEMENT**

**PROFITABILITY.** The trustees considered the cost of the services provided and to be provided and the profits realized by the investment manager and its affiliates from their respective relationships with the Fund. As part of the renewal process, the trustees explored with management the trends in expense ratios over the past three fiscal years and the reasons for any increases in the Fund's expense ratios (or components thereof). In considering the appropriateness of the management fee and other expenses charged to the Fund, the Board took into account various factors including investment performance and matters relating to Fund operations, including, but not limited to, the quality

and experience of its portfolio managers and research staff. Consideration was also given to a comparative analysis in the Broadridge Section 15(c) Report of the investment management fee and total expense ratio of the Fund in comparison with those of a group of other funds selected by Lipper as its appropriate Lipper expense group. Lipper 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 generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Lipper to be an appropriate measure of comparative expenses.

In reviewing comparative costs, emphasis was given to the Fund's contractual management fee in comparison with the contractual management fee that would have been charged by other funds within its Lipper expense group assuming they were similar in size to the Fund, as well as the actual total expenses of the Fund in comparison with those of its Lipper expense group. The Lipper contractual management fee analysis includes administrative charges as being part of the management fee, and total expenses, for comparative consistency, are shown by Lipper for Fund Class A shares.

**Franklin Mutual U.S. Mid Cap Value Fund.** The Fund's contractual management fee rate was in the least expensive quintile of its Lipper expense group and its total expenses were in the least expensive quintile of such group. The Board was satisfied with such comparative fees and expenses.

**Franklin MicroCap Value Fund.** The Fund's contractual management fee rate was in the second-least expensive quintile of its Lipper expense group and its total expenses were in the middle quintile of such group. The Board was satisfied with such comparative fees and expenses.

**Franklin Small Cap Value Fund.** The Fund's contractual management fee rate was in the least expensive quintile of its Lipper expense group and its total expenses were also in the least expensive quintile of such group. The Board was satisfied with such comparative fees and expenses.

The trustees also reviewed the Profitability Study addressing profitability of Franklin Resources, Inc., from its overall U.S. fund business, as well as profitability to the Fund's investment manager and its affiliates, from providing investment management and other services to the Fund during the 12-month period ended September 30, 2022, the most recent fiscal year-end of Franklin Resources, Inc.

The trustees reviewed the basis on which such reports are prepared and the cost allocation methodology utilized in the Profitability Study, it being recognized that allocation methodologies may each be reasonable while producing different results. In this respect, the Board noted that the reasonableness of the cost allocation methodologies was reviewed by independent accountants on an every other year basis.

The independent trustees met with management to discuss the Profitability Study. This included, among other things, a comparison of investment management income with investment management expenses of the Fund; comparison of underwriting revenues and expenses; the relative relationship of investment management and underwriting expenses; shareholder servicing profitability; economies of scale; and the relative contribution of the Fund to the profitability of the investment manager and its parent. In discussing the Profitability Study with the Board, the investment manager stated its belief that the costs incurred in establishing the infrastructure necessary to operate the type of mutual fund operations conducted by it and its affiliates may not be fully reflected in the expenses allocated to the Fund in determining its profitability.

The Board also took into account management's expenditures in improving shareholder services provided to the Fund, as well as the need to meet additional regulatory and compliance requirements. The trustees also considered the extent to which the investment manager may derive ancillary benefits from Fund operations, including those derived from economies of scale, discussed below, the allocation of Fund brokerage and the use of commission dollars to pay for research and other similar services.

Based upon their consideration of all these factors, the trustees determined that the level of profits realized by the investment manager and its affiliates in providing services to the Fund was not excessive in view of the nature, quality and extent of services provided.

**ECONOMIES OF SCALE.** The Board considered economies of scale realized by the investment manager and its affiliates as the Fund grows larger and the extent to which they are shared with Fund shareholders, as for example, in the level of the investment management fee charged, in the quality and efficiency of services rendered and in increased capital commitments benefiting the Fund directly or indirectly. While recognizing that any precise determination is inherently subjective, the trustees noted that, based upon the Profitability Study, as some funds increase in size, at some point economies of scale may result in the investment manager realizing a larger profit margin on investment

management services provided to such a fund. With respect to all Funds other than Franklin MicroCap Value Fund, the trustees also noted that benefits of economies of scale will be shared with Fund shareholders due to the decline in the effective investment management fee rate as breakpoints are achieved by the Fund.

With respect to Franklin MicroCap Value Fund, The fee structure under the investment management agreement for the Fund provides a flat fee of 0.75% at all asset levels. It was noted the Fund primarily invests in domestic and foreign securities that are believed to be undervalued with, at the time of purchase, the higher of (1) a market capitalization of less than \$1 billion, or (2) a total market capitalization within the bottom 40% of the Russell 2000 Value Index. Management stated its belief that such limited investment options curtail the potential size of the Fund, thus preventing the type of economies of scale that might benefit other funds from increases in size and also pointed out that the Fund, whose asset size was approximately \$210 million as of March 31, 2022, had been closed to new investors, with limited exceptions, since January 14, 2004, and reopened to new investors effective September 19, 2019. Management also expressed its view that this fee was relatively low for this type of a fund and pointed out the favorable comparison of fees and expenses within its Lipper expense group. The independent trustees acknowledged that management's explanation provided a reasonable basis for believing the existing fee rate under the investment management agreement was fair and that, in view of the Fund's current modest size, management was not benefiting from any meaningful economies of scale in its management of the Fund, but would continue to monitor such matters.

With respect to the other Funds, the trustees noted that breakpoints had been instituted as part of the Fund's investment management fee and that the Board regularly evaluates whether additional breakpoints are appropriate. The trustees assessed the savings to shareholders resulting from such breakpoints and believed they were, and continue to be, appropriate and they agreed to continue to monitor the appropriateness of the breakpoints. The trustees also considered the effects an increase in assets under management would have on the investment management fee and expense ratio of the Fund. To the extent further economies of scale may be realized by the investment manager and its affiliates, the Board believed the investment management fees provide a sharing of benefits with the Fund and its shareholders.

## Liquidity Risk Management Program

Each of the Franklin Templeton and Legg Mason Funds 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 Franklin Templeton and Legg Mason products and portfolios. The ILC includes representatives from Franklin Templeton's Risk, Trading, Global Compliance, Legal, 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 2022, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2021. 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 Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at [franklintempleton.com](http://franklintempleton.com). Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at [franklintempleton.com](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://sec.gov) and reflect the most recent 12-month period ended June 30.

## Quarterly Schedule of Investments

The Trust files a complete schedule of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT by visiting the Commission's website at [sec.gov](http://sec.gov).

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

## Householding of Reports and Prospectuses

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

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 Value Investors Trust**

**Investment Manager**  
Franklin Mutual Advisers, LLC

**Distributor**  
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