

FRANKLIN VALUE INVESTORS TRUST

October 31, 2023



FRANKLIN
TEMPLETON

Franklin MicroCap Value Fund

Franklin Mutual U.S. Mid Cap Value Fund

Franklin Small Cap Value Fund

The Securities and Exchange Commission has adopted new regulations that will result in changes to the design and delivery of annual and semiannual shareholder reports beginning in July 2024.

If you have previously elected to receive shareholder reports electronically, you will continue to do so and need not take any action.

Otherwise, paper copies of the Fund's shareholder reports will be mailed to you beginning in July 2024. If you would like to receive shareholder reports and other communications from the Fund electronically instead of by mail, you may make that request at any time by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, enrolling at franklintempleton.com.

You may access franklintempleton.com by scanning the code below.



Not FDIC Insured | May Lose Value | No Bank Guarantee

SHAREHOLDER LETTER

Dear Shareholder,

We are pleased to provide the annual report of Franklin Value Investors Trust for the 12-month reporting period ended October 31, 2023. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.franklintempleton.com. Here you can gain immediate access to market and investment information, including:

- Fund prices and performance.
- Market insights and commentaries from our portfolio Managers, and
- A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,



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

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

Franklin MicroCap Value Fund

Fund Overview

Q. What is the Fund's investment strategy?

A. 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) 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.

Q. What were the overall market conditions during the Fund's reporting period?

A. Over the 12-month period, microcap value stocks struggled versus their large-, mid- and small-cap counterparts against a backdrop of rising inflation, significant interest rate hikes, strong consumer spending and periodic economic shocks.

Substantial inflationary pressure affected much of the 12-month reporting period, as consumers spent higher wages and pandemic-era savings on goods and services. The U.S. Federal Reserve (Fed) hiked interest rates at a steady clip throughout much of the year in an effort to rein in spending. Investor concerns over the rate hikes' effects on economic growth periodically affected market sentiment. In March 2023, markets were roiled by instability within the banking sector, as rising rates and falling deposit levels affected the health of some institutions. A lack of banking sector contagion, continued positive economic data and strong corporate earnings led to a sanguine period for markets in early- and mid-summer 2023, until volatility reentered the picture in August.

Near the end of the period, inflation eased from its highs. An employed consumer currently continues to spend, but pandemic-era consumer savings reserves are steadily dwindling, and measures of credit utilization are climbing, potentially setting the stage for future financial stress. In August, Fed Chairman Jerome Powell said that rate decisions would be made on a meeting-by-meeting basis, acknowledging the strength yet uncertainty present in the economy. The Fed held rates steady through the end of the period. Investors are looking for continued signs of a soft landing balanced with the reality that interest rates may be higher for longer than originally anticipated.

Q. How did we respond to these changing market conditions?

A. Over the last year, we have been positioning the portfolio in response to wide share price dispersion by incrementally purchasing shares in companies that are trading at depressed levels and could materially benefit from future developments including improved growth prospects, stable to lower interest rates, reduced input costs or increased labor availability. Conversely, we are also aware conditions could deteriorate even further. Given this environment, we are being mindful of position sizes for these types of companies until things become clearer.

In the near term, we expect market activity and volatility levels to be influenced by developments around geopolitical events, inflation concerns and central bank activity. Regardless of these factors, we remain focused on identifying opportunities to improve the quality of our positions at relatively attractive valuations. We will continue to follow our process of targeting historically successful companies, with understandable business models, good corporate governance and low debt, that we view as temporarily trading at depressed levels, relative to future earnings power. We believe this investment approach constitutes our competitive advantage and may provide meaningful upside potential and possible downside risk management during turbulent periods.

Performance Overview

The Fund's Class A shares posted a -0.71% 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 -9.93% cumulative total return for the same period.¹ You can find more of the Fund's performance data in the Performance Summary beginning on page 6.

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

Portfolio Composition

10/31/23

	% of Total Net Assets
Banks	18.2%
Machinery	12.6%
Construction & Engineering	7.6%
Energy Equipment & Services	6.4%
Textiles, Apparel & Luxury Goods	4.3%
Health Care Equipment & Supplies	4.1%
Specialty Retail	3.7%
Diversified REITs	3.7%
Electronic Equipment, Instruments & Components	3.5%
Insurance	3.3%
Electrical Equipment	3.0%
Professional Services	2.7%
Communications Equipment	2.0%
Hotels, Restaurants & Leisure	2.0%
Other*	21.4%
Short-Term Investments & Other Net Assets	1.5%

*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.

Q. What were the leading contributors to performance?

A. Sterling Infrastructure boosted relative returns, after reporting strong sales in its e-infrastructure and building solutions businesses. It also saw solid demand trends in its transportation business. Additionally, Sterling recently posted record bookings for the e-infrastructure business. As a result of the strong trends, Sterling raised its full-year guidance. Matrix Service was a contributor to relative performance. The company, which provides engineering, fabrication, construction, and maintenance services to support critical energy infrastructure and industrial markets, has seen strong project awards in recent quarters, which should boost its revenue growth over the coming quarters, in our view. Elsewhere, Daktronics, which makes electronic display systems, contributed to relative returns, following upbeat financial results. Revenues were up sharply, supported by strong backlog conversion, supply chain stabilization and better manufacturing capacity. Pricing increases, supply chain improvements, and production and inventory management also bolstered margins. Looking ahead, Daktronics expects to benefit from greater production capacity, investments in factory automation, better labor availability and reduced supply chain disruptions.

Top 10 Holdings

10/31/23

Company Industry, Country	% of Total Net Assets
Matrix Service Co. <i>Construction & Engineering, United States</i>	3.7%
L B Foster Co. <i>Machinery, United States</i>	3.0%
Sterling Infrastructure, Inc. <i>Construction & Engineering, United States</i>	3.0%
Miller Industries, Inc. <i>Machinery, United States</i>	2.9%
Helix Energy Solutions Group, Inc. <i>Energy Equipment & Services, United States</i>	2.7%
Vera Bradley, Inc. <i>Textiles, Apparel & Luxury Goods, United States</i>	2.7%
Northeast Bank <i>Banks, United States</i>	2.5%
First Business Financial Services, Inc. <i>Banks, United States</i>	2.1%
Graham Corp. <i>Machinery, United States</i>	2.1%
CTO Realty Growth, Inc. <i>Diversified REITs, United States</i>	1.9%

1. Source: Morningstar. 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.

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 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 27.

Q. What were the leading detractors from performance?

A. Investar Holdings, a commercial bank focused on South Louisiana, curbed relative results as the run on deposits at a larger bank spooked investors across the banking system earlier in the reporting period. Additionally, the bank has recently reported a decline in its net interest margin, as funding costs increased more than the increase in the yield of its interest-earning assets. Bank Peapack-Gladstone Financial was also a detractor. Clients moved money out of their non-interest-bearing accounts earlier in the year in favor of higher yielding deposit accounts. Later in the reporting period, Peapack-Gladstone saw credit worsen and non-performing loans rise as two freight companies struggled amid a downturn due to a supply and demand imbalance. We expect these challenges to abate over time, and for the bank's deposit business to stabilize. Outside financials, Shyft Group, which assembles specialty commercial and recreational vehicles, hindered relative results over the period. The demand environment has been more difficult, particularly as last-mile customers deferred or canceled orders and the recreational vehicle market has remained weak resulting in soft demand for motorhome chassis. Shyft Group expects the environment to remain weak, over the next few quarters as dealers clear current inventories.

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

Performance Summary as of October 31, 2023

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

Performance as of 10/31/23¹

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

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
1-Year	-0.71%	-6.16%
5-Year	+35.88%	+5.13%
10-Year	+62.24%	+4.36%
Advisor		
1-Year	-0.44%	-0.44%
5-Year	+37.58%	+6.59%
10-Year	+66.26%	+5.22%

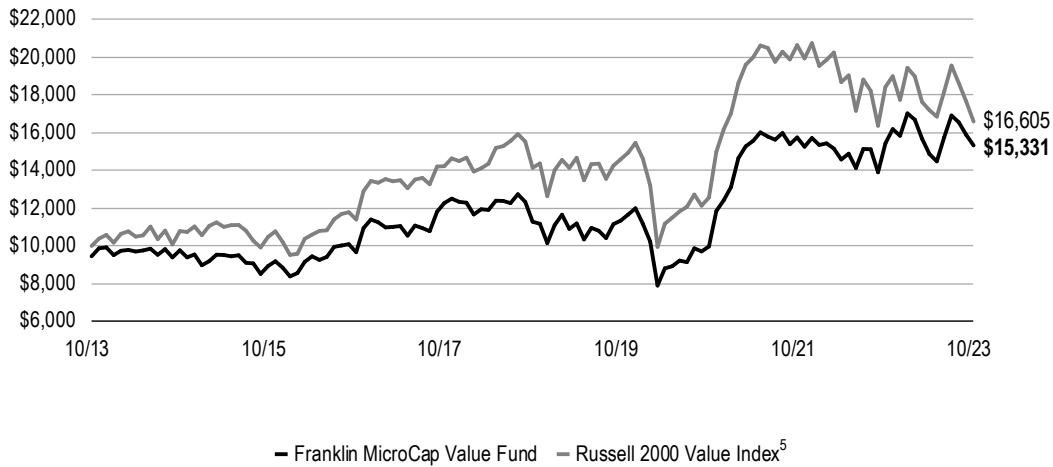
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com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

See page 8 for Performance Summary footnotes.

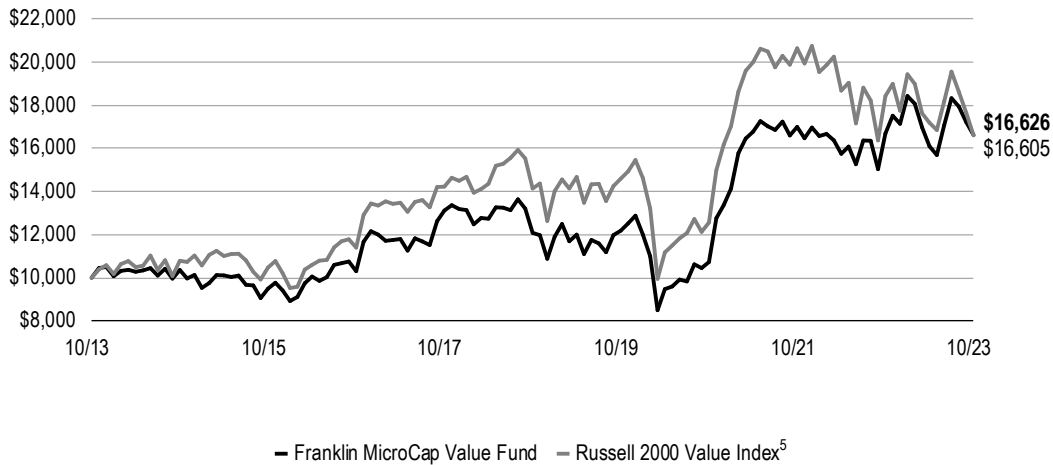
Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

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 (10/31/13–10/31/23)



Advisor Class (10/31/13–10/31/23)



See page 8 for Performance Summary footnotes.

Distributions (11/1/22–10/31/23)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.0851	\$0.0478	\$1.4886	\$1.6215
R6	\$0.1791	\$0.0478	\$1.4886	\$1.7155
Advisor	\$0.1556	\$0.0478	\$1.4886	\$1.6920

Total Annual Operating Expenses⁶

Share Class	
A	1.24%
Advisor	0.99%

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

Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance.

All investments involve risks, including possible loss of principal. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. The investment style may become out of favor, which may have a negative impact on performance. The manager may consider environmental, social and governance (ESG) criteria in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the Fund's prospectus.

1. Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 02/29/2024 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.
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 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 5/1/23	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 ^{1,2}	Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 ^{1,2}	
A	\$1,000	\$1,030.80	\$6.27	\$1,019.03	\$6.23	1.23%
R6	\$1,000	\$1,032.90	\$4.33	\$1,020.95	\$4.31	0.85%
Advisor	\$1,000	\$1,032.40	\$4.97	\$1,020.31	\$4.94	0.97%

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

Fund Overview

Q. What is the Fund's investment strategy?

A. 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.

Q. What were the overall market conditions during the Fund's reporting period?

A. Substantial inflationary pressure affected much of the 12-month reporting period, as consumers spent higher wages and pandemic-era savings on goods and services. The U.S. Federal Reserve (Fed) hiked interest rates at a steady clip throughout much of the year in an effort to rein in spending. Investor concerns over the rate hikes' effects on economic growth periodically affected market sentiment. In March, markets were roiled by instability within the banking sector, as rising rates and falling deposit levels affected the health of some institutions. A lack of banking sector contagion, continued positive economic data and strong corporate earnings led to a sanguine period for markets in early- and mid-summer 2023, until volatility re-entered the picture in August.

Near the end of the period, inflation eased from its highs. An employed consumer currently continues to spend, but pandemic-era consumer savings reserves are steadily dwindling, and measures of credit utilization are climbing, potentially setting the stage for future financial stress. In August, Fed Chairman Jerome Powell said that rate decisions would be made on a meeting-by-meeting basis, acknowledging the strength yet uncertainty present in the economy. The Fed held rates steady through the end of the period. Investors are looking for continued signs of a soft landing balanced with the reality that interest rates may be higher for longer than originally anticipated.

From a global perspective, the European economy is constrained by a combination of high inflation and high interest rates and consumers are pulling back on their

spending. In September, eurozone composite PMI was in contraction territory for the fourth straight month. The European Union recently reduced its forecast for this and next year's economic growth. In China, weak demand continues to weigh on the economy, while ongoing real estate difficulties are eroding investor sentiment and growth outlooks. The recent attack on Israel and resulting war has added another factor to the complicated global economic picture. Although we primarily invest in U.S. companies and do not make investment decisions based on macroeconomic events, we continue to monitor events affecting the global investment and economic climate.

Q. How did we respond to these changing market conditions?

A. Throughout the last year, we have continued to view the current environment as a truly fundamentally driven stock picking market. As bottom-up investors, we look for market dislocations to provide us with opportunities to buy overly discounted securities. In addition, we believe that plateauing interest rates will be helpful to corporations as they prioritize how to deploy capital. We expect steadier rates to stimulate merger activity and initial public offerings as investors can anchor around a firmer discount rate.

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. 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.

Performance Overview

The Fund's Class A shares posted a -2.70% cumulative total return for the 12 months under review. In comparison, 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 -3.56% cumulative total return.¹ You can find more of the Fund's performance data in the Performance Summary beginning on page 13.

1. 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 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 35.

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Portfolio Composition

10/31/23

	% of Total Net Assets
Electric Utilities	6.4%
Aerospace & Defense	6.0%
Professional Services	5.3%
Financial Services	5.0%
Chemicals	4.9%
Energy Equipment & Services	4.5%
Insurance	4.5%
Banks	4.0%
Health Care Providers & Services	3.7%
Real Estate Management & Development	3.4%
Trading Companies & Distributors	2.9%
Automobile Components	2.9%
Oil, Gas & Consumable Fuels	2.8%
Retail REITs	2.4%
Other*	37.1%
Short-Term Investments & Other Net Assets	4.2%

*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.

Q. What were the leading contributors to performance?

A. Flex, a contract manufacturer, supported relative results despite concerns about slowing demand for its IT infrastructure and cloud businesses. The company also announced a tax-free spin of its listed solar subsidiary (Nextracker) which helps unlock value for shareholders. Although the macroeconomic environment remains difficult, we expect Flex to demonstrate resilience in earnings power supported by a rising mix of long-cycle businesses such as autos and health care. U.S. homebuilder DR Horton contributed to relative performance, following strong earnings and growing optimism about the industry's financial results. DR Horton's recent financial results have been strong despite the higher mortgage rate environment. Onto Innovation is a provider of metrology and inspection tools for the semiconductor industry. The shares contributed to results for the period as the company is expected to be a prime beneficiary of semiconductor equipment spending leveraged towards the next generation of chip architecture. Further, the end markets targeted by the company are expected to grow faster than the overall spending on wafer fab equipment.

Top 10 Holdings

10/31/23

Company Industry, Country	% of Total Net Assets
PPL Corp. <i>Electric Utilities, United States</i>	2.9%
Entergy Corp. <i>Electric Utilities, United States</i>	2.7%
PNC Financial Services Group, Inc. (The) <i>Banks, United States</i>	2.4%
Brixmor Property Group, Inc. <i>Retail REITs, United States</i>	2.4%
Schlumberger NV <i>Energy Equipment & Services, United States</i>	2.3%
Hartford Financial Services Group, Inc. (The) <i>Insurance, United States</i>	2.3%
CBRE Group, Inc. <i>Real Estate Management & Development, United States</i>	2.3%
Johnson Controls International plc <i>Building Products, United States</i>	2.2%
Voya Financial, Inc. <i>Financial Services, United States</i>	2.2%
Baker Hughes Co. <i>Energy Equipment & Services, United States</i>	2.2%

Q. What were the leading detractors from performance?

A. SVB Financial, a U.S.-based bank, detracted from relative returns after being seized by regulators. The bank suffered from a rapid run on its deposits in March 2023 in the wake of its attempt to raise capital following losses on the sale of its U.S. Treasuries portfolio. We exited the position during the period. Citizens Financial Group, a U.S.-based bank, detracted from relative results following the collapse of SVB Financial and resulting stresses in the broader banking system. Recent financial results have also been weak. Net interest income and net interest margins remain under pressure. Elsewhere, utility AES was a detractor, as higher interest rates have made bonds more attractive relative to high dividend paying sectors like utilities. Nonetheless, second-quarter results were largely positive, and the company expects a pickup in growth later in the year as it benefits from investments in renewable power generation.

Q. Were there any significant changes to the Fund during the reporting period?

A. During the year, we pared back on some of our names which had above average financial leverage, mindful that we might be in a period of higher interest rates for longer than initially expected.

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
Stephen Shunk, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2023, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Performance Summary as of October 31, 2023

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

Performance as of 10/31/23¹

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

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
1-Year	-2.70%	-8.05%
5-Year	+23.59%	+3.15%
10-Year	+57.36%	+4.05%
Advisor		
1-Year	-2.45%	-2.45%
5-Year	+25.17%	+4.59%
10-Year	+61.33%	+4.90%

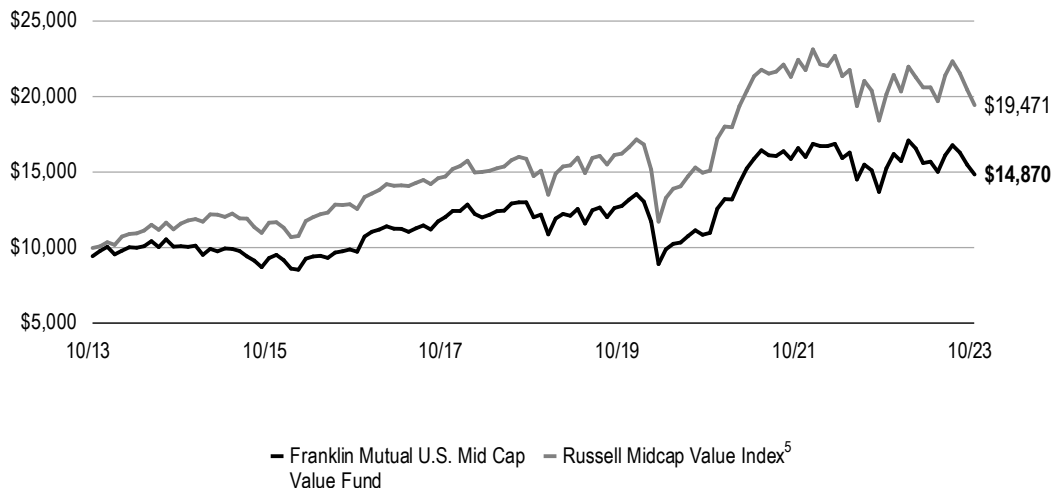
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See page 15 for Performance Summary footnotes.

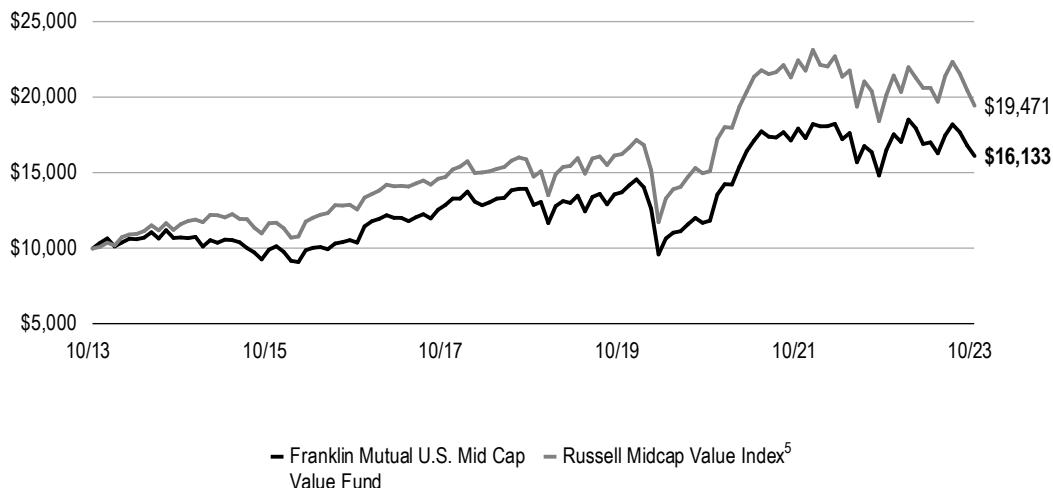
Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

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 (10/31/13–10/31/23)



Advisor Class (10/31/13–10/31/23)



See page 15 for Performance Summary footnotes.

Distributions (11/1/22–10/31/23)

Share Class	Net Investment Income	Long-Term Capital Gain	Total
A	\$0.3267	\$1.0752	\$1.4019
C	\$0.0535	\$1.0752	\$1.1287
R	\$0.2454	\$1.0752	\$1.3206
R6	\$0.4459	\$1.0752	\$1.5211
Advisor	\$0.4082	\$1.0752	\$1.4834

Total Annual Operating Expenses⁶

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.

Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance.

All investments involve risks, including possible loss of principal. The investment style may become out of favor, which may have a negative impact on performance. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the Fund's prospectus.

1. Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 2/29/2024 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.
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[®] 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.
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 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 5/1/23	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 ^{1,2}	Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 ^{1,2}	
A	\$1,000	\$946.00	\$4.28	\$1,020.81	\$4.44	0.87%
C	\$1,000	\$942.60	\$7.94	\$1,017.04	\$8.24	1.62%
R	\$1,000	\$944.70	\$5.50	\$1,019.55	\$5.71	1.12%
R6	\$1,000	\$947.60	\$2.60	\$1,022.54	\$2.70	0.53%
Advisor	\$1,000	\$947.20	\$3.05	\$1,022.07	\$3.17	0.62%

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

Fund Overview

The Fund is currently closed to new investors with limited exceptions. Existing investors may continue to purchase additional shares of the Fund, please see the Fund's prospectus for additional information.

Q. What is the Fund's investment strategy?

A. 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.

Q. What were the overall market conditions during the Fund's reporting period?

A. Over the 12-month period, small-cap value stocks struggled versus their large- and mid-cap counterparts against a backdrop of rising inflation, significant interest rate hikes, strong consumer spending and periodic economic shocks.

Substantial inflationary pressure affected much of the 12-month reporting period, as consumers spent higher wages and pandemic-era savings on goods and services. The U.S. Federal Reserve (Fed) hiked interest rates at a steady clip throughout much of the year in an effort to rein in spending. Investor concerns over the rate hikes' effects on economic growth periodically affected market sentiment. In March 2023, markets were roiled by instability within the banking sector, as rising rates and falling deposit levels affected the health of some institutions. A lack of banking sector contagion, continued positive economic data and strong corporate earnings led to a sanguine period for markets in early- and mid-summer 2023, until volatility reentered the picture in August.

Near the end of the period, inflation eased from its highs. An employed consumer currently continues to spend, but pandemic-era consumer savings reserves are steadily dwindling, and measures of credit utilization are climbing, potentially setting the stage for future financial stress. In August, Fed Chairman Jerome Powell said that rate decisions would be made on a meeting-by-meeting basis, acknowledging the strength yet uncertainty present in the economy. The Fed held rates steady through the end of the period. Investors are looking for continued signs of a soft landing balanced with the reality that interest rates may be higher for longer than originally anticipated.

When measured relative to large-cap companies, profitable small-cap companies are still trading near their lowest valuations in 20 years. We think this reflects concerns over stubbornly high interest rates and the potential ongoing impact on economic growth.

Q. How did we respond to these changing market condition?

A. Over the last year, we have been positioning the portfolio in response to wide share price dispersion by incrementally purchasing shares in companies that are trading at depressed levels and could materially benefit from future developments including improved growth prospects, stable to lower interest rates, reduced input costs or increased labor availability. Conversely, we are also aware conditions could deteriorate even further. Given this environment, we are being mindful of position sizes for these types of companies until things become clearer.

In the near term, we expect market activity and volatility levels to be influenced by developments around geopolitical events, inflation concerns and central bank activity. Regardless of these factors, we remain focused on identifying opportunities to improve the quality of our positions at relatively attractive valuations. We will continue to follow our process of targeting historically successful companies with understandable business models, good corporate governance and low debt, that we view as temporarily trading at depressed levels, relative to future earnings power. We believe this investment approach constitutes our competitive advantage and may provide meaningful upside potential and possible downside risk management during turbulent periods.

Performance Overview

The Fund's Class A shares posted a -4.09% 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 -9.93% cumulative total return for the same period.¹ You can find more of the Fund's performance data in the Performance Summary beginning on page 20.

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

Portfolio Composition

10/31/23

	% of Total Net Assets
Banks	13.7%
Insurance	6.9%
Oil, Gas & Consumable Fuels	6.0%
Trading Companies & Distributors	5.1%
Building Products	5.0%
Chemicals	4.7%
Hotels, Restaurants & Leisure	4.5%
Food Products	4.3%
Aerospace & Defense	4.1%
Automobile Components	4.1%
Leisure Products	3.7%
Electronic Equipment, Instruments & Components	3.3%
Software	3.3%
Machinery	3.2%
Other*	26.3%
Short-Term Investments & Other Net Assets	1.8%

*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.

Q. What were the leading contributors to performance?

A. TechnipFMC, an oilfield equipment and services company, contributed to relative performance, driven by better-than-expected quarterly results, an increase in oil prices, continued strength in offshore order inflow, and

visibility on an improving industry order pipeline. Additionally, TechnipFMC restarted its quarterly dividend and expanded its share repurchase program.

Glanbia, an international consumer foods and nutritional products company, contributed to results during the period after reporting better-than-expected earnings and announcing the divestiture of a joint venture at an attractive valuation as it takes steps to simplify its business. The company's initial fiscal 2023 guidance also suggested margins should expand as it laps significant raw material inflation in its key inputs. We remain positive on the company's growth prospects in the growing sports nutrition space, and on the margin recapture opportunity.

Shares of UFP Industries outperformed during the period. Despite headwinds from lumber price deflation, the company posted its seventh consecutive quarter of double-digit EBITDA margins and management reiterated their confidence in maintaining the margin above 10% in the future. UFP has historically not purchased large amounts of its own stock, but as cash on the balance sheet continues to grow, the company has become more active.

Top 10 Holdings

10/31/23

Company Industry, Country	% of Total Net Assets
Crescent Point Energy Corp. Oil, Gas & Consumable Fuels, Canada	3.7%
McGrath RentCorp Trading Companies & Distributors, United States	3.7%
ACI Worldwide, Inc. Software, United States	3.3%
Glanbia plc Food Products, Ireland	3.1%
Mattel, Inc. Leisure Products, United States	3.0%
Hanover Insurance Group, Inc. (The) Insurance, United States	2.8%
Columbia Banking System, Inc. Banks, United States	2.5%
SouthState Corp. Banks, United States	2.5%
UFP Industries, Inc. Building Products, United States	2.4%
Green Plains, Inc. Oil, Gas & Consumable Fuels, United States	2.3%

1. 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 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 43.

Q. What were the leading detractors from performance?

A. First Interstate Bank, a regional bank with a footprint in the western U.S., detracted from performance during the period as two mid-sized banks failed in early 2023 due to deposit runs which heightened investor concerns regarding banking sector capital and liquidity. Additionally, First Interstate's first-quarter results were negatively impacted by funding costs that rose faster than its asset yields, putting pressure on its net interest income outlook. While First Interstate's near-term earnings power has been negatively impacted by the current yield curve, the bank remains well capitalized and has sufficient liquidity options to cover its uninsured deposit base and expected deposit outflows.

Envista, a manufacturer of dental products, detracted as its first-quarter results came weaker than Street expectations. This was due to weakness in China and Russia as well as weaker demand for big ticket imaging capital equipment. However, management reiterated full-year 2023 guidance on expectations of accelerating growth and improvements in its operating margin through 2023. Overall, we believe that the company is transforming its portfolio towards higher-growth, higher-margin products, while remaining focused on continuously improving its operating performance.

Shares of Clearfield, a manufacturer of fiber optic connectivity and management solutions, contracted during the period. We believe the near-term outlook remains challenging due to inventory digestion and a low level of customer capital expenditure. Margins are also expected to contract due to the low utilization rate. Contribution from major government subsidies for broadband access equipment likely won't begin until the second half of 2024.

Q. Were there any significant changes to the Fund during the reporting period?

A. While we did not make changes to our investment philosophy during the period, we did identify some opportunities presented by the market environment. First, our allocation to the financials sector saw a net decrease during the 12-month period, primarily due to our positions within the banking industry. After banking sector turmoil caused stock prices to fall in March, however, we began to focus our attention in this area. As valuations meaningfully improved and sentiment deteriorated, we were able to identify several quality names in the banking sector, increasing our overall exposure. In addition, we added to consumer discretionary companies during the year, particularly within the leisure products industry, where we identified quality names at depressed valuations.

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

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2023, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Performance Summary as of October 31, 2023

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

Performance as of 10/31/23¹

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

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
1-Year	-4.09%	-9.37%
5-Year	+32.46%	+4.59%
10-Year	+72.62%	+5.01%
Advisor		
1-Year	-3.86%	-3.86%
5-Year	+34.13%	+6.05%
10-Year	+77.16%	+5.89%

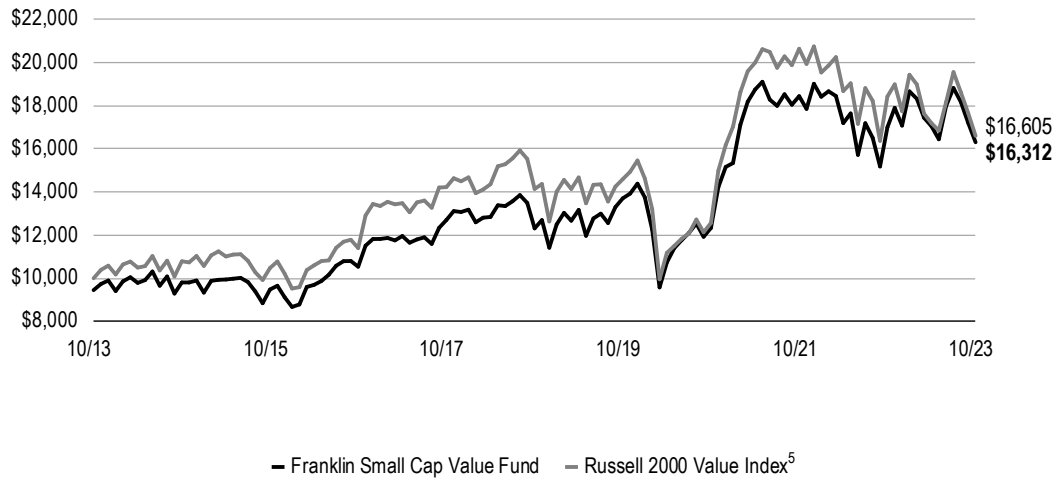
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com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

See page 22 for Performance Summary footnotes.

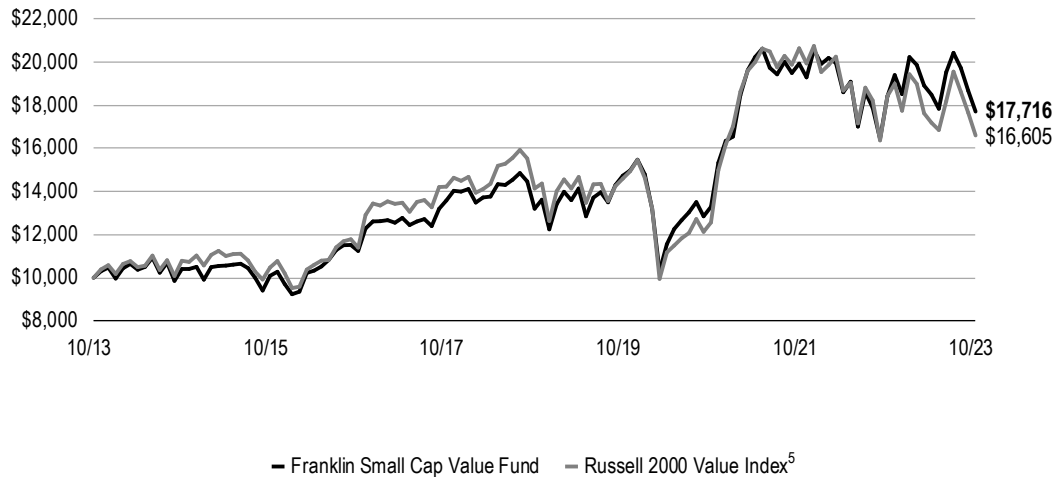
Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

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 (10/31/13–10/31/23)



Advisor Class (10/31/13–10/31/23)



See page 22 for Performance Summary footnotes.

Distributions (11/1/22–10/31/23)

Share Class	Net Investment Income	Long-Term Capital Gain	Total
A	\$0.1982	\$1.4008	\$1.5990
C	—	\$1.4008	\$1.4008
R	\$0.0779	\$1.4008	\$1.4787
R6	\$0.4091	\$1.4008	\$1.8099
Advisor	\$0.3292	\$1.4008	\$1.7300

Total Annual Operating Expenses⁶

Share Class	
A	0.98%
Advisor	0.73%

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

Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance.

All investments involve risks, including possible loss of principal. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. The investment style may become out of favor, which may have a negative impact on performance. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. Real estate investment trusts (REITs) are closely linked to the performance of the real estate markets. REITs are subject to illiquidity, credit and interest rate risks, and risks associated with small- and mid-cap investments. The manager may consider environmental, social and governance (ESG) criteria in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the Fund's prospectus.

1. The total annual operating expenses are as of the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.
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 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 5/1/23	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 ^{1,2}	Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 ^{1,2}	
A	\$1,000	\$956.40	\$4.84	\$1,020.26	\$5.00	0.98%
C	\$1,000	\$952.70	\$8.52	\$1,016.48	\$8.80	1.73%
R	\$1,000	\$955.00	\$6.07	\$1,019.00	\$6.27	1.23%
R6	\$1,000	\$958.20	\$2.91	\$1,022.23	\$3.01	0.59%
Advisor	\$1,000	\$957.60	\$3.61	\$1,021.52	\$3.73	0.73%

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,				
	2023	2022	2021	2020	2019
Class A					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$27.57	\$32.58	\$21.77	\$29.32	\$31.06
Income from investment operations ^a :					
Net investment income ^b	0.15	0.12	0.11 ^c	0.11	0.06
Net realized and unrealized gains (losses)	(0.30)	(0.81)	12.15	(2.89)	(0.03)
Total from investment operations	(0.15)	(0.69)	12.26	(2.78)	0.03
Less distributions from:					
Net investment income	(0.09)	(0.08)	(0.11)	(0.06)	—
Net realized gains	(1.54)	(4.24)	(1.34)	(4.71)	(1.77)
Total distributions	(1.63)	(4.32)	(1.45)	(4.77)	(1.77)
Net asset value, end of year	\$25.79	\$27.57	\$32.58	\$21.77	\$29.32
Total return ^d	(0.71)%	(2.00)%	57.97%	(12.10)%	0.58%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.23%	1.24%	1.23%	1.28%	1.22%
Expenses net of waiver and payments by affiliates	1.22% ^e	1.22% ^e	1.23% ^f	1.27% ^e	1.21% ^e
Net investment income	0.56%	0.45%	0.37% ^c	0.50%	0.23%
Supplemental data					
Net assets, end of year (000's)	\$139,370	\$144,717	\$161,200	\$94,015	\$145,897
Portfolio turnover rate	32.63%	19.91%	31.98%	31.04%	7.04%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.05 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%.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

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

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

Franklin MicroCap Value Fund (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
Class R6					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$28.18	\$33.21	\$22.17	\$29.80	\$31.43
Income from investment operations ^a :					
Net investment income ^b	0.27	0.22	0.22 ^c	0.20	0.16
Net realized and unrealized gains (losses)	(0.34)	(0.82)	12.36	(2.94)	(0.02)
Total from investment operations	(0.07)	(0.60)	12.58	(2.74)	0.14
Less distributions from:					
Net investment income	(0.18)	(0.19)	(0.20)	(0.18)	—
Net realized gains	(1.54)	(4.24)	(1.34)	(4.71)	(1.77)
Total distributions	(1.72)	(4.43)	(1.54)	(4.89)	(1.77)
Net asset value, end of year	\$26.39	\$28.18	\$33.21	\$22.17	\$29.80
Total return	(0.35)%	(1.67)%	58.51%	(11.80)%	0.97%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.90%	0.91%	0.91%	0.95%	0.89%
Expenses net of waiver and payments by affiliates	0.86% ^d	0.87% ^d	0.88%	0.91% ^d	0.86% ^d
Net investment income	0.98%	0.79%	0.72% ^c	0.86%	0.58%
Supplemental data					
Net assets, end of year (000's)	\$15,228	\$25,570	\$23,137	\$12,299	\$19,266
Portfolio turnover rate	32.63%	19.91%	31.98%	31.04%	7.04%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.05 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%.

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

Franklin MicroCap Value Fund (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
Advisor Class					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$27.95	\$32.96	\$22.01	\$29.62	\$31.28
Income from investment operations ^a :					
Net investment income ^b	0.23	0.19	0.19 ^c	0.17	0.15
Net realized and unrealized gains (losses)	(0.33)	(0.81)	12.28	(2.94)	(0.04)
Total from investment operations	(0.10)	(0.62)	12.47	(2.77)	0.11
Less distributions from:					
Net investment income	(0.16)	(0.15)	(0.18)	(0.13)	—
Net realized gains	(1.54)	(4.24)	(1.34)	(4.71)	(1.77)
Total distributions	(1.70)	(4.39)	(1.52)	(4.84)	(1.77)
Net asset value, end of year	\$26.15	\$27.95	\$32.96	\$22.01	\$29.62
Total return	(0.44)%	(1.77)%	58.40%	(11.95)%	0.87%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.98%	0.99%	0.98%	1.03%	0.97%
Expenses net of waiver and payments by affiliates	0.96% ^d	0.97% ^d	0.98% ^e	1.02% ^d	0.96% ^d
Net investment income	0.83%	0.69%	0.60% ^c	0.73%	0.48%
Supplemental data					
Net assets, end of year (000's)	\$36,980	\$44,877	\$38,829	\$22,429	\$29,687
Portfolio turnover rate	32.63%	19.91%	31.98%	31.04%	7.04%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.05 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%.

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

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

Schedule of Investments, October 31, 2023

Franklin MicroCap Value Fund

	Country	Shares	Value
Common Stocks 98.5%			
Aerospace & Defense 1.7%			
^a Ducommun, Inc.	United States	68,025	\$3,254,316
Banks 18.2%			
American National Bankshares, Inc.	United States	79,729	3,042,459
Arrow Financial Corp.	United States	119,020	2,536,316
Bar Harbor Bankshares.	United States	87,544	2,190,351
First Business Financial Services, Inc.	United States	130,500	4,006,350
First Internet Bancorp	United States	116,755	1,911,279
^a First Western Financial, Inc.	United States	110,706	1,480,139
Investar Holding Corp.	United States	175,338	1,662,204
Northeast Bank.	United States	101,675	4,853,965
Northrim BanCorp, Inc.	United States	28,900	1,205,419
Orrstown Financial Services, Inc.	United States	129,428	2,732,225
Peapack-Gladstone Financial Corp.	United States	114,985	2,687,199
Premier Financial Corp.	United States	154,765	2,685,173
Southern Missouri Bancorp, Inc.	United States	69,811	2,823,855
WesBanco, Inc.	United States	42,357	1,033,087
			34,850,021
Biotechnology 1.7%			
^a Anika Therapeutics, Inc.	United States	100,886	1,967,277
^a Catalyst Pharmaceuticals, Inc.	United States	104,300	1,294,363
			3,261,640
Communications Equipment 2.0%			
^a Digi International, Inc.	United States	61,913	1,558,969
PCTEL, Inc.	United States	344,215	2,357,873
			3,916,842
Construction & Engineering 7.6%			
^a Matrix Service Co.	United States	607,019	7,071,770
^a Northwest Pipe Co.	United States	65,700	1,790,982
^a Sterling Infrastructure, Inc.	United States	79,607	5,799,370
			14,662,122
Consumer Staples Distribution & Retail 0.7%			
Village Super Market, Inc., A	United States	54,637	1,336,967
Diversified REITs 3.7%			
Alpine Income Property Trust, Inc.	United States	219,121	3,374,463
CTO Realty Growth, Inc.	United States	228,604	3,701,099
			7,075,562
Diversified Telecommunication Services 0.5%			
ATN International, Inc.	United States	29,000	897,550
Electrical Equipment 3.0%			
LSI Industries, Inc.	United States	150,118	2,233,756
Preformed Line Products Co.	United States	26,106	3,533,447
			5,767,203
Electronic Equipment, Instruments & Components 3.5%			
^a Daktronics, Inc.	United States	368,610	3,546,028
^a Kimball Electronics, Inc.	United States	120,416	3,154,899
			6,700,927
Energy Equipment & Services 6.4%			
^a DMC Global, Inc.	United States	181,300	3,435,635

Franklin MicroCap Value Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Energy Equipment & Services (continued)			
^a Helix Energy Solutions Group, Inc.	United States	526,542	\$5,160,112
^a Oil States International, Inc.	United States	493,390	3,582,011
			12,177,758
Food Products 1.3%			
Alico, Inc.	United States	103,315	2,525,019
Health Care Equipment & Supplies 4.1%			
^a Semler Scientific, Inc.	United States	76,300	2,225,671
^a UFP Technologies, Inc.	United States	14,280	2,226,538
Utah Medical Products, Inc.	United States	41,696	3,315,666
			7,767,875
Health Care Technology 0.7%			
^a Computer Programs and Systems, Inc.	United States	91,056	1,282,979
Hotels, Restaurants & Leisure 2.0%			
^a Century Casinos, Inc.	United States	392,262	1,718,107
^a Chuy's Holdings, Inc.	United States	61,874	2,082,679
			3,800,786
Household Durables 1.6%			
Hooker Furnishings Corp.	United States	188,406	3,150,148
Independent Power and Renewable Electricity Producers 1.3%			
Polaris Renewable Energy, Inc.	Canada	263,613	2,480,639
Insurance 3.3%			
Investors Title Co.	United States	7,900	1,136,099
Tiptree, Inc., A.	United States	197,690	2,987,096
United Fire Group, Inc.	United States	106,157	2,138,002
			6,261,197
Interactive Media & Services 1.9%			
^a DHI Group, Inc.	United States	360,217	986,995
^a QuinStreet, Inc.	United States	236,700	2,677,077
			3,664,072
IT Services 1.8%			
Hackett Group, Inc. (The)	United States	152,200	3,392,538
Machinery 12.6%			
Alamo Group, Inc.	United States	13,249	2,123,815
^a Commercial Vehicle Group, Inc.	United States	401,700	2,799,849
^a Graham Corp.	United States	256,146	3,993,316
Hurco Cos., Inc.	United States	105,700	2,114,000
^a L B Foster Co., A.	United States	297,265	5,832,339
Miller Industries, Inc.	United States	151,000	5,491,870
Shyft Group, Inc. (The)	United States	157,379	1,728,022
			24,083,211
Media 1.0%			
Entravision Communications Corp., A	United States	561,868	2,011,487
Metals & Mining 1.4%			
Haynes International, Inc.	United States	64,177	2,761,215
Office REITs 0.5%			
City Office REIT, Inc.	United States	243,764	928,741

Franklin MicroCap Value Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Oil, Gas & Consumable Fuels 1.9%			
VAALCO Energy, Inc.	United States	813,900	\$3,638,133
Paper & Forest Products 1.5%			
Mercer International, Inc.	Germany	366,300	2,908,422
Pharmaceuticals 1.6%			
^a Harrow, Inc.	United States	217,396	3,116,372
Professional Services 2.7%			
Heidrick & Struggles International, Inc.	United States	105,876	2,577,022
Resources Connection, Inc.	United States	187,400	2,524,278
			5,101,300
Semiconductors & Semiconductor Equipment 0.3%			
^a AXT, Inc.	United States	316,900	630,631
Specialty Retail 3.7%			
^a America's Car-Mart, Inc.	United States	43,577	2,918,788
^a Children's Place, Inc. (The)	United States	30,300	829,311
^a Citi Trends, Inc.	United States	41,123	991,064
^a Genesco, Inc.	United States	86,620	2,374,254
			7,113,417
Textiles, Apparel & Luxury Goods 4.3%			
^a Delta Apparel, Inc.	United States	155,275	1,299,652
Rocky Brands, Inc.	United States	151,560	1,861,157
^a Vera Bradley, Inc.	United States	698,125	5,110,275
			8,271,084
Total Common Stocks (Cost \$146,879,133)			188,790,174
Short Term Investments 1.6%			
	Country	Shares	Value
Money Market Funds 1.6%			
^{b,c} Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	United States	3,026,861	3,026,861
Total Money Market Funds (Cost \$3,026,861)			3,026,861
Total Short Term Investments (Cost \$3,026,861)			3,026,861
Total Investments (Cost \$149,905,994) 100.1%			\$191,817,035
Other Assets, less Liabilities (0.1)%			(238,481)
Net Assets 100.0%			\$191,578,554

See Abbreviations on page 66.

^a Non-income producing.

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

^c 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,				
	2023	2022	2021	2020	2019
Class A					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$32.32	\$40.20	\$27.59	\$34.61	\$37.93
Income from investment operations ^a :					
Net investment income ^b	0.43	0.37	0.43	1.14 ^c	0.52
Net realized and unrealized gains (losses)	(1.23)	(3.28)	13.37	(5.47)	1.13
Total from investment operations	(0.80)	(2.91)	13.80	(4.33)	1.65
Less distributions from:					
Net investment income	(0.33)	(0.45)	(1.19)	(0.54)	(0.46)
Net realized gains	(1.08)	(4.52)	—	(2.15)	(4.51)
Total distributions	(1.41)	(4.97)	(1.19)	(2.69)	(4.97)
Net asset value, end of year	\$30.11	\$32.32	\$40.20	\$27.59	\$34.61
Total return ^d	(2.70)%	(8.06)%	51.14%	(13.94)%	6.22%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.90%	0.91%	0.91%	0.95%	0.93%
Expenses net of waiver and payments by affiliates ^e	0.88%	0.90%	0.91% ^f	0.93%	0.89%
Net investment income	1.33%	1.07%	1.18%	3.94% ^c	1.55%
Supplemental data					
Net assets, end of year (000's)	\$607,754	\$688,933	\$790,329	\$538,538	\$735,919
Portfolio turnover rate	64.21%	66.63%	60.45%	57.78%	44.31%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.69 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%.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

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

^fBenefit 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,				
	2023	2022	2021	2020	2019
Class C					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$30.50	\$38.15	\$26.21	\$32.97	\$36.13
Income from investment operations ^a :					
Net investment income ^b	0.18	0.11	0.15	0.93 ^c	0.26
Net realized and unrealized gains (losses)	(1.16)	(3.11)	12.72	(5.28)	1.09
Total from investment operations	(0.98)	(3.00)	12.87	(4.35)	1.35
Less distributions from:					
Net investment income	(0.05)	(0.13)	(0.93)	(0.26)	—
Net realized gains	(1.08)	(4.52)	—	(2.15)	(4.51)
Total distributions	(1.13)	(4.65)	(0.93)	(2.41)	(4.51)
Net asset value, end of year	\$28.39	\$30.50	\$38.15	\$26.21	\$32.97
Total return ^d	(3.42)%	(8.77)%	50.06%	(14.57)%	5.41%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.65%	1.66%	1.66%	1.70%	1.68%
Expenses net of waiver and payments by affiliates ^e	1.63%	1.65%	1.66% ^f	1.68%	1.64%
Net investment income	0.58%	0.32%	0.42%	3.36% ^c	0.80%
Supplemental data					
Net assets, end of year (000's)	\$10,359	\$15,412	\$20,132	\$15,881	\$27,443
Portfolio turnover rate	64.21%	66.63%	60.45%	57.78%	44.31%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.66 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%.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

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

^fBenefit 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,				
	2023	2022	2021	2020	2019
Class R					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$32.46	\$40.34	\$27.67	\$34.70	\$37.99
Income from investment operations ^a :					
Net investment income ^b	0.35	0.28	0.34	1.11 ^c	0.44
Net realized and unrealized gains (losses)	(1.23)	(3.29)	13.44	(5.55)	1.14
Total from investment operations	(0.88)	(3.01)	13.78	(4.44)	1.58
Less distributions from:					
Net investment income	(0.25)	(0.35)	(1.11)	(0.44)	(0.36)
Net realized gains	(1.08)	(4.52)	—	(2.15)	(4.51)
Total distributions	(1.33)	(4.87)	(1.11)	(2.59)	(4.87)
Net asset value, end of year	\$30.25	\$32.46	\$40.34	\$27.67	\$34.70
Total return	(2.94)%	(8.32)%	50.87%	(14.16)%	5.94%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.15%	1.16%	1.16%	1.20%	1.18%
Expenses net of waiver and payments by affiliates ^d	1.13%	1.15%	1.16% ^e	1.18%	1.14%
Net investment income	1.08%	0.82%	0.93%	3.80% ^c	1.30%
Supplemental data					
Net assets, end of year (000's)	\$4,922	\$5,419	\$6,362	\$4,465	\$6,764
Portfolio turnover rate	64.21%	66.63%	60.45%	57.78%	44.31%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.70 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%.

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

^eBenefit 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,				
	2023	2022	2021	2020	2019
Class R6					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$33.91	\$41.93	\$28.73	\$35.93	\$39.20
Income from investment operations ^a :					
Net investment income ^b	0.57	0.51	0.59	1.27 ^c	0.67
Net realized and unrealized gains (losses)	(1.29)	(3.43)	13.91	(5.65)	1.18
Total from investment operations	(0.72)	(2.92)	14.50	(4.38)	1.85
Less distributions from:					
Net investment income	(0.45)	(0.58)	(1.30)	(0.67)	(0.61)
Net realized gains	(1.08)	(4.52)	—	(2.15)	(4.51)
Total distributions	(1.53)	(5.10)	(1.30)	(2.82)	(5.12)
Net asset value, end of year	\$31.66	\$33.91	\$41.93	\$28.73	\$35.93
Total return	(2.34)%	(7.76)%	51.74%	(13.61)%	6.61%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.58%	0.59%	0.59%	0.61%	0.59%
Expenses net of waiver and payments by affiliates ^d	0.54%	0.55%	0.55%	0.55%	0.52%
Net investment income	1.67%	1.42%	1.54%	4.24% ^c	1.92%
Supplemental data					
Net assets, end of year (000's)	\$31,790	\$36,512	\$39,290	\$27,952	\$36,398
Portfolio turnover rate	64.21%	66.63%	60.45%	57.78%	44.31%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.72 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%.

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

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

	Year Ended October 31,				
	2023	2022	2021	2020	2019
Advisor Class					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$34.02	\$42.04	\$28.80	\$36.01	\$39.26
Income from investment operations ^a :					
Net investment income ^b	0.54	0.48	0.55	1.28 ^c	0.63
Net realized and unrealized gains (losses)	(1.31)	(3.44)	13.95	(5.72)	1.19
Total from investment operations	(0.77)	(2.96)	14.50	(4.44)	1.82
Less distributions from:					
Net investment income	(0.41)	(0.54)	(1.26)	(0.62)	(0.56)
Net realized gains	(1.08)	(4.52)	—	(2.15)	(4.51)
Total distributions	(1.49)	(5.06)	(1.26)	(2.77)	(5.07)
Net asset value, end of year	\$31.76	\$34.02	\$42.04	\$28.80	\$36.01
Total return	(2.45)%	(7.86)%	51.57%	(13.71)%	6.48%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.65%	0.66%	0.66%	0.70%	0.68%
Expenses net of waiver and payments by affiliates ^d	0.63%	0.65%	0.66% ^e	0.68%	0.64%
Net investment income	1.58%	1.32%	1.43%	4.22% ^c	1.80%
Supplemental data					
Net assets, end of year (000's)	\$43,244	\$46,625	\$56,787	\$34,029	\$47,427
Portfolio turnover rate	64.21%	66.63%	60.45%	57.78%	44.31%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.72 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%.

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

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

Schedule of Investments, October 31, 2023

Franklin Mutual U.S. Mid Cap Value Fund

	Country	Shares	Value
Common Stocks 95.8%			
Aerospace & Defense 6.0%			
^a Babcock International Group plc	United Kingdom	2,558,440	\$12,170,631
L3Harris Technologies, Inc.	United States	62,714	11,251,519
Melrose Industries plc	United Kingdom	1,404,962	7,997,894
Moog, Inc., A.	United States	87,549	10,160,061
			41,580,105
Automobile Components 2.9%			
Dowlais Group plc	United Kingdom	6,723,487	8,184,063
Lear Corp.	United States	90,194	11,703,574
			19,887,637
Banks 4.0%			
Citizens Financial Group, Inc.	United States	491,124	11,507,035
PNC Financial Services Group, Inc. (The)	United States	145,832	16,693,389
			28,200,424
Broadline Retail 1.7%			
eBay, Inc.	United States	302,933	11,884,062
Building Products 2.2%			
Johnson Controls International plc	United States	314,395	15,411,643
Chemicals 4.9%			
Ashland, Inc.	United States	92,086	7,056,550
Avient Corp.	United States	305,351	9,655,199
Huntsman Corp.	United States	393,837	9,188,217
Olin Corp.	United States	192,316	8,215,739
			34,115,705
Commercial Services & Supplies 1.7%			
^a Stericycle, Inc.	United States	285,151	11,759,627
Construction & Engineering 2.1%			
^a WillScot Mobile Mini Holdings Corp.	United States	375,264	14,789,154
Consumer Finance 1.6%			
Capital One Financial Corp.	United States	110,046	11,146,559
Containers & Packaging 1.6%			
International Paper Co.	United States	340,990	11,501,593
Electric Utilities 6.4%			
Entergy Corp.	United States	200,758	19,190,457
Evergy, Inc.	United States	105,586	5,188,496
PPL Corp.	United States	836,791	20,559,955
			44,938,908
Electrical Equipment 1.3%			
Regal Rexnord Corp.	United States	79,253	9,384,348
Electronic Equipment, Instruments & Components 2.0%			
^a Flex Ltd.	United States	544,248	13,998,059
Energy Equipment & Services 4.5%			
Baker Hughes Co., A.	United States	442,321	15,224,689
Schlumberger NV	United States	292,473	16,279,047
			31,503,736
Financial Services 5.0%			
^a Fiserv, Inc.	United States	61,289	6,971,624
Global Payments, Inc.	United States	117,138	12,442,398

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

	Country	Shares	Value
Common Stocks (continued)			
Financial Services (continued)			
Voya Financial, Inc.	United States	230,071	\$15,361,841
			<u>34,775,863</u>
Food Products 1.8%			
Kraft Heinz Co. (The)	United States	393,026	12,364,598
Health Care Equipment & Supplies 2.4%			
Baxter International, Inc.	United States	226,266	7,337,806
^a Envista Holdings Corp.	United States	396,720	9,231,675
			<u>16,569,481</u>
Health Care Providers & Services 3.7%			
Cencora, Inc.	United States	53,111	9,833,501
Elevance Health, Inc.	United States	20,942	9,425,785
Fresenius SE & Co. KGaA.	Germany	259,256	6,668,286
			<u>25,927,572</u>
Household Durables 1.8%			
DR Horton, Inc.	United States	121,430	12,677,292
Independent Power and Renewable Electricity Producers 2.0%			
AES Corp. (The)	United States	927,015	13,812,523
Insurance 4.5%			
Everest Group Ltd.	United States	38,217	15,119,410
Hartford Financial Services Group, Inc. (The)	United States	221,069	16,237,518
			<u>31,356,928</u>
Interactive Media & Services 1.0%			
^a Match Group, Inc.	United States	196,847	6,810,906
Life Sciences Tools & Services 0.7%			
^a Bio-Rad Laboratories, Inc., A.	United States	17,103	4,708,114
Machinery 1.9%			
Parker-Hannifin Corp.	United States	36,797	13,574,781
Media 1.8%			
^a Liberty Broadband Corp., C.	United States	148,993	12,412,607
Metals & Mining 0.7%			
Alcoa Corp.	United States	191,698	4,915,137
Oil, Gas & Consumable Fuels 2.8%			
Crescent Point Energy Corp.	Canada	554,026	4,437,748
Williams Cos., Inc. (The)	United States	429,321	14,768,643
			<u>19,206,391</u>
Personal Care Products 2.0%			
Kenvue, Inc.	United States	744,372	13,845,319
Pharmaceuticals 1.4%			
GSK plc	United States	557,935	9,944,135
Professional Services 5.3%			
ICF International, Inc.	United States	74,173	9,399,944
KBR, Inc.	United States	259,762	15,105,160
SS&C Technologies Holdings, Inc.	United States	250,526	12,588,932
			<u>37,094,036</u>
Real Estate Management & Development 3.4%			
^a CBRE Group, Inc., A.	United States	226,682	15,718,130

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

	Country	Shares	Value
Common Stocks (continued)			
Real Estate Management & Development (continued)			
Colliers International Group, Inc.	Canada	88,527	\$8,032,055
			23,750,185
Retail REITs 2.4%			
Brixmor Property Group, Inc.	United States	797,148	16,572,707
Semiconductors & Semiconductor Equipment 1.2%			
^a Onto Innovation, Inc.	United States	74,231	8,341,337
Software 1.5%			
Gen Digital, Inc.	United States	643,041	10,713,063
Specialized REITs 1.5%			
SBA Communications Corp., A	United States	49,385	10,303,193
Specialty Retail 1.2%			
Dick's Sporting Goods, Inc.	United States	79,987	8,554,610
Trading Companies & Distributors 2.9%			
^a AerCap Holdings NV.	Ireland	120,356	7,476,514
Ferguson plc.	United States	84,184	12,644,437
			20,120,951
Total Common Stocks (Cost \$630,064,457)			668,453,289
Short Term Investments 4.8%			
	Country	Shares	Value
Money Market Funds 4.8%			
^{b,c} Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	United States	33,756,988	33,756,988
Total Money Market Funds (Cost \$33,756,988)			33,756,988
Total Short Term Investments (Cost \$33,756,988)			33,756,988
Total Investments (Cost \$663,821,445) 100.6%			\$702,210,277
Other Assets, less Liabilities (0.6%)			(4,141,472)
Net Assets 100.0%			\$698,068,805

See Abbreviations on page 66.

^a Non-income producing.

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

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

Financial Highlights

Franklin Small Cap Value Fund

	Year Ended October 31,				
	2023	2022	2021	2020	2019
Class A					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$51.18	\$61.24	\$41.84	\$49.48	\$52.59
Income from investment operations ^a :					
Net investment income ^b	0.39	0.25	0.47 ^c	0.45	0.51 ^d
Net realized and unrealized gains (losses)	(2.42)	(4.60)	20.03	(5.01)	4.00
Total from investment operations	(2.03)	(4.35)	20.50	(4.56)	4.51
Less distributions from:					
Net investment income	(0.20)	(0.34)	(0.35)	(0.58)	(0.44)
Net realized gains	(1.40)	(5.37)	(0.75)	(2.50)	(7.18)
Total distributions	(1.60)	(5.71)	(1.10)	(3.08)	(7.62)
Net asset value, end of year	\$47.55	\$51.18	\$61.24	\$41.84	\$49.48
Total return ^e	(4.09)%	(7.83)%	49.59%	(10.04)%	11.35%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.99%	0.98%	1.00%	1.08%	1.06%
Expenses net of waiver and payments by affiliates	0.98% ^f	0.98% ^g	1.00% ^g	1.07% ^f	1.05% ^f
Net investment income	0.75%	0.46%	0.81% ^c	1.08%	1.10% ^d
Supplemental data					
Net assets, end of year (000's)	\$1,076,436	\$1,268,890	\$1,577,561	\$1,123,039	\$1,334,235
Portfolio turnover rate	68.74%	47.06%	52.76%	67.46%	57.84%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.15 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%.

^dNet 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%.

^eTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

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

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

Franklin Small Cap Value Fund (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
Class C					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$42.88	\$52.25	\$35.87	\$42.84	\$46.45
Income from investment operations ^a :					
Net investment income (loss) ^b	— ^c	(0.13)	0.02 ^d	0.12	0.15 ^e
Net realized and unrealized gains (losses)	(2.00)	(3.87)	17.20	(4.33)	3.42
Total from investment operations	(2.00)	(4.00)	17.22	(4.21)	3.57
Less distributions from:					
Net investment income	—	—	(0.09)	(0.26)	—
Net realized gains	(1.40)	(5.37)	(0.75)	(2.50)	(7.18)
Total distributions	(1.40)	(5.37)	(0.84)	(2.76)	(7.18)
Net asset value, end of year	\$39.48	\$42.88	\$52.25	\$35.87	\$42.84
Total return ^f	(4.82)%	(8.51)%	48.51%	(10.73)%	10.52%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.74%	1.73%	1.75%	1.83%	1.81%
Expenses net of waiver and payments by affiliates	1.73% ^g	1.73% ^h	1.75% ^h	1.82% ^g	1.80% ^g
Net investment income (loss)	—% ⁱ	(0.29)%	0.05% ^d	0.34%	0.35% ^e
Supplemental data					
Net assets, end of year (000's)	\$50,027	\$68,960	\$99,994	\$77,586	\$111,639
Portfolio turnover rate	68.74%	47.06%	52.76%	67.46%	57.84%

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

^bBased on average daily shares outstanding.

^cAmount rounds to less than \$0.01 per share.

^dNet 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)%.

^eNet 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%.

^fTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

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

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

ⁱRounds to less than 0.01%.

Franklin Small Cap Value Fund (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
Class R					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$50.46	\$60.43	\$41.31	\$48.88	\$51.98
Income from investment operations ^a :					
Net investment income ^b	0.26	0.11	0.32 ^c	0.35	0.40 ^d
Net realized and unrealized gains (losses)	(2.38)	(4.53)	19.79	(4.97)	3.94
Total from investment operations	(2.12)	(4.42)	20.11	(4.62)	4.34
Less distributions from:					
Net investment income	(0.08)	(0.18)	(0.24)	(0.45)	(0.26)
Net realized gains	(1.40)	(5.37)	(0.75)	(2.50)	(7.18)
Total distributions	(1.48)	(5.55)	(0.99)	(2.95)	(7.44)
Net asset value, end of year	\$46.86	\$50.46	\$60.43	\$41.31	\$48.88
Total return	(4.35)%	(8.05)%	49.22%	(10.27)%	11.06%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.24%	1.23%	1.25%	1.33%	1.31%
Expenses net of waiver and payments by affiliates	1.23% ^e	1.23% ^f	1.25% ^f	1.32% ^e	1.30% ^e
Net investment income	0.50%	0.21%	0.56% ^c	0.84%	0.85% ^d
Supplemental data					
Net assets, end of year (000's)	\$102,284	\$119,060	\$150,288	\$106,201	\$143,634
Portfolio turnover rate	68.74%	47.06%	52.76%	67.46%	57.84%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.15 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%.

^dNet 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%.

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

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

Franklin Small Cap Value Fund (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
Class R6					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$54.68	\$65.05	\$44.37	\$52.29	\$55.17
Income from investment operations ^a :					
Net investment income ^b	0.63	0.48	0.71 ^c	0.65	0.75 ^d
Net realized and unrealized gains (losses)	(2.60)	(4.89)	21.27	(5.27)	4.23
Total from investment operations	(1.97)	(4.41)	21.98	(4.62)	4.98
Less distributions from:					
Net investment income	(0.41)	(0.59)	(0.55)	(0.80)	(0.68)
Net realized gains	(1.40)	(5.37)	(0.75)	(2.50)	(7.18)
Total distributions	(1.81)	(5.96)	(1.30)	(3.30)	(7.86)
Net asset value, end of year	\$50.90	\$54.68	\$65.05	\$44.37	\$52.29
Total return	(3.72)%	(7.46)%	50.21%	(9.65)%	11.82%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.61%	0.62%	0.62%	0.68%	0.66%
Expenses net of waiver and payments by affiliates	0.59% ^e	0.59%	0.59%	0.64% ^e	0.61% ^e
Net investment income	1.14%	0.84%	1.15% ^c	1.47%	1.54% ^d
Supplemental data					
Net assets, end of year (000's)	\$1,225,364	\$1,248,367	\$1,336,020	\$510,946	\$362,397
Portfolio turnover rate	68.74%	47.06%	52.76%	67.46%	57.84%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.15 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%.

^dNet 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%.

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

Franklin Small Cap Value Fund (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
Advisor Class					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$54.76	\$65.13	\$44.44	\$52.36	\$55.19
Income from investment operations ^a :					
Net investment income ^b	0.55	0.41	0.63 ^c	0.58	0.67 ^d
Net realized and unrealized gains (losses)	(2.60)	(4.91)	21.30	(5.29)	4.24
Total from investment operations	(2.05)	(4.50)	21.93	(4.71)	4.91
Less distributions from:					
Net investment income	(0.33)	(0.50)	(0.49)	(0.71)	(0.56)
Net realized gains	(1.40)	(5.37)	(0.75)	(2.50)	(7.18)
Total distributions	(1.73)	(5.87)	(1.24)	(3.21)	(7.74)
Net asset value, end of year	\$50.98	\$54.76	\$65.13	\$44.44	\$52.36
Total return	(3.86)%	(7.59)%	49.98%	(9.81)%	11.61%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.74%	0.73%	0.75%	0.83%	0.81%
Expenses net of waiver and payments by affiliates	0.73% ^e	0.73% ^f	0.75% ^f	0.82% ^e	0.80% ^e
Net investment income	1.00%	0.71%	1.01% ^c	1.30%	1.35% ^d
Supplemental data					
Net assets, end of year (000's)	\$1,199,891	\$1,406,507	\$1,687,270	\$646,240	\$522,329
Portfolio turnover rate	68.74%	47.06%	52.76%	67.46%	57.84%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.15 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%.

^dNet 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%.

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

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

Schedule of Investments, October 31, 2023

Franklin Small Cap Value Fund

	Country	Shares	Value
Common Stocks 98.2%			
Aerospace & Defense 4.1%			
Melrose Industries plc	United Kingdom	6,328,808	\$36,027,406
QinetiQ Group plc	United Kingdom	15,158,531	60,972,340
^a Senior plc	United Kingdom	28,282,051	53,752,095
			150,751,841
Automobile Components 4.1%			
^b Adient plc	United States	2,200,895	74,148,152
^b Atmus Filtration Technologies, Inc.	United States	1,784,158	33,470,804
LCI Industries	United States	377,983	41,007,376
			148,626,332
Banks 13.7%			
Atlantic Union Bankshares Corp.	United States	438,080	12,621,085
^a Camden National Corp.	United States	782,909	22,829,626
Columbia Banking System, Inc.	United States	4,641,282	91,294,017
First Bancorp	United States	619,525	17,978,616
First Commonwealth Financial Corp.	United States	1,509,199	18,382,044
First Interstate BancSystem, Inc., A.	United States	3,100,200	71,521,614
German American Bancorp, Inc.	United States	779,192	21,295,317
Peoples Bancorp, Inc.	United States	1,175,143	32,410,444
Seacoast Banking Corp. of Florida	United States	1,185,277	23,954,448
SouthState Corp.	United States	1,372,248	90,705,593
TriCo Bancshares	United States	987,284	31,938,637
WSFS Financial Corp.	United States	1,888,687	66,859,520
			501,790,961
Building Products 5.0%			
Insteel Industries, Inc.	United States	441,343	12,317,883
^b Masonite International Corp.	United States	613,713	48,569,247
UFP Industries, Inc.	United States	907,664	86,382,383
Zurn Elkay Water Solutions Corp.	United States	1,379,792	36,509,296
			183,778,809
Capital Markets 0.8%			
Piper Sandler Cos.	United States	217,198	30,375,140
Chemicals 4.7%			
Ashland, Inc.	United States	170,531	13,067,791
Avient Corp.	United States	1,684,525	53,264,680
^{a,b} Elementis plc	United Kingdom	39,868,704	57,383,349
Olin Corp.	United States	198,050	8,460,696
Tronox Holdings plc	United States	3,631,196	38,817,485
			170,994,001
Commercial Services & Supplies 0.8%			
HNI Corp.	United States	840,678	29,163,120
Communications Equipment 0.7%			
^{a,b} Clearfield, Inc.	United States	1,060,093	25,463,434
Construction & Engineering 3.1%			
Primoris Services Corp.	United States	1,778,835	53,471,780
Stantec, Inc.	Canada	335,184	20,507,905
^b WillScot Mobile Mini Holdings Corp.	United States	970,023	38,228,606
			112,208,291
Construction Materials 0.1%			
^b Summit Materials, Inc., A.	United States	120,687	3,970,602

Franklin Small Cap Value Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Consumer Finance 0.1%			
Bread Financial Holdings, Inc.	United States	61,182	\$1,653,749
Diversified REITs 1.1%			
Alexander & Baldwin, Inc.	United States	2,558,721	40,427,792
Electric Utilities 0.8%			
IDACORP, Inc.	United States	319,478	30,257,761
Electrical Equipment 1.4%			
Regal Rexnord Corp.	United States	419,129	49,629,065
Electronic Equipment, Instruments & Components 3.3%			
Benchmark Electronics, Inc.	United States	1,597,302	38,670,681
^b Coherent Corp.	United States	325,923	9,647,321
CTS Corp.	United States	47,225	1,766,687
^{a,b} Knowles Corp.	United States	5,513,051	71,614,533
			121,699,222
Energy Equipment & Services 2.1%			
TechnipFMC plc	United Kingdom	3,559,134	76,592,564
Food Products 4.3%			
Glanbia plc	Ireland	7,082,195	111,495,275
Maple Leaf Foods, Inc.	Canada	2,341,736	46,621,958
			158,117,233
Health Care Equipment & Supplies 2.9%			
^b Envista Holdings Corp.	United States	1,976,450	45,991,992
^b Integer Holdings Corp.	United States	714,173	57,969,422
			103,961,414
Hotel & Resort REITs 1.3%			
Sunstone Hotel Investors, Inc.	United States	5,283,854	49,139,842
Hotels, Restaurants & Leisure 4.5%			
Boyd Gaming Corp.	United States	402,887	22,259,507
^b Brinker International, Inc.	United States	561,538	19,047,369
Dalata Hotel Group plc	Ireland	6,053,205	25,681,205
^b Hilton Grand Vacations, Inc.	United States	1,958,508	70,408,363
Jack in the Box, Inc.	United States	408,821	25,829,311
			163,225,755
Household Durables 1.1%			
Century Communities, Inc.	United States	140,017	8,611,046
^b M/I Homes, Inc.	United States	195,074	16,009,723
Meritage Homes Corp.	United States	99,007	11,288,778
^b Taylor Morrison Home Corp., A	United States	60,491	2,318,015
			38,227,562
Industrial REITs 0.3%			
STAG Industrial, Inc.	United States	294,289	9,776,281
Insurance 6.9%			
CNO Financial Group, Inc.	United States	3,110,233	72,095,201
Hanover Insurance Group, Inc. (The)	United States	875,351	102,599,891
^a Horace Mann Educators Corp.	United States	2,453,429	77,847,302
			252,542,394
Leisure Products 3.7%			
Brunswick Corp.	United States	377,080	26,195,747

Franklin Small Cap Value Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Leisure Products (continued)			
^b Mattel, Inc.	United States	5,689,860	\$108,562,529
			134,758,276
Machinery 3.2%			
^a Columbus McKinnon Corp.	United States	1,663,598	50,856,191
Mueller Water Products, Inc., A	United States	5,121,578	63,353,920
Timken Co. (The)	United States	25,937	1,792,765
			116,002,876
Metals & Mining 1.0%			
Commercial Metals Co.	United States	375,665	15,886,873
Ryerson Holding Corp.	United States	747,603	21,717,867
			37,604,740
Multi-Utilities 0.3%			
Black Hills Corp.	United States	235,110	11,367,569
Office REITs 1.0%			
Highwoods Properties, Inc.	United States	2,076,736	37,152,807
Oil, Gas & Consumable Fuels 6.0%			
Crescent Point Energy Corp.	Canada	16,863,686	135,220,789
^b Green Plains, Inc.	United States	2,832,934	83,231,601
			218,452,390
Paper & Forest Products 1.0%			
Louisiana-Pacific Corp.	United States	707,770	36,294,446
Professional Services 1.1%			
ICF International, Inc.	United States	17,928	2,272,015
Kforce, Inc.	United States	647,366	39,515,221
			41,787,236
Real Estate Management & Development 0.5%			
Colliers International Group, Inc.	Canada	211,402	19,180,503
Semiconductors & Semiconductor Equipment 2.7%			
^b Cohu, Inc.	United States	1,939,535	58,457,585
^b Onto Innovation, Inc.	United States	367,532	41,299,571
			99,757,156
Software 3.3%			
^{a,b} ACI Worldwide, Inc.	United States	5,822,554	118,605,425
Specialty Retail 0.8%			
^{a,b} Children's Place, Inc. (The)	United States	885,230	24,228,745
Group 1 Automotive, Inc.	United States	24,149	6,093,517
			30,322,262
Textiles, Apparel & Luxury Goods 1.3%			
Carter's, Inc.	United States	425,215	28,557,440
Dr. Martens plc	United Kingdom	13,922,778	19,735,809
			48,293,249
Trading Companies & Distributors 5.1%			
Herc Holdings, Inc.	United States	486,535	51,957,072

Franklin Small Cap Value Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Trading Companies & Distributors (continued)			
^a McGrath RentCorp	United States	1,342,988	\$135,104,593
			187,061,665
Total Common Stocks (Cost \$3,595,734,069)			3,589,013,765
 Short Term Investments 2.1%			
	Country	Shares	Value
Money Market Funds 2.1%			
^{c,d} Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	United States	76,597,843	76,597,843
Total Money Market Funds (Cost \$76,597,843)			76,597,843
Total Short Term Investments (Cost \$76,597,843)			76,597,843
Total Investments (Cost \$3,672,331,912) 100.3%			\$3,665,611,608
Other Assets, less Liabilities (0.3)%			(11,609,294)
Net Assets 100.0%			\$3,654,002,314

See Abbreviations on page 66.

^a See Note 7 regarding holdings of 5% voting securities.

^b Non-income producing.

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

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

Statements of Assets and Liabilities

October 31, 2023

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Assets:			
Investments in securities:			
Cost - Unaffiliated issuers	\$146,879,133	\$630,064,457	\$2,837,128,505
Cost - Non-controlled affiliates (Note 3f and 7)	3,026,861	33,756,988	835,203,407
Value - Unaffiliated issuers	\$188,790,174	\$668,453,289	\$2,951,328,472
Value - Non-controlled affiliates (Note 3f and 7)	3,026,861	33,756,988	714,283,136
Foreign currency, at value (cost \$—, \$226,648 and \$90,599, respectively)	—	226,773	90,104
Receivables:			
Investment securities sold	39,010	1,721,507	4,512,094
Capital shares sold	146,457	294,711	4,203,898
Dividends	917	815,530	665,178
Total assets	192,003,419	705,268,798	3,675,082,882
Liabilities:			
Payables:			
Investment securities purchased	—	5,804,928	7,575,821
Capital shares redeemed	153,751	662,735	9,987,791
Management fees	125,567	283,583	1,722,012
Distribution fees	30,278	142,883	322,137
Transfer agent fees	46,871	175,385	1,268,252
Professional fees	59,396	72,254	60,980
Trustees' fees and expenses	1,344	5,431	26,828
Accrued expenses and other liabilities	7,658	52,794	116,747
Total liabilities	424,865	7,199,993	21,080,568
Net assets, at value	\$191,578,554	\$698,068,805	\$3,654,002,314
Net assets consist of:			
Paid-in capital	\$139,189,788	\$654,716,221	\$3,517,940,272
Total distributable earnings (losses)	52,388,766	43,352,584	136,062,042
Net assets, at value	\$191,578,554	\$698,068,805	\$3,654,002,314

Statements of Assets and Liabilities (continued)

October 31, 2023

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Class A:			
Net assets, at value	\$139,369,887	\$607,753,987	\$1,076,436,252
Shares outstanding	5,405,047	20,182,881	22,637,695
Net asset value per share ^a	\$25.79	\$30.11	\$47.55
Maximum offering price per share (net asset value per share + 94.50%)	\$27.29	\$31.86	\$50.32
Class C:			
Net assets, at value	\$—	\$10,359,070	\$50,026,829
Shares outstanding	—	364,856	1,267,117
Net asset value and maximum offering price per share ^a	\$—	\$28.39	\$39.48
Class R:			
Net assets, at value	\$—	\$4,922,295	\$102,284,066
Shares outstanding	—	162,704	2,182,976
Net asset value and maximum offering price per share	\$—	\$30.25	\$46.86
Class R6:			
Net assets, at value	\$15,228,463	\$31,789,664	\$1,225,364,394
Shares outstanding	577,060	1,004,245	24,073,836
Net asset value and maximum offering price per share	\$26.39	\$31.66	\$50.90
Advisor Class:			
Net assets, at value	\$36,980,204	\$43,243,789	\$1,199,890,773
Shares outstanding	1,413,958	1,361,476	23,536,439
Net asset value and maximum offering price per share	\$26.15	\$31.76	\$50.98

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

Statements of Operations

for the year ended October 31, 2023

	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 \$30,948, \$91,647 and \$1,240,478, respectively)			
Unaffiliated issuers	\$3,691,569	\$15,500,310	\$58,571,016
Non-controlled affiliates (Note 3f and 7)	334,370	1,949,213	12,069,754
Total investment income.	4,025,939	17,449,523	70,640,770
Expenses:			
Management fees (Note 3a)	1,685,485	3,800,276	22,268,173
Distribution fees: (Note 3c)			
Class A	369,409	1,714,952	3,089,883
Class C	—	135,260	624,467
Class R	—	27,634	590,975
Transfer agent fees: (Note 3e)			
Class A	192,437	852,694	2,076,533
Class C	—	16,829	104,866
Class R	—	6,870	198,587
Class R6	15,958	18,659	505,721
Advisor Class	58,583	59,296	2,282,282
Custodian fees (Note 4)	2,104	8,490	77,785
Reports to shareholders fees	10,058	30,160	173,870
Registration and filing fees	49,535	104,370	178,216
Professional fees	133,716	149,473	144,050
Trustees' fees and expenses	19,671	57,040	274,140
Other	8,787	21,102	95,185
Total expenses	2,545,743	7,003,105	32,684,733
Expense reductions (Note 4)	(79)	(341)	(5,633)
Expenses waived/paid by affiliates (Note 3f and 3g)	(36,537)	(167,710)	(511,298)
Net expenses	2,509,127	6,835,054	32,167,802
Net investment income	1,516,812	10,614,469	38,472,968
Realized and unrealized gains (losses):			
Net realized gain (loss) from:			
Investments:			
Unaffiliated issuers	12,070,267	1,806,410	209,320,297
Non-controlled affiliates (Note 3f and 7)	—	—	(50,611,707)
Foreign currency transactions	(1,175)	24,943	61,590
Net realized gain (loss)	12,069,092	1,831,353	158,770,180
Net change in unrealized appreciation (depreciation) on:			
Investments:			
Unaffiliated issuers	(15,546,751)	(29,359,503)	(310,870,381)
Non-controlled affiliates (Note 3f and 7)	—	—	(26,668,879)
Translation of other assets and liabilities denominated in foreign currencies	—	1,667	4,031
Net change in unrealized appreciation (depreciation)	(15,546,751)	(29,357,836)	(337,535,229)
Net realized and unrealized gain (loss)	(3,477,659)	(27,526,483)	(178,765,049)
Net increase (decrease) in net assets resulting from operations	\$(1,960,847)	\$(16,912,014)	\$(140,292,081)

Statements of Changes in Net Assets

	Franklin MicroCap Value Fund		Franklin Mutual U.S. Mid Cap Value Fund	
	Year Ended October 31, 2023	Year Ended October 31, 2022	Year Ended October 31, 2023	Year Ended October 31, 2022
Increase (decrease) in net assets:				
Operations:				
Net investment income	\$1,516,812	\$1,101,782	\$10,614,469	\$9,268,555
Net realized gain (loss)	12,069,092	13,519,892	1,831,353	32,462,404
Net change in unrealized appreciation (depreciation)	(15,546,751)	(19,159,042)	(29,357,836)	(116,245,965)
Net increase (decrease) in net assets resulting from operations.	(1,960,847)	(4,537,368)	(16,912,014)	(74,515,006)
Distributions to shareholders:				
Class A.	(8,541,841)	(21,286,656)	(29,741,114)	(96,583,319)
Class C.	—	—	(544,896)	(2,428,978)
Class R.	—	—	(222,649)	(760,276)
Class R6.	(1,655,076)	(3,358,927)	(1,629,920)	(4,793,006)
Advisor Class	(2,737,837)	(5,166,227)	(2,058,722)	(6,492,610)
Total distributions to shareholders	(12,934,754)	(29,811,810)	(34,197,301)	(111,058,189)
Capital share transactions: (Note 2)				
Class A.	4,202,003	8,510,330	(36,585,914)	59,910,867
Class C.	—	—	(4,277,447)	(532,442)
Class R.	—	—	(145,538)	305,628
Class R6.	(8,300,169)	6,135,424	(2,537,069)	5,072,393
Advisor Class	(4,591,114)	11,699,630	(177,291)	819,051
Total capital share transactions	(8,689,280)	26,345,384	(43,723,259)	65,575,497
Net increase (decrease) in net assets	(23,584,881)	(8,003,794)	(94,832,574)	(119,997,698)
Net assets:				
Beginning of year	215,163,435	223,167,229	792,901,379	912,899,077
End of year	\$191,578,554	\$215,163,435	\$698,068,805	\$792,901,379

Statements of Changes in Net Assets (continued)

	Franklin Small Cap Value Fund	
	Year Ended October 31, 2023	Year Ended October 31, 2022
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$38,472,968	\$27,714,095
Net realized gain (loss)	158,770,180	126,095,925
Net change in unrealized appreciation (depreciation)	(337,535,229)	(503,752,410)
Net increase (decrease) in net assets resulting from operations	(140,292,081)	(349,942,390)
Distributions to shareholders:		
Class A	(39,189,566)	(144,535,579)
Class C	(2,197,068)	(9,999,178)
Class R	(3,524,991)	(13,461,304)
Class R6	(41,658,770)	(123,172,938)
Advisor Class	(43,515,807)	(150,020,873)
Total distributions to shareholders	(130,086,202)	(441,189,872)
Capital share transactions: (Note 2)		
Class A	(111,212,666)	(45,290,914)
Class C	(14,573,606)	(13,371,033)
Class R	(8,815,609)	(6,656,943)
Class R6	67,158,340	134,520,650
Advisor Class	(119,959,955)	(17,417,388)
Total capital share transactions	(187,403,496)	51,784,372
Net increase (decrease) in net assets	(457,781,779)	(739,347,890)
Net assets:		
Beginning of year	4,111,784,093	4,851,131,983
End of year	\$3,654,002,314	\$4,111,784,093

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). The Funds follow the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, Financial Services – Investment Companies (ASC 946) and apply the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP), including, but not limited to, ASC 946. The 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
Franklin Small Cap Value Fund

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, 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 4 p.m. Eastern time. In order to minimize the potential for

1. Organization and Significant Accounting Policies

(continued)

a. Financial Instrument Valuation (continued)

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, 2023, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

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

b. Foreign Currency Translation

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

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

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

c. Income and Deferred Taxes

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

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

Each Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of October 31, 2023, each Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

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

1. Organization and Significant Accounting Policies

(continued)

d. Security Transactions, Investment Income, Expenses and Distributions (continued)

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, 2023, 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
Class A Shares:				
Year ended October 31, 2023				
Shares sold ^a	1,035,751	\$27,659,059	2,557,243	\$82,248,404
Shares issued in reinvestment of distributions	316,722	8,336,842	880,190	28,029,634
Shares redeemed	(1,196,201)	(31,793,898)	(4,569,748)	(146,863,952)
Net increase (decrease)	156,272	\$4,202,003	(1,132,315)	\$(36,585,914)
Year ended October 31, 2022				
Shares sold ^a	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
Class C Shares:				
Year ended October 31, 2023				
Shares sold	—	\$—	92,322	\$2,772,546
Shares issued in reinvestment of distributions	—	—	18,066	543,938
Shares redeemed ^a	—	—	(250,836)	(7,593,931)
Net increase (decrease)	—	\$—	(140,448)	\$(4,277,447)
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 ^a	—	—	(233,366)	(7,561,090)
Net increase (decrease)	—	\$—	(22,432)	\$(532,442)
Class R Shares:				
Year ended October 31, 2023				
Shares sold	—	\$—	28,352	\$916,376
Shares issued in reinvestment of distributions	—	—	6,950	222,649
Shares redeemed	—	—	(39,524)	(1,284,563)
Net increase (decrease)	—	\$—	(4,222)	\$(145,538)
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

2. Shares of Beneficial Interest (continued)

	Franklin MicroCap Value Fund		Franklin Mutual U.S. Mid Cap Value Fund	
	Shares	Amount	Shares	Amount
Class R6 Shares:				
Year ended October 31, 2023				
Shares sold	738,670	\$20,542,994	170,034	\$5,757,995
Shares issued in reinvestment of distributions	16,894	455,015	48,606	1,623,689
Shares redeemed	(1,085,732)	(29,298,178)	(291,065)	(9,918,753)
Net increase (decrease)	(330,168)	\$(8,300,169)	(72,425)	\$(2,537,069)
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
Advisor Class Shares:				
Year ended October 31, 2023				
Shares sold	552,788	\$15,298,860	231,598	\$7,993,826
Shares issued in reinvestment of distributions	100,780	2,690,820	60,145	2,016,897
Shares redeemed	(845,417)	(22,580,794)	(300,970)	(10,188,014)
Net increase (decrease)	(191,849)	\$(4,591,114)	(9,227)	\$(177,291)
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
Franklin Small Cap Value Fund				
	Shares	Amount		
Class A Shares:				
Year ended October 31, 2023				
Shares sold ^a	1,910,538	\$96,806,978		
Shares issued in reinvestment of distributions	753,095	37,409,030		
Shares redeemed	(4,818,249)	(245,428,674)		
Net increase (decrease)	(2,154,616)	\$(111,212,666)		
Year ended October 31, 2022				
Shares sold ^a	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)		

2. Shares of Beneficial Interest (continued)

	Franklin Small Cap Value Fund	
	Shares	Amount
Class C Shares:		
Year ended October 31, 2023		
Shares sold	186,548	\$7,856,284
Shares issued in reinvestment of distributions	50,791	2,103,768
Shares redeemed ^a	(578,539)	(24,533,658)
Net increase (decrease)	(341,200)	\$(14,573,606)
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 ^a	(625,299)	(28,180,211)
Net increase (decrease)	(305,534)	\$(13,371,033)
Class R Shares:		
Year ended October 31, 2023		
Shares sold	420,223	\$21,360,196
Shares issued in reinvestment of distributions	71,808	3,518,304
Shares redeemed	(668,686)	(33,694,109)
Net increase (decrease)	(176,655)	\$(8,815,609)
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)
Class R6 Shares:		
Year ended October 31, 2023		
Shares sold	6,931,820	\$378,123,120
Shares issued in reinvestment of distributions	703,602	37,332,152
Shares redeemed	(6,391,812)	(348,296,932)
Net increase (decrease)	1,243,610	\$67,158,340
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

2. Shares of Beneficial Interest (continued)

	Franklin Small Cap Value Fund	
	Shares	Amount
Advisor Class Shares:		
Year ended October 31, 2023		
Shares sold	4,515,231	\$247,071,979
Shares issued in reinvestment of distributions	725,949	38,607,884
Shares redeemed	(7,391,567)	(405,639,818)
Net increase (decrease)	(2,150,387)	\$(119,959,955)
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)

*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, 2023, 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%	0.482%	0.546%

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
Class A	0.25%	0.25%	0.35%
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	\$33,332	\$38,578	\$30,704
CDSC retained	\$234	\$6,646	\$3,066

e. Transfer Agent Fees

Each class of shares pays transfer agent fees, calculated monthly and paid monthly, to Investor Services for its performance of shareholder servicing obligations. Effective October 1, 2023, the fees are based on a fixed margin earned by Investor Services and are allocated to the Funds based upon relative assets and relative transactions. Prior to October 1, 2023, the fees were based on an annualized asset based fee of 0.016% 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 paid to third parties are accrued and allocated daily based upon their relative proportion of such classes' aggregate net assets. Class R6 pays Investor Services transfer agent fees allocated specifically to that class based upon its relative assets and relative transactions.

For the year ended October 31, 2023, the Funds paid transfer agent fees as noted in the Statements of Operations of which the following amounts were retained by Investor Services:

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Transfer agent fees	\$115,482	\$361,221	\$1,774,011

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, 2023, 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
Franklin MicroCap Value Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	\$20,193,831	\$68,365,185	\$(85,532,155)	\$—	\$—	\$3,026,861	3,026,861	\$334,370
Total Affiliated Securities . . .	\$20,193,831	\$68,365,185	\$(85,532,155)	\$—	\$—	\$3,026,861		\$334,370
Franklin Mutual U.S. Mid Cap Value Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	\$30,561,198	\$253,590,443	\$(250,394,653)	\$—	\$—	\$33,756,988	33,756,988	\$1,949,213
Total Affiliated Securities . . .	\$30,561,198	\$253,590,443	\$(250,394,653)	\$—	\$—	\$33,756,988		\$1,949,213
Franklin Small Cap Value Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	\$139,833,283	\$1,071,737,995	\$(1,134,973,435)	\$—	\$—	\$76,597,843	76,597,843	\$4,695,031
Total Affiliated Securities . . .	\$139,833,283	\$1,071,737,995	\$(1,134,973,435)	\$—	\$—	\$76,597,843		\$4,695,031

g. Waiver and Expense Reimbursements

Transfer agent fees on Class R6 shares of the Funds have been capped so that transfer agent fees for that class 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 previously 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, 2023, the custodian fees were reduced as noted in the Statements of Operations. For Franklin MicroCap Value Fund and Franklin Small Cap Value Fund, effective July 10, 2023, earned credits, if any, will be recognized as income. For Franklin Mutual U.S. Mid Cap Value Fund, effective September 21, 2023, earned credits, if any, will be recognized as income.

5. Income Taxes

The tax character of distributions paid during the years ended October 31, 2023 and 2022, was as follows:

	Franklin MicroCap Value Fund		Franklin Mutual U.S. Mid Cap Value Fund	
	2023	2022	2023	2022
Distributions paid from:				
Ordinary income	\$1,287,244	\$3,689,425	\$8,227,494	\$10,073,617
Long term capital gain	11,647,510	26,122,385	25,969,807	100,984,572
	\$12,934,754	\$29,811,810	\$34,197,301	\$111,058,189
	Franklin Small Cap Value Fund			
	2023	2022		
Distributions paid from:				
Ordinary income	\$23,113,823	\$235,196,624		
Long term capital gain	106,972,379	205,993,248		
	\$130,086,202	\$441,189,872		

At October 31, 2023, 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	\$150,342,908	\$674,610,239	\$3,700,838,074
Unrealized appreciation.	\$54,913,523	\$79,655,244	\$419,286,012
Unrealized depreciation.	(13,439,396)	(52,055,206)	(454,512,478)
Net unrealized appreciation (depreciation).	\$41,474,127	\$27,600,038	\$(35,226,466)
Distributable earnings:			
Undistributed ordinary income.	\$1,501,584	\$7,330,271	\$90,465,370
Undistributed long term capital gains.	\$9,413,056	\$8,420,848	\$80,839,631
Total distributable earnings	\$10,914,640	\$15,751,119	\$171,305,001

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

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, 2023, were as follows:

	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Purchases	\$70,284,308	\$480,221,740	\$2,734,283,260
Sales	\$73,886,882	\$542,183,116	\$2,956,364,336

7. 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, 2023, investments in "affiliated companies" were as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income	Dividends
Franklin Small Cap Value Fund									
Non-Controlled Affiliates									
ACI Worldwide Inc	\$111,134,720	\$46,340,761	\$(14,446,936)	\$(9,731,480)	\$(14,691,640)	\$118,605,425	5,822,554	—	\$—
Benchmark Electronics, Inc.	72,807,149	—	(25,155,315)	(2,830,676)	— ^a	— ^a	— ^a	618,438	—
Brinker International, Inc.	81,893,483	13,066,065	(80,939,173)	168,288	— ^a	— ^a	— ^a	—	—
Camden National Corp .	28,416,993	4,811,115	—	—	(10,398,482)	22,829,626	782,909	1,217,449	—
Children's Place Inc. (The)	35,834,110	—	—	—	(11,605,365)	24,228,745	885,230	—	—
Clearfield Inc.	—	46,409,235	—	—	(20,945,801)	25,463,434	1,060,093	—	—
Columbus McKinnon Corp.	8,604,142	47,017,181	—	—	(4,765,132)	50,856,191	1,663,598	303,973	—
Denny's Corp.	42,995,424	—	(45,468,218)	(1,339,408)	3,812,202	— ^b	—	—	—
Elementis plc	33,707,697	10,432,994	—	—	13,242,658	57,383,349	39,868,704	—	—
Great Lakes Dredge & Dock Corp.	29,489,239	—	(25,069,840)	(31,690,386)	27,270,987	— ^b	—	—	—
Green Plains, Inc.	84,898,985	35,402,437	(33,713,167)	(5,265,039)	— ^a	— ^a	— ^a	—	—
Horace Mann Educators Corp.	72,681,098	21,023,597	(4,041,598)	(600,603)	(11,215,192)	77,847,302	2,453,429	2,418,805	—
Hunting plc	28,146,395	—	(25,776,233)	(11,527,043)	9,156,881	— ^b	—	285,736	—
Knowles Corp	62,531,590	29,252,905	(13,240,128)	(2,749,336)	(4,180,498)	71,614,533	5,513,051	—	—
McGrath RentCorp.	132,308,599	38,776,880	(47,485,456)	8,508,856	2,995,714	135,104,593	1,342,988	2,214,270	—
NetScout Systems, Inc..	129,284,413	11,155,490	(117,169,248)	6,445,120	—	— ^b	—	—	—
Senior plc.	—	59,097,306	—	—	(5,345,211)	53,752,095	28,282,051	316,052	—
Total Affiliated Securities (Value is 17.5% of Net Assets).	\$954,734,037	\$362,785,966	\$(432,505,312)	\$(50,611,707)	\$(26,668,879)	\$637,685,293			\$7,374,723

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

^aAs of October 31, 2023, no longer an affiliate.

^bAs of October 31, 2023, no longer held by the fund.

8. Credit Facility

The Funds, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matures on February 2, 2024. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Funds shall, in addition to interest charged on any borrowings made by the Funds and other costs incurred by the Funds, pay their share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon their relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statements of Operations. During the year ended October 31, 2023, the Funds did not use the Global Credit Facility.

9. Fair Value Measurements

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

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

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

A summary of inputs used as of October 31, 2023, in valuing the Funds' assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin MicroCap Value Fund				
Assets:				
Investments in Securities: ^a				
Common Stocks	\$188,790,174	\$—	\$—	\$188,790,174
Short Term Investments	3,026,861	—	—	3,026,861
Total Investments in Securities	\$191,817,035	\$—	\$—	\$191,817,035
Franklin Mutual U.S. Mid Cap Value Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	21,411,580	20,168,525	—	41,580,105
Automobile Components	11,703,574	8,184,063	—	19,887,637
Banks	28,200,424	—	—	28,200,424
Broadline Retail	11,884,062	—	—	11,884,062
Building Products	15,411,643	—	—	15,411,643
Chemicals	34,115,705	—	—	34,115,705

9. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Mutual U.S. Mid Cap Value Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Commercial Services & Supplies	\$11,759,627	\$—	\$—	\$11,759,627
Construction & Engineering	14,789,154	—	—	14,789,154
Consumer Finance	11,146,559	—	—	11,146,559
Containers & Packaging	11,501,593	—	—	11,501,593
Electric Utilities	44,938,908	—	—	44,938,908
Electrical Equipment	9,384,348	—	—	9,384,348
Electronic Equipment, Instruments & Components	13,998,059	—	—	13,998,059
Energy Equipment & Services	31,503,736	—	—	31,503,736
Financial Services	34,775,863	—	—	34,775,863
Food Products	12,364,598	—	—	12,364,598
Health Care Equipment & Supplies	16,569,481	—	—	16,569,481
Health Care Providers & Services	19,259,286	6,668,286	—	25,927,572
Household Durables	12,677,292	—	—	12,677,292
Independent Power and Renewable Electricity Producers	13,812,523	—	—	13,812,523
Insurance	31,356,928	—	—	31,356,928
Interactive Media & Services	6,810,906	—	—	6,810,906
Life Sciences Tools & Services	4,708,114	—	—	4,708,114
Machinery	13,574,781	—	—	13,574,781
Media	12,412,607	—	—	12,412,607
Metals & Mining	4,915,137	—	—	4,915,137
Oil, Gas & Consumable Fuels	19,206,391	—	—	19,206,391
Personal Care Products	13,845,319	—	—	13,845,319
Pharmaceuticals	—	9,944,135	—	9,944,135
Professional Services	37,094,036	—	—	37,094,036
Real Estate Management & Development	23,750,185	—	—	23,750,185
Retail REITs	16,572,707	—	—	16,572,707
Semiconductors & Semiconductor Equipment	8,341,337	—	—	8,341,337
Software	10,713,063	—	—	10,713,063
Specialized REITs	10,303,193	—	—	10,303,193
Specialty Retail	8,554,610	—	—	8,554,610
Trading Companies & Distributors	20,120,951	—	—	20,120,951
Short Term Investments	33,756,988	—	—	33,756,988
Total Investments in Securities	\$657,245,268	\$44,965,009 ^p	\$—	\$702,210,277
Franklin Small Cap Value Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	114,724,435	36,027,406	—	150,751,841
Automobile Components	148,626,332	—	—	148,626,332
Banks	501,790,961	—	—	501,790,961
Building Products	183,778,809	—	—	183,778,809
Capital Markets	30,375,140	—	—	30,375,140
Chemicals	113,610,652	57,383,349	—	170,994,001
Commercial Services & Supplies	29,163,120	—	—	29,163,120
Communications Equipment	25,463,434	—	—	25,463,434
Construction & Engineering	112,208,291	—	—	112,208,291
Construction Materials	3,970,602	—	—	3,970,602
Consumer Finance	1,653,749	—	—	1,653,749
Diversified REITs	40,427,792	—	—	40,427,792
Electric Utilities	30,257,761	—	—	30,257,761
Electrical Equipment	49,629,065	—	—	49,629,065

9. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Small Cap Value Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Electronic Equipment, Instruments & Components	\$121,699,222	\$—	\$—	\$121,699,222
Energy Equipment & Services	76,592,564	—	—	76,592,564
Food Products	158,117,233	—	—	158,117,233
Health Care Equipment & Supplies	103,961,414	—	—	103,961,414
Hotel & Resort REITs	49,139,842	—	—	49,139,842
Hotels, Restaurants & Leisure	163,225,755	—	—	163,225,755
Household Durables	38,227,562	—	—	38,227,562
Industrial REITs	9,776,281	—	—	9,776,281
Insurance	252,542,394	—	—	252,542,394
Leisure Products	134,758,276	—	—	134,758,276
Machinery	116,002,876	—	—	116,002,876
Metals & Mining	37,604,740	—	—	37,604,740
Multi-Utilities	11,367,569	—	—	11,367,569
Office REITs	37,152,807	—	—	37,152,807
Oil, Gas & Consumable Fuels	218,452,390	—	—	218,452,390
Paper & Forest Products	36,294,446	—	—	36,294,446
Professional Services	41,787,236	—	—	41,787,236
Real Estate Management & Development	19,180,503	—	—	19,180,503
Semiconductors & Semiconductor Equipment	99,757,156	—	—	99,757,156
Software	118,605,425	—	—	118,605,425
Specialty Retail	30,322,262	—	—	30,322,262
Textiles, Apparel & Luxury Goods	28,557,440	19,735,809	—	48,293,249
Trading Companies & Distributors	187,061,665	—	—	187,061,665
Short Term Investments	76,597,843	—	—	76,597,843
Total Investments in Securities	\$3,552,465,044	\$113,146,564 ^c	\$—	\$3,665,611,608

^aFor detailed categories, see the accompanying Schedule of Investments.

^bIncludes foreign securities valued at \$44,965,009, 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.

^cIncludes foreign securities valued at \$113,146,564, 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.

10. Subsequent Events

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

Abbreviations

Selected Portfolio

REIT Real Estate Investment Trust

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

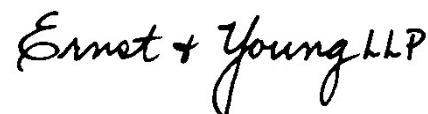
We have audited the accompanying statements of assets and liabilities of Franklin Value Investors Trust (the "Trust") (comprising Franklin MicroCap Value Fund, Franklin Mutual U.S. Mid Cap Value Fund, and Franklin Small Cap Value Fund (collectively referred to as the "Funds")), including the schedules of investments, as of October 31, 2023, 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, 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, 2023, the results of their operations for the year then ended, changes in their net assets for each of the two years in the period then ended, and their 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 Trust's 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 Trust 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 Trust is not required to have, nor were we engaged to perform, an audit of the Trust's 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 Trust's 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, 2023, by correspondence with the custodian, brokers and others; when replies were not received from brokers and others, 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.



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

Boston, Massachusetts
December 15, 2023

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 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 its fiscal year.

The Funds hereby report the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended October 31, 2023:

	Pursuant to:	Franklin MicroCap Value Fund	Franklin Mutual U.S. Mid Cap Value Fund	Franklin Small Cap Value Fund
Long-Term Capital Gain Dividends Distributed	§852(b)(3)(C)	\$14,546,675	\$26,196,551	\$115,049,273
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	\$3,035,485	\$12,141,564	\$45,651,287
Qualified Dividend Income Earned (QDI)	§854(b)(1)(B)	\$3,241,805	\$14,552,337	\$60,705,584
Short-Term Capital Gain Dividends Distributed	§871(k)(2)(C)	\$373,536	—	\$6,974,599

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 ¹	Other Directorships Held During at Least the Past 5 Years
Edward I. Altman, Ph.D. (1941) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2015	10	None
Principal Occupation During at Least the Past 5 Years: 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 formerly , Vice Director, Salomon Center, Stern School of Business, New York University.				
Ann Torre Bates (1958) One Franklin Parkway San Mateo, CA 94403-1906	Trustee and Chairperson	Chairperson of the Board since 2020 and Trustee since 2015	29	Ares Strategic Income Fund (closed-end investment company) (September 2022-present); Ares Capital Corporation (specialty finance company) (2010-present), United Natural Foods, Inc. (distributor of natural, organic and specialty foods) (2013-present); and formerly , Navient Corporation (loan management, servicing and asset recovery) (2014-2016).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , 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).				
Jan Hopkins Trachtman (1947) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2015	10	FTAC Parnassus Acquisition Corp. (special purpose fintech acquisition company) (2021-2023); FTAC Olympus Acquisition Corp. (special purpose fintech acquisition company) (2020-2022) and FinTech Acquisition Corp. III (special purpose fintech acquisition company) (2018-2021).
Principal Occupation During at Least the Past 5 Years: President and Founder, The Jan Hopkins Group (communications consulting firm); serves on Alumni Advisory Board of Knight Bagehot Fellowship; and formerly , 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.				
Keith E. Mitchell (1954) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2015	10	None
Principal Occupation During at Least the Past 5 Years: Director of various boards of asset management firms; and formerly , Managing Member, Mitchell, Hartley & Bechtel Advisers, LLC (formerly , 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 ¹	Other Directorships Held During at Least the Past 5 Years
David W. Niemiec (1949) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2011	29	Hess Midstream LP (oil and gas midstream infrastructure) (2017-present).
Principal Occupation During at Least the Past 5 Years: Advisor, Saratoga Partners (private equity fund); and formerly , 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).				
Gregory H. Williams (1943) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2008	10	None
Principal Occupation During at Least the Past 5 Years: Private investor; Consultant; and formerly , 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).				
Valerie M. Williams (1956) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since January 2023	109	Omnicom Group, Inc. (advertising and marketing communications services) (2016-present), DTE Energy Co. (gas and electric utility) (2018-present), Devon Energy Corporation (exploration and production of oil and gas) (2021-present); and formerly , WPX Energy, Inc. (exploration and production of oil and gas) (2018-2021).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Regional Assurance Managing Partner, Ernst & Young LLP (public accounting) (2005-2016) and various roles of increasing responsibility at Ernst & Young (1981-2005).				

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member ¹	Other Directorships Held During at Least the Past 5 Years
Gregory E. Johnson² (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2015	128	None
Principal Occupation During at Least the Past 5 Years: Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex; Vice Chairman, Investment Company Institute; and formerly , Chief Executive Officer (2013-2020) and President (1994-2015) Franklin Resources, Inc.				
Jennifer M. Johnson³ (1964) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2015	73	None
Principal Occupation During at Least the Past 5 Years: 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 formerly , 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).				

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 ¹	Other Directorships Held During at Least the Past 5 Years
Ted P. Becker (1951) 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since June 2023	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Vice President, Global Compliance of Franklin Templeton (since 2020); Chief Compliance Officer of Franklin Templeton Fund Adviser, LLC (since 2006); Chief Compliance Officer of certain funds associated with Legg Mason & Co. or its affiliates (since 2006); formerly , Director of Global Compliance at Legg Mason (2006 to 2020); Managing Director of Compliance of Legg Mason & Co. (2005 to 2020).				
Christian K. Correa (1973) 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
Principal Occupation During at Least the Past 5 Years: President, Franklin Mutual Advisers, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and formerly , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 1989	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Susan Kerr (1949) 280 Park Avenue New York, NY 10017	Vice President – AML Compliance	Since 2021	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Compliance Analyst, Franklin Templeton; Chief Anti-Money Laundering Compliance Officer, Legg Mason & Co., or its affiliates; Anti Money Laundering Compliance Officer; Senior Compliance Officer, LMIS; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Christopher Kings (1974) One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 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.				

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 ¹	Other Directorships Held During at Least the Past 5 Years
Alexander Y. Kymn (1973) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Secretary	Since May 2023	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:

Associate General Counsel, Franklin Templeton; officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and **formerly**, Senior Counsel, Wells Fargo (banking) and officer of certain funds in Wells Fargo complex (2018-2019).

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.

1. 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.

2. 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.

3. 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, which is the parent company of the Fund's investment manager and distributor.

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 an in-person meeting held on May 23, 2023, unanimously approved the renewal of each 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 Funds, 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 each 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 each 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 Funds' investment policies and restrictions. During the renewal process, the independent trustees considered the investment manager's methods of operation within the FT 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 Funds to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements.

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 each Fund's investment performance and expenses with those of other mutual funds deemed comparable to such 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 each Fund and how such instruments are used to carry out each 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 Funds 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 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 each Fund's disciplined value investment approach and its long-term relationship with each Fund as reasons that shareholders choose to invest, and remain invested, in the Funds. The trustees reviewed each Fund's portfolio management team, including its performance, staffing, skills and compensation program. With respect to portfolio manager compensation, management assured the trustees that each 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 Funds. 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 each 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 the Funds' 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 dividends from any of the Funds 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 each 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 the Funds' 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 each 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 each Fund and its shareholders and were confident in the abilities of the management team to continue the disciplined value investment approach of each Fund and to provide quality services to such Fund and its shareholders.

INVESTMENT PERFORMANCE. The trustees reviewed and placed significant emphasis on the investment performance of the Funds over the one-, three-, five- and 10-year periods ended December 31, 2022. They considered the history of performance of each 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 each Fund's portfolio managers to discuss performance and the management of such 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 Funds. 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 each Fund (Class A shares) in comparison to other funds determined comparable by Lipper.

Franklin Mutual U.S. Mid Cap Value Fund. The comparable funds to the Fund, as chosen by Lipper, included all retail and institutional mid-cap value funds. The Fund had total returns in the middle performing quintile for the one-year period ended December 31, 2022, and had annualized total returns for the three- and five-year periods in the second-lowest performing quintiles. The trustees noted that the Fund's total return on an annualized basis for the 10-year period ended December 31, 2022 was 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, 2022. The Board was encouraged by improved performance in recent years and did not believe that any changes with respect to the Fund were warranted at the time, particularly in light of 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 best performing quintile for the one-year period ended December 31, 2022, had annualized total returns for the three-year period in the second-best performing quintile, and had annualized total returns for the five-year period in the middle performing quintile. The trustees noted that the Fund's total return on an annualized basis for the 10-year period ended December 31, 2022 was in the second-

lowest performing quintile. The trustees discussed with management the reasons for the relative underperformance for the 10-year periods ended December 31, 2022. Taking into account such discussions, 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 performed well in comparison to its various benchmarks and in the context of the Fund's goals.

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 middle performing quintile for the one-year period ended December 31, 2022, had annualized total returns for the three-year period in the second-lowest 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, 2022 was in the middle performing quintile. The trustees discussed with management the reasons for the relative underperformance for the three-year periods ended December 31, 2022. Taking into account such discussions, 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 performed well in comparison to its various benchmarks and in the context of the Fund's goals.

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 each 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 each Fund's expense ratios (or components thereof). In considering the appropriateness of the management fee and other expenses charged to each Fund, the Board took into account various factors including investment performance and matters relating to Funds' 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 each 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 each 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 such Fund, as well as the actual total expenses of each 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 each Fund's 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 also 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 second-most expensive 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 each Fund's investment manager and its affiliates, from providing investment management and other services to each 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 each 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 each 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 each Fund in determining its profitability.

The Board also took into account management's expenditures in improving shareholder services provided to each 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 the Funds' operations, including those derived from economies of scale, discussed below, the allocation of each Fund's 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 each 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 Funds grow larger and the extent to which they are shared with the Funds' 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 Funds 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. Except for

the Franklin MicroCap Value Fund, the trustees also noted that benefits of economies of scale will be shared with each Fund shareholders due to the decline in the effective investment management fee rate as breakpoints are achieved by such Fund.

The fee structure under the investment management agreement for the Franklin MicroCap Value 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 \$218 million as of April 30, 2023, 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.

Other than the Franklin MicroCap Value Fund, the trustees noted that breakpoints had been instituted as part of the Funds' investment management fee and that the Board regularly evaluates whether additional breakpoints are appropriate. For Franklin US Mid Cap Value Fund and Franklin Small Cap Value Fund, 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 each 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 each 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 2023, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2022. 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. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly 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.

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

Householding of Reports and Prospectuses

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

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

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



Annual Report and Shareholder Letter
Franklin Value Investors Trust

Investment Manager
Franklin Mutual Advisers, LLC

Distributor
Franklin Distributors, LLC
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Shareholder Services
(800) 632-2301