FRANKLIN TEMPLETON INVESTMENTS

Franklin All Cap Value Fund—Class A

Product Profile Second Quarter 2015

FUND CHARACTERISTICS (AS OF 6/30/15)

NASDAQ Symbol	FRAVX
Fund Inception Date	6/1/07
Dividends	Annually in December
Investment Style	Value
Benchmark	Russell 3000 Value Index
Lipper Classification	Multi-Cap Value Funds
Morningstar Category™	Mid-Cap Value
Total Net Assets—All Share Classes	56 million
Number of Issuers	71
Maximum Initial Sales Charge	5.75%

FUND DESCRIPTION

The fund seeks long-term total return by predominantly investing in equity securities of companies of any size that the fund's managers believe are undervalued at the time of purchase and have the potential for capital appreciation.

PERFORMANCE DATA

Average Annual Total Returns for Periods Ended June 30, 2015 (%)

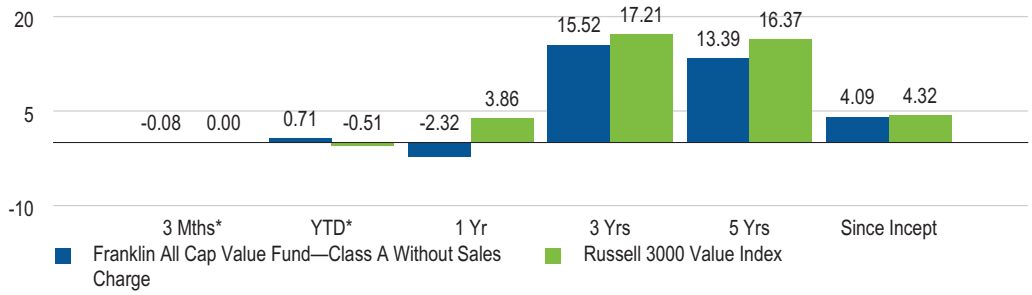
	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	Since Incept (6/1/07)
With Sales Charge	-5.81	-5.11	-7.94	13.26	12.06	3.33
Without Sales Charge	-0.08	0.71	-2.32	15.52	13.39	4.09
Russell 3000 Value Index	0.00	-0.51	3.86	17.21	16.37	4.32

Total Annual Operating Expenses—*With Waiver:* *1.25%* ***Without Waiver:*** *1.42%*

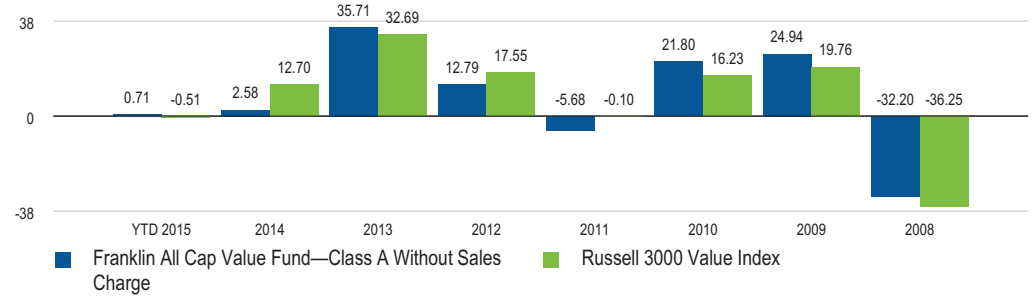
Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com for the most recent month-end performance.

The fund has an expense reduction contractually guaranteed through at least February 29, 2016. The fund may also have a fee waiver associated with any investments it makes in a Franklin Templeton money fund, an arrangement that is contractually guaranteed through at least its current fiscal year-end. Fund investment results reflect the expense reduction and fee waiver, as applicable; without these reductions, the results would have been lower.

Average Annual Total Returns for Periods Ended June 30, 2015 (%)



Calendar Year Returns As of June 30, 2015 (%)



If the Fund's sales charge had been included, the returns would have been lower.

*Cumulative Total Returns.

For information related to the "Fund Characteristics" and "Performance Data" sections, please see Explanatory Notes.

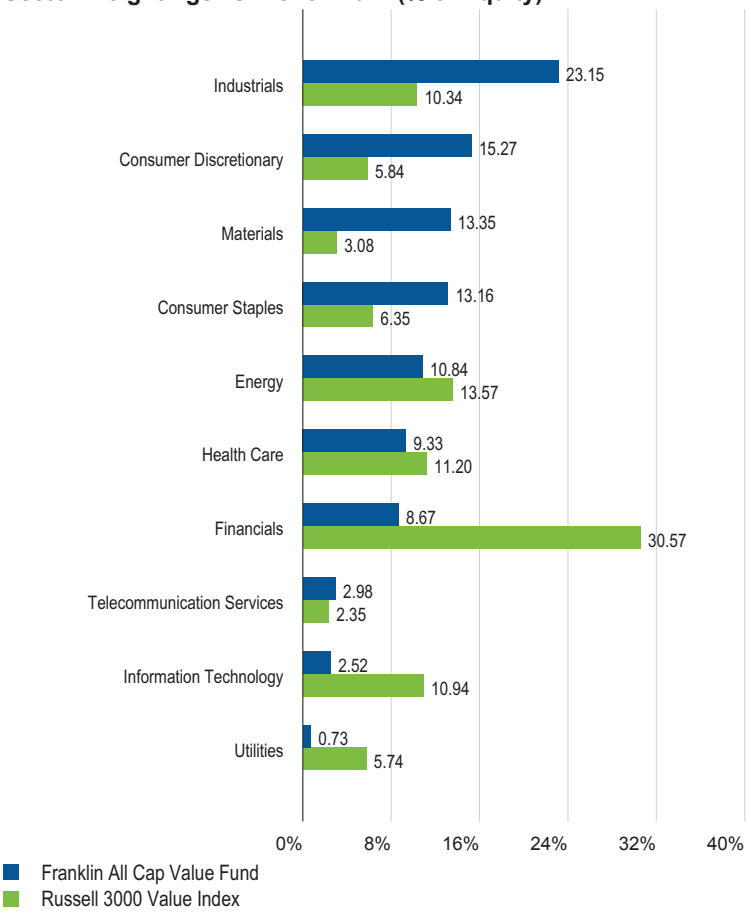
Not FDIC Insured | May Lose Value | No Bank Guarantee

PORTFOLIO DIVERSIFICATION (AS OF 6/30/15)

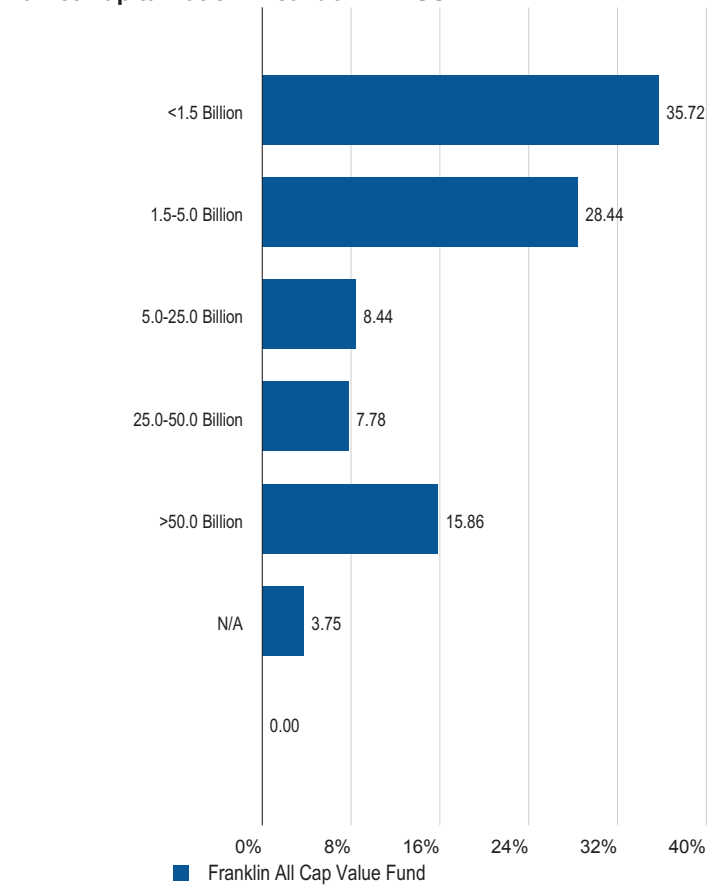
Top Ten Holdings

Issuer Name	Industry	% of Total
1. GIBRALTAR INDUSTRIES INC	Capital Goods	5.23
2. PHI INC	Energy	3.38
3. AAR CORP	Capital Goods	3.19
4. AXIALL CORP	Materials	3.12
5. MAPLE LEAF FOODS INC	Food Beverage & Tobacco	3.06
6. ORBCOMM INC	Telecommunication Services	2.84
7. BRP INC	Consumer Durables & Apparel	2.64
8. SANOFI	Pharmaceuticals, Biotechnology & Life Sciences	2.41
9. H B FULLER CO	Materials	2.41
10. OMEGA PROTEIN CORP	Food Beverage & Tobacco	2.31
Total		**30.60**

Sector Weightings vs. Benchmark (% of Equity)



Market Capitalization Breakdown in USD



Portfolio Allocation

	%
Equity	95.32
Cash & Cash Equivalents	4.16
Fixed Income	0.52

Largest Sector Contributors vs. Russell 3000 Value Index

Sector	Total Effect (%)
Consumer Discretionary	0.94
Energy	0.90
Utilities	0.40
Telecommunication Services	0.19
Industrials	0.03

Smallest Sector Contributors vs. Russell 3000 Value Index

Sector	Total Effect (%)
Materials	-1.00
Health Care	-0.39
Financials	-0.39
Consumer Staples	-0.29
Information Technology	-0.07

Contributor data shown is for the period 4/1/15 to 6/30/15

PORTFOLIO CHARACTERISTICS (AS OF 6/30/15)—Fund vs. Russell 3000 Value Index

Price to Earnings	Fund	Benchmark
Weighted Average	19.13x	16.88x
Median	20.80x	19.42x

Price to Book Value	Fund	Benchmark
Weighted Average	1.69x	1.81x
Median	1.82x	1.75x

Price to Cash Flow	Fund	Benchmark
Weighted Average	9.09x	9.22x
Median	12.13x	11.78x

Market Capitalization (Millions USD)	Fund	Benchmark
Weighted Average	29,482	97,773
Median	2,439	1,416

PERFORMANCE RISK STATISTICS - Class A

Modern Portfolio Theory (MPT) Statistics (As of 6/30/15)

Performance Risk Statistics	3 Years	5 Years
Standard Deviation	10.84	13.32
Alpha	-3.08	-2.44
Beta	1.11	1.00
Sharpe Ratio	1.43	1.00
Information Ratio	-0.37	-0.64
Tracking Error	4.57	4.65
R-Squared	83.12	87.82

Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com for the most recent month-end performance.

GLOSSARY

Alpha: Alpha measures the difference between a fund's actual returns and its expected returns given its risk level as measured by its beta. A positive alpha figure indicates the fund has performed better than its beta would predict. In contrast, a negative alpha indicates a fund has underperformed, given the expectations established by the fund's beta. Some investors see alpha as a measurement of the value added or subtracted by a fund's manager.
Beta: A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.
Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.
Market Capitalization: A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share.
Price to Book Value (P/BV): The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the ratio is the weighted average price/book ratio of the stocks it holds.
Price to Cash Flow (P/CF): Supplements price/earnings ratio as a measure of relative value; represents a weighted average of the price/cash flow ratios for the underlying fund holdings.
Price to Earnings (P/E): The share price of a stock, divided by its per-share earnings over the past year. P/E is a good indicator of market expectations about a company's prospects; the higher the P/E, the greater the expectations for a company's future growth in earnings.
R-Squared: A measure of how much of a portfolio's performance can be explained by the returns from the overall market (or a benchmark index). If a portfolio's total return precisely matched that of the overall market or benchmark, its R-squared would be 100. If a portfolio's return bore no relationship to the market's returns, its R-squared would be 0.
Sharpe Ratio: To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.
Standard Deviation: A measure of the degree to which a fund's return varies from its previous returns or from the average of all similar funds. The larger the standard deviation, the greater the likelihood (and risk) that a security's performance will fluctuate from the average return.
Tracking Error: Measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error.

Beta, Information Ratio, R-Squared, and Tracking Error are measured against the Russell 3000 Value Index.
For information related to the “Portfolio Characteristics” section, please see Explanatory Notes.

MARKET REVIEW

Although signs of US economic reacceleration multiplied this spring following an anemic start to the year, broad US equity market indexes ended the second quarter of 2015 on a somewhat muted note amid heightened volatility. Major stock market gauges pulled back from highs reached in May as Greece's debt crisis deepened and investor sentiment about divergent monetary policies across the globe shifted. Lackluster US profits aligned with the country's first-quarter economic contraction produced the lowest level of year-over-year corporate earnings growth in 11 quarters, further weighing on sentiment. However, US equity markets were supported by an economy that appeared to strengthen, with robust job gains and an unemployment level that dropped to a new recovery low; rising home, retail and vehicle sales; expansion in the factory and services sectors; and a surge in measures of consumer confidence. Other key drivers included a rebound in business capital spending and multi-year highs for global merger-and-acquisition activity. Relative strength in the US dollar, though waning by period-end, was a notable headwind to US export demand, factory activity and the overseas earnings of US multinational corporations.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

Performance Review

For the quarter ended June 30, 2015, the fund's relative performance benefited from stock selection in the consumer discretionary and energy sectors. Stock selection and an underweighting in the utilities sector also helped relative results. In contrast, stock selection and an overweighting in the materials sector hindered the fund's relative performance, as did stock selection and an underweighting in the health care sector.

The fund's best-performing stocks on a contribution-to-return basis included Gibraltar Industries Inc. (+24%), a manufacturer of building and infrastructure-related products; The Men's Wearhouse Inc. (+23%), a men's clothing retailer; and Hunting PLC (+35%), an oilfield equipment manufacturer. Shares of Gibraltar benefited from increased confidence in management's long-term plans to improve profitability and a positive response to a recently announced strategic acquisition. Men's Wearhouse reported better-than-expected same-store sales and earnings per share, along with a positive outlook regarding the integration of Jos. A. Bank. Hunting saw its shares benefit in line with the rebound in oil prices starting in January.

Detractors from absolute fund performance included Axiall Corp. (-23%), a chlor-alkali and building products manufacturer; Miller Industries Inc. (-18%), a manufacturer of vehicle towing equipment; and Wal-Mart Stores Inc. (-13%), a global discount retailer. Axiall was negatively impacted by weaker-than-expected end-market pricing due to the overhang of industry-wide chlor-alkali capacity expansions and still relatively weak demand. Miller Industries reported strong sales and earnings growth; however, a reduction in gross margin, caused mostly by product mix and a drop in European sales stemming from the completion of a large military order, dampened expectations of future earnings growth. Wal-Mart's shares dropped steadily from the beginning of the year on investor concerns about margin compression from wage hikes and increased e-commerce investments, as well as a disappointing earnings report in May. Investors have had high expectations of improved operational performance, driven by recent changes in management leadership at the company. We believe the company's investments in e-commerce and in its associates make long-term sense and that management has the potential to make steady, incremental improvement in its core markets. However, we believe this transformation will take time to evolve.

Portfolio Positioning

At quarter-end, the fund's largest sector concentration was industrials, followed by consumer discretionary and materials. Its five largest portfolio holdings were Gibraltar Industries Inc. (industrials), PHI Inc. (energy), AAR Corp. (industrials), Axiall Corp. (materials) and Maple Leaf Foods Inc. (consumer staples).

During the quarter, we initiated seven new positions: a specialty chemicals manufacturer, a natural gas utility company, a real estate investment trust, a manufacturer and marketer of toys, a provider of advanced semiconductor manufacturing equipment, a financial services company, and a contract drilling services provider. Consistent with the fund's strategy, we added to existing positions in BRP Inc., The Procter & Gamble Co. and Spartan Motors Inc., among others.

During the period, we sold our position in Seneca Food Corp. We also reduced our positions in Allegheny Technologies Inc., Coach Inc. and Target Corp., among others.

Outlook & Strategy

Looking out from the second quarter, we think macroeconomic conditions are generally supportive for US equity markets. The unemployment rate declined to 5.3% in June--a post-2008 low--on the back of 664,000 new jobs created during the quarter. In turn, The Conference's Board's Consumer Confidence Index surged to 101.4 in June, ahead of consensus expectations, from 94.6 in May. Consumer optimism is of paramount importance in the United States, as consumer spending accounts for nearly two-thirds of US economic activity. Despite the first quarter's 0.2% decline in gross domestic product (GDP) growth, 2015 GDP growth at the higher end of the 2.0%-3.0% range now seems achievable, albeit not spectacular. Meanwhile, inflation has remained muted: The core Consumer Price Index fell to an annualized growth rate of 1.7% in May, from 1.8% in the two months prior, and remained below the Federal Reserve's (Fed's) 2.0% target. This may induce the Fed to keep interest rates lower for longer, lending support to equity market valuations. External shocks may also play a part: Heightened prospects for a Greek exit from the euro and fears about contagion effects for Italy, Portugal and Spain; solvency issues for the Commonwealth of Puerto Rico; and stock market gyrations in China may give the Fed further reason for delay. Regardless of the timing, we are not overly concerned about any incremental increase in interest rates by the Fed, either later in 2015 or 2016. Even after several rate hikes, US monetary policy should remain very accommodative, relative to previous decades.

Still, interest-rate increases in the United States bring special risks in a climate of divergent global growth rates and monetary policies: When they do come, higher interest rates in the United States at a time when the Bank of Japan, the European Central Bank and key emerging markets are loosening monetary policy may stoke demand for higher-yielding US dollar-denominated assets and reinforce US-dollar strength, which can negatively impact earnings for US companies with large overseas markets. We will continue to monitor this dynamic and its investment implications. Our Franklin Equity Group-US Value team portfolios are generally more internationally oriented in terms of revenue exposure than the companies that comprise their benchmark indexes. In this light, we were recently encouraged by the sideways trend in the trade-weighted value of the US dollar in the second quarter.

We note that there will almost always be specific companies or sectors that are passing through periods of duress. At present, lower oil prices, a stronger US dollar, and economic malaise in Japan, Europe and select emerging markets bring particular challenges to energy, materials and commodities businesses, as well as companies with larger international exposures. But, as typically happens when an industry or sector moves

The above commentary does not provide a complete analysis of every material fact regarding any market, region, industry, security, portfolio or pooled investment vehicle. Portfolio holdings information, opinions and other market or economic information and data provided are as of the date of the commentary, unless another date is expressly indicated, and may change without notice. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to their completeness or accuracy. The manager's assessment of a particular industry, region, security, sector or investment is intended solely to provide insight into the manager's investment process and is not a recommendation to buy or sell any security, nor investment advice. References to particular securities or sectors are only for the limited purpose of illustrating general market or economic conditions and are not recommendations to buy or sell a security. Although historical data is no guarantee of future results, these insights may help you understand our investment management philosophy.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE (*CONTINUED)*

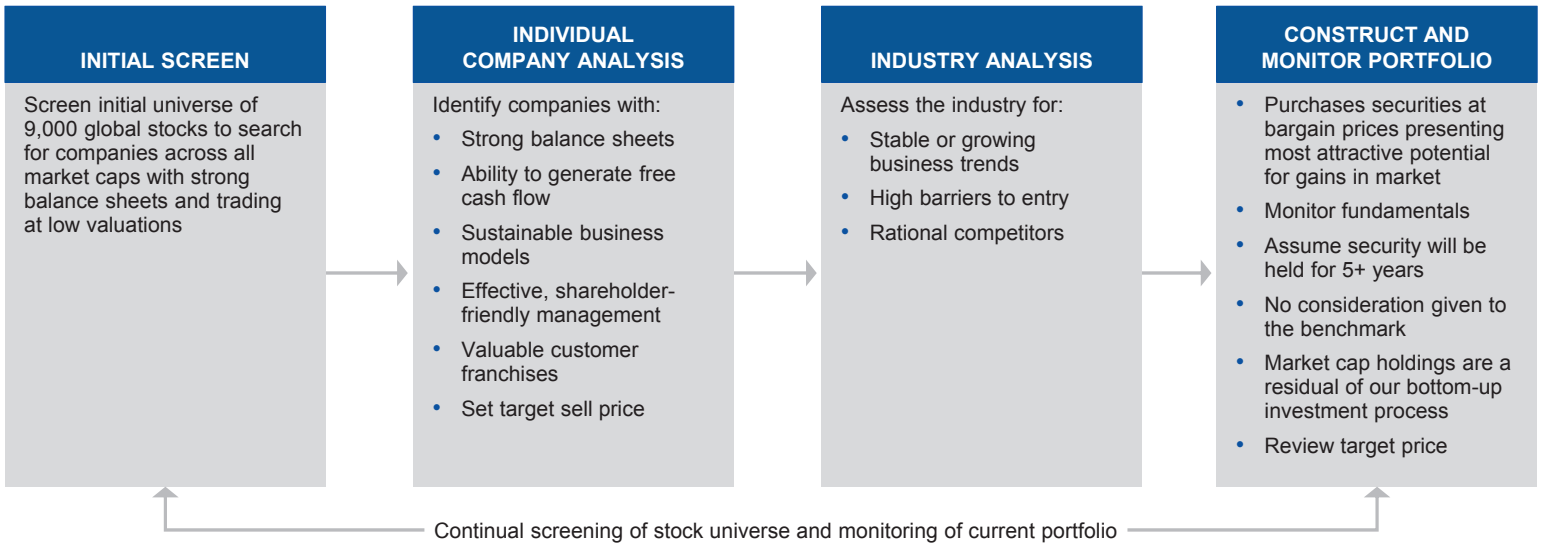
out of favor, the market can discount quality companies alongside the more marginal ones, which we believe can present ripe opportunities for us as value investors with a long-term perspective.

We seek to invest in companies with rational, sustainable business models that we believe are trading at a significant discount to what they are worth. We prefer companies with strong financials (e.g., low debt), selling at what we believe are attractive valuations. We consider such metrics as price-to-earnings, book value and cash flow ratios in our pursuit of companies currently out of favor for reasons that we believe are temporary. In choosing an investment, we may consider a variety of factors in addition to price that may identify the issuer as a potential turnaround candidate or takeover target, such as ownership of what we view as valuable franchises, trademarks or trade names, control of distribution networks and market share for particular products.

We seek to leverage our managers' experience, primary research and valuation disciplines, as well as our long-term buy-and-hold approach, to try to capitalize on short-term market inefficiencies while attempting to deliver value-added returns.

The above commentary does not provide a complete analysis of every material fact regarding any market, region, industry, security, portfolio or pooled investment vehicle. Portfolio holdings information, opinions and other market or economic information and data provided are as of the date of the commentary, unless another date is expressly indicated, and may change without notice. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to their completeness or accuracy. The manager's assessment of a particular industry, region, security, sector or investment is intended solely to provide insight into the manager's investment process and is not a recommendation to buy or sell any security, nor investment advice. References to particular securities or sectors are only for the limited purpose of illustrating general market or economic conditions and are not recommendations to buy or sell a security. Although historical data is no guarantee of future results, these insights may help you understand our investment management philosophy.

Investment Process



INVESTMENT AND MANAGEMENT TEAM (AS OF 6/30/15)

Franklin All Cap Value Fund	Years with Firm	Years Experience
Steven Raineri	9	21
Donald G. Taylor, CPA	19	33
Bruce C. Baughman, CPA	28	31
Franklin U.S. Value Group	**Number of Members**	**Average Years Experience**
Portfolio Managers/Analysts	9	27
Research Analysts	5	11

WHAT ARE THE RISKS

All investments involve risks, including possible loss of principal. Value securities may not increase in price as anticipated or may decline further in value. While smaller and mid-size companies may offer substantial opportunities for capital growth, they also involve heightened risks and should be considered speculative. Historically, smaller and mid-size company securities have been more volatile in price than larger company securities, especially over the short term. The fund may invest up to 25% of its total assets in foreign securities, which may involve special risks, including currency fluctuations and economic and political uncertainty. These and other risks are detailed in the fund's prospectus.

EXPLANATORY NOTES

FUND CHARACTERISTICS

Number of Issuers: All portfolio holdings are subject to change. Holdings of the same issuer have been combined.

PERFORMANCE DATA

The fund offers other share classes subject to different fees and expenses, which will affect their performance.
Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.
The Russell index shown is a trademark/servicemark of the Frank Russell Company.

PORTFOLIO DIVERSIFICATION

Top Ten Holdings: Holdings of the same issuer have been combined. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included. For updated information, call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com.
Sector Weightings/Market Capitalization Breakdown: Weightings as percent of equity. Percentage may not equal 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics.
Largest/Smallest Sector Contributors: Total effect represents the opportunity cost of investment decisions in a group relative to overall benchmark.
Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.

PORTFOLIO CHARACTERISTICS

The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalization figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. All portfolio holdings are subject to change.
Source: FactSet. For the portfolio, the Price to Earnings, Price to Cash Flow, and Price to Book Value calculations for the weighted average use harmonic means. Values less than 0.01 (i.e., negative values) are excluded and values in excess of 200x are capped at 200x. For the benchmark, no limits are applied to these ratios in keeping with the benchmark's calculation methodology. Market capitalization statistics are indicated in the base currency for the portfolio presented.

Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com. Please carefully read a prospectus before you invest or send money.

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