

OCTOBER 31, 2013

**ANNUAL REPORT
AND SHAREHOLDER LETTER**

Franklin All Cap
Value Fund

Franklin Balance Sheet
Investment Fund

Franklin Large Cap
Value Fund

Franklin MicroCap
Value Fund

Franklin MidCap
Value Fund

Franklin Small Cap
Value Fund

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VALUE

FRANKLIN VALUE INVESTORS TRUST



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INVESTMENTS

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Franklin Templeton Investments

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Franklin Templeton's distinct multi-manager structure combines the specialized expertise of three world-class investment management groups—Franklin, Templeton and Mutual Series.

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Each of our portfolio management groups operates autonomously, relying on its own research and staying true to the unique investment disciplines that underlie its success.

Franklin. Founded in 1947, Franklin is a recognized leader in fixed income investing and also brings expertise in growth- and value-style U.S. equity investing.

Templeton. Founded in 1940, Templeton pioneered international investing and, in 1954, launched what has become the industry's oldest global fund. Today, with offices in over 25 countries, Templeton offers investors a truly global perspective.

Mutual Series. Founded in 1949, Mutual Series is dedicated to a unique style of value investing, searching aggressively for opportunity among what it believes are undervalued stocks, as well as arbitrage situations and distressed securities.

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Because our management groups work independently and adhere to different investment approaches, Franklin, Templeton and Mutual Series funds typically have distinct portfolios. That's why our funds can be used to build truly diversified allocation plans covering every major asset class.

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MUTUAL FUNDS | RETIREMENT PLANS | 529 COLLEGE SAVINGS PLANS | SEPARATELY MANAGED ACCOUNTS



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Shareholder Letter

Dear Shareholder:

During the fiscal year ended October 31, 2013, the U.S. economy showed signs of improvement, supported by encouraging personal income, consumer and business spending, manufacturing, housing, employment and export trends. Political gridlock in Washington, federal spending cuts and concerns about possible changes to quantitative easing policy affected the financial markets. Overall, however, investor confidence improved. In this environment, stocks, as measured by the Standard & Poor's® 500 Index, generated strong gains and outperformed investment-grade fixed income markets, as measured by the Barclays U.S. Aggregate Index.¹

We remain encouraged as the U.S. showed signs of continued economic growth during the 12-month period. With this economic environment, we believe companies generally could continue to deliver healthy earnings and cash flow, which have historically been favorable for financial markets. Keep in mind in all economic environments we remain committed to our long-term perspective and disciplined investment approach. First and foremost for us, this means conducting diligent, fundamental analysis of securities with a continual emphasis on investment risk management.

Franklin Value Investors Trust is organized into six portfolios, each managed in the same value spirit but with a different focus. While the Funds generally have distinct investment approaches, our fundamental operating principles remain the same: prudent investment selection and constant professional management. You can be confident the Funds' managers will remain committed to their commonsense, value investment philosophy in any economic or financial

1. STANDARD & POOR'S®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC.

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market environment. We believe our value Funds provide shareholders with attractively valued portfolios of well-managed, financially sound companies that possess the potential for solid earnings growth and, with patience, capital appreciation over the long term.

Franklin Value Investors Trust's annual report goes into greater detail about prevailing conditions during the period under review. In addition, the portfolio managers discuss Fund performance and you will also find performance data and financial information. Please remember all securities markets fluctuate, as do mutual fund share prices. We encourage you to discuss your goals with your financial advisor, who can review your overall portfolio, reassess your goals and help you stay focused on the long term.

If you would like more frequent updates, franklintempleton.com provides daily prices, monthly performance figures, portfolio holdings and other information. You can also access your account, buy and sell shares, and find helpful financial planning tools. We hope you will take advantage of these online services.

We thank you for investing with Franklin Templeton, welcome your questions and comments, and look forward to continuing to serve your investment needs.

Sincerely,

A handwritten signature in black ink that reads "William J. Lippman". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

William J. Lippman
President
Franklin Value Investors Trust

A handwritten signature in black ink that reads "Donald G. Taylor". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Donald G. Taylor, CPA
Chief Investment Officer
Franklin Value Investors Trust

This letter reflects our analysis and opinions as of October 31, 2013. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.

Annual Report

Economic and Market Overview

The U.S. economy grew moderately during the 12-month period ended October 31, 2013. Despite a large decline in federal government spending during the fourth quarter of 2012, economic growth improved in 2013, supported by business investment, consumer spending, inventory gains, exports, and state and local government spending. Solid new and existing home sales accompanied historically low mortgage rates, rising but affordable housing prices, low inventories and multi-year lows in new foreclosures. Manufacturing, a mainstay of economic productivity, expanded for most of the period, and the unemployment rate fell to 7.3% in October 2013 from 7.9% a year earlier.¹

In the fourth quarter of 2012, financial markets reflected uncertainty surrounding the outcome of the national election and whether Congress would avert automatic federal budget cuts and income tax increases scheduled for the beginning of 2013. Congress passed a budget bill on January 1, 2013, that preserved lower income tax rates for most U.S. households, but Washington's lack of consensus on proposed expenditure reductions resulted in further across-the-board federal spending cuts starting in March. Federal Reserve Board (Fed) Chairman Ben Bernanke indicated in May that the Fed might reduce monthly purchases of mortgage-backed securities and Treasuries, assuming ongoing U.S. recovery. However, in September, he announced that any tapering of Fed purchases would be postponed until U.S. economic growth strengthened. Because of partisan disagreement about a new health care law, Congress did not authorize some routine federal funding, resulting in a temporary shutdown of non-essential U.S. government services beginning on October 1. On October 17, the partial shutdown ended after Congress agreed to fund the government until January 15, 2014, and raise the debt limit through February 7. Near period-end, the Fed left its monetary policy unchanged as it awaited more evidence of a sustainable economic expansion. The Fed noted that although the government's fiscal policy may have restrained growth, the economy maintained its underlying strength.

1. Source: Bureau of Labor Statistics.

Rising corporate profits and generally favorable economic data bolstered investor confidence, helping markets overcome brief periods of sell-offs in reaction to Fed statements and to Washington's fiscal negotiations. U.S. stocks generated strong 12-month returns as the Standard & Poor's 500 Index (S&P 500®) and Dow Jones Industrial Average (DJIA) reached all-time highs during the period. Additionally, small- and mid-capitalization stocks, as measured by the Russell 2000® Index and the Russell Midcap® Index, reached record highs during the 12-month period and outperformed the S&P 500 and DJIA.²

The foregoing information reflects our analysis and opinions as of October 31, 2013. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.

2. RUSSELL® is a trademark of the Frank Russell Company.

Franklin All Cap Value Fund

Your Fund's Goal and Main Investments: Franklin All Cap Value Fund seeks long-term total return by primarily investing in stocks of companies of any size that we believe are undervalued at the time of purchase and have the potential for capital appreciation.

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. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

We are pleased to bring you Franklin All Cap Value Fund's annual report for the fiscal year ended October 31, 2013.

Performance Overview

Franklin All Cap Value Fund – Class A delivered a +33.69% cumulative total return for the 12 months under review. In comparison, the Russell 3000® Value Index, which measures performance of those Russell 3000® Index companies with lower price-to-book ratios and lower forecasted growth values, generated a +28.64% total return.¹ Although this report covers a 12-month period, our investment strategy aims for long-term results. You can find the Fund's long-term performance data in the Performance Summary beginning on page 9.

Investment Strategy

Our goal is to invest in stocks of companies of any size that we determine are currently undervalued and have the potential for capital appreciation. The Fund purchases securities that are out of favor in the market for reasons we believe will prove to be temporary, or that appear to be inexpensive measured by factors such as price relative to earnings, book value or cash flow. In addition, the Fund may invest in companies with valuable intangibles we believe are not reflected in the stock price. This strategy is not aimed at short-term trading gains, nor do we consider the composition of any index. Rather, we try to identify attractively priced, financially sound companies that meet our investment criteria, and we assume at purchase that we will hold the positions for several years.

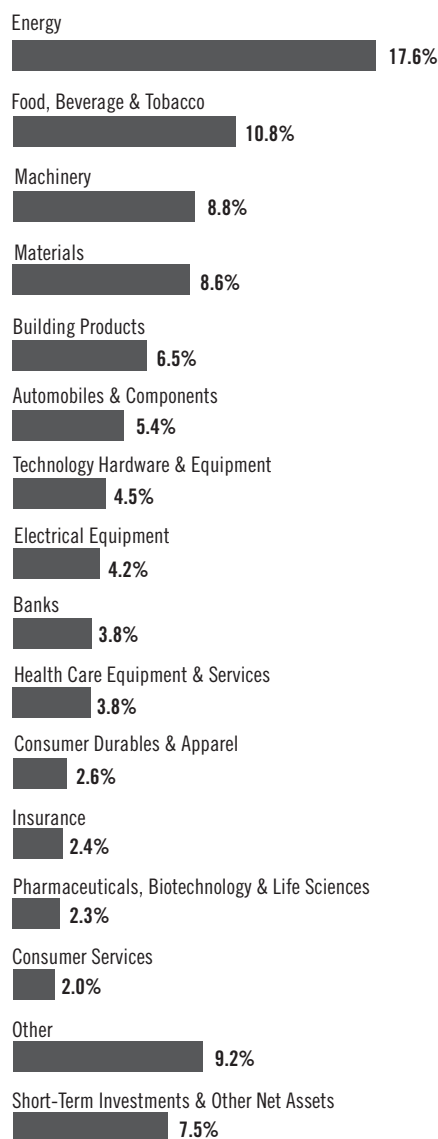
1. Source: © 2013 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The index is unmanaged and includes reinvested dividends. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 69.

Portfolio Breakdown

Franklin All Cap Value Fund

Based on Total Net Assets as of 10/31/13



Manager's Discussion

During the 12 months under review, contributors to absolute performance encompassed several of the Fund's largest holdings. These included food processing equipment manufacturer John Bean Technologies, energy equipment manufacturer Natural Gas Services Group, offshore energy helicopter transportation provider Bristow Group and agribusiness services provider Archer-Daniels-Midland. Automotive systems and building efficiency products manufacturer Johnson Controls also helped performance. John Bean Technologies hired a new chief executive officer, and Natural Gas Services Group reported multiple quarters of double-digit earnings-per-share growth as well as increased utilization and gross margins. Bristow Group experienced strong earnings-per-share growth driven by increased demand for aircraft to support deep water drilling and the award of a major search and rescue contract for the U.K. government. Archer-Daniels-Midland benefited from increased focus on capital allocation, improved asset utilization and a favorable outlook for major crop supplies in 2014. Johnson Controls reported higher third-quarter earnings resulting from its stabilizing automotive business in Europe as well as increased auto sales in Asia and the U.S. Although demand for the company's building products softened, the company benefited from its strong service business as well as pricing and cost reduction efforts. Johnson Controls also announced an agreement to divest its automotive electronics business.

Most positions contributed to absolute performance, but detractors included fish meal and oil products producer Omega Protein, global software and services provider Microsoft, global information technology software and services provider International Business Machines (IBM) and outdoor power equipment manufacturer Briggs & Stratton. Shares of Omega Protein declined, resulting from news of a subpar start to the commercial fishing season. Microsoft faced a challenging outlook given increased competition for personal computers from alternative devices such as smartphones and tablets.

IBM's shares underperformed as the company, as well as some of its competitors, reported poor sales growth. In particular, revenue from IBM's services and hardware segments declined. Briggs & Stratton suffered from an extremely slow start to the spring lawn and garden season and retailers' cautious approach to managing inventories.

During the Fund's fiscal year, we initiated positions in 19 new holdings. Some of the largest new purchases were Miller Industries, a manufacturer of vehicle towing and recovery equipment; Baker Hughes, a diversified oil services company; QUALCOMM, a digital communications products and services manufacturer; KeyCorp, a bank holding company; Xylem, a fluid technology and equipment provider; Alcoa, an aluminum producer; Regal-Beloit, an electric motor manufacturer; Universal Stainless & Alloy Products, a specialty steel products manufacturer and marketer; and Omega Protein. We also added to several existing positions including Spartan Motors, a vehicle chassis manufacturer; Bunge, a global agribusiness and food company; U.S. Bancorp, a bank holding company; and Royal Caribbean Cruises, a cruise ship operator, among others. We liquidated our positions in 13 companies including Microsoft, Xerox, Rocky Brands, Nexans and Time Warner Cable. We also reduced several positions, including IDACORP, Kaiser Aluminum, IBM, Natural Gas Services Group and Avista.

There were three all cash takeover announcements during the period: Gardner Denver was acquired by KKR, Maidenform Brands was acquired by HanesBrands, and NV Energy, which was sold during the period, agreed to be acquired by Berkshire Hathaway, with the closing expected in early 2014.

Top 10 Equity Holdings

Franklin All Cap Value Fund
10/31/13

Company Sector/Industry	% of Total Net Assets
John Bean Technologies Corp. <i>Machinery</i>	2.9%
PHI Inc. <i>Energy</i>	2.8%
Miller Industries Inc. <i>Machinery</i>	2.4%
Natural Gas Services Group Inc. <i>Energy</i>	2.4%
Bristow Group Inc. <i>Energy</i>	2.3%
Johnson & Johnson <i>Pharmaceuticals, Biotechnology & Life Sciences</i>	2.3%
Spartan Motors Inc. <i>Automobiles & Components</i>	2.2%
PepsiCo Inc. <i>Food, Beverage & Tobacco</i>	2.2%
Archer-Daniels-Midland Co. <i>Food, Beverage & Tobacco</i>	2.1%
Royal Caribbean Cruises Ltd. <i>Consumer Services</i>	2.0%

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



A handwritten signature in cursive script that reads "William J. Lippman".

William J. Lippman
President and Co-Lead Portfolio Manager



A handwritten signature in cursive script that reads "Steven B. Raineri".

Steven B. Raineri
Co-Lead Portfolio Manager

Bruce C. Baughman, CPA
Margaret McGee
Donald G. Taylor, CPA

Portfolio Management Team
Franklin All Cap Value Fund

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2013, 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 10/31/13

Franklin All Cap Value Fund

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. 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.

Price and Distribution Information

Class A (Symbol: FRAVX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$3.00	\$12.23	\$9.23
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.0844		
Class C (Symbol: n/a)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$2.96	\$12.05	\$9.09
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.0183		
Class R (Symbol: n/a)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$3.02	\$12.23	\$9.21
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.0389		
Advisor Class (Symbol: n/a)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$3.01	\$12.29	\$9.28
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.1119		

Performance Summary *(continued)*

Performance¹

Cumulative total return excludes sales charges. Average annual total returns and value of \$10,000 investment include maximum sales charges. **Class A:** 5.75% maximum initial sales charge; **Class C:** 1% contingent deferred sales charge in first year only; **Class R/Advisor Class:** no sales charges.

Class A	1-Year	5-Year	Inception (6/1/07)
Cumulative Total Return ²	+33.69%	+102.33%	+27.22%
Average Annual Total Return ³	+26.04%	+13.79%	+2.87%
Value of \$10,000 Investment ⁴	\$12,604	\$19,074	\$11,991
Avg. Ann. Total Return (9/30/13) ⁵	+19.29%	+7.53%	+2.07%
Total Annual Operating Expenses ⁶	1.26% (with waiver)	1.69% (without waiver)	
Class C	1-Year	5-Year	Inception (6/1/07)
Cumulative Total Return ²	+32.82%	+95.43%	+21.73%
Average Annual Total Return ³	+31.82%	+14.34%	+3.11%
Value of \$10,000 Investment ⁴	\$13,182	\$19,543	\$12,173
Avg. Ann. Total Return (9/30/13) ⁵	+24.55%	+8.05%	+2.31%
Total Annual Operating Expenses ⁶	1.96% (with waiver)	2.39% (without waiver)	
Class R	1-Year	5-Year	Inception (6/1/07)
Cumulative Total Return ²	+33.45%	+100.18%	+25.78%
Average Annual Total Return ³	+33.45%	+14.89%	+3.64%
Value of \$10,000 Investment ⁴	\$13,345	\$20,018	\$12,578
Avg. Ann. Total Return (9/30/13) ⁵	+26.28%	+8.58%	+2.84%
Total Annual Operating Expenses ⁶	1.46% (with waiver)	1.89% (without waiver)	
Advisor Class	1-Year	5-Year	Inception (6/1/07)
Cumulative Total Return ²	+34.00%	+105.21%	+29.79%
Average Annual Total Return ³	+34.00%	+15.46%	+4.15%
Value of \$10,000 Investment ⁴	\$13,400	\$20,521	\$12,979
Avg. Ann. Total Return (9/30/13) ⁵	+26.86%	+9.13%	+3.34%
Total Annual Operating Expenses ⁶	0.96% (with waiver)	1.39% (without waiver)	

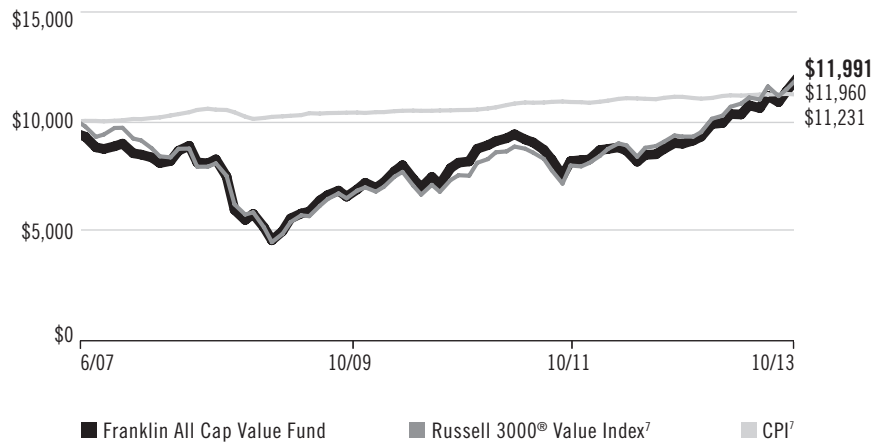
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com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

Performance Summary *(continued)*

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.

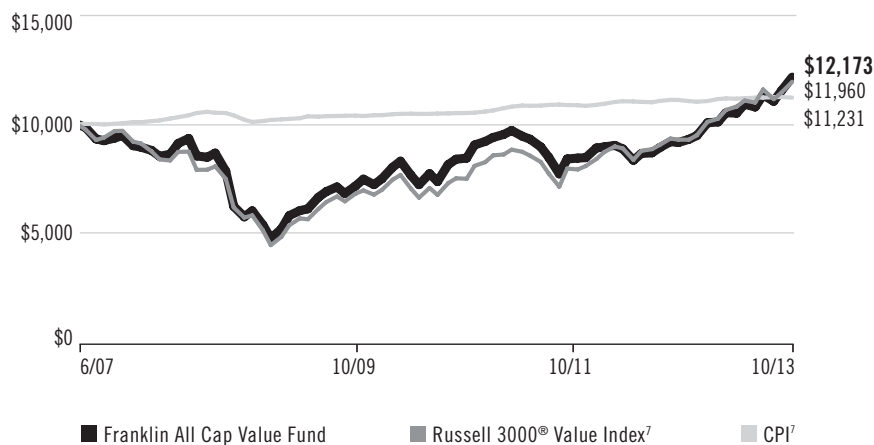
Class A (6/1/07–10/31/13)



Average Annual Total Return

Class A	10/31/13
1-Year	+26.04%
5-Year	+13.79%
Since Inception (6/1/07)	+2.87%

Class C (6/1/07–10/31/13)



Average Annual Total Return

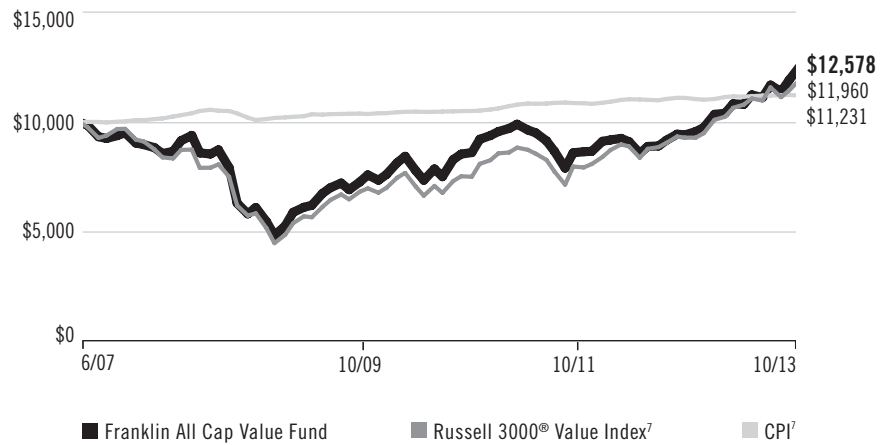
Class C	10/31/13
1-Year	+31.82%
5-Year	+14.34%
Since Inception (6/1/07)	+3.11%

Performance Summary *(continued)*

Average Annual Total Return

Class R	10/31/13
1-Year	+33.45%
5-Year	+14.89%
Since Inception (6/1/07)	+3.64%

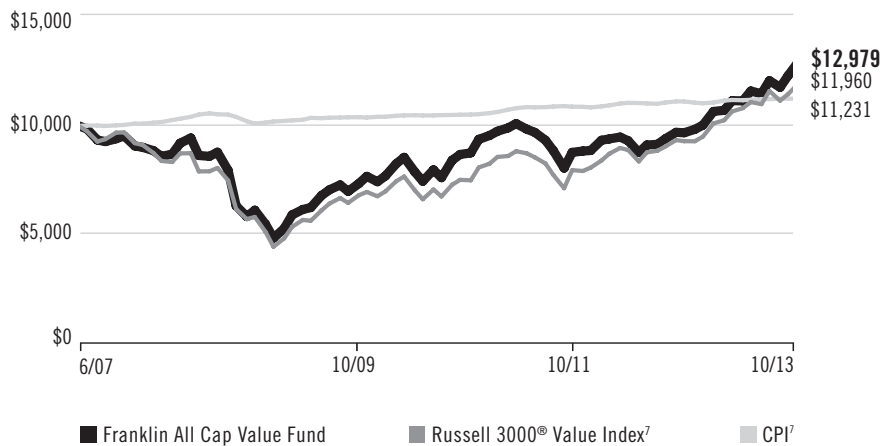
Class R (6/1/07–10/31/13)



Average Annual Total Return

Advisor Class	10/31/13
1-Year	+34.00%
5-Year	+15.46%
Since Inception (6/1/07)	+4.15%

Advisor Class (6/1/07–10/31/13)



Performance Summary *(continued)*

Endnotes

All investments involve risks, including possible loss of principal. Value securities may not increase in price as anticipated or may decline further in value. While smaller and midsize companies may offer substantial opportunities for capital growth, they also involve heightened risks and should be considered speculative. Historically, smaller and midsize company securities have been more volatile in price than larger company securities, especially over the short term. The Fund may invest up to 25% of its total assets in foreign securities, which may involve special risks, including currency fluctuations and economic and political uncertainty. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: These shares have higher annual fees and expenses than Class A shares.

Class R: Shares are available to certain eligible investors as described in the prospectus. These shares have higher annual fees and expenses than Class A shares.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

1. The Fund has an expense reduction contractually guaranteed through at least 2/28/14 and a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the expense reduction and fee waiver, to the extent applicable; without these reductions, the results would have been lower.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
3. Average annual total return represents the average annual change in value of an investment over the periods indicated.
4. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.
5. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
6. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
7. Source: © 2013 Morningstar. The Russell 3000® Value Index is market capitalization weighted and measures performance of those Russell 3000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Consumer Price Index (CPI), calculated by the Bureau of Labor Statistics, is a commonly used measure of the inflation rate.

Your Fund's Expenses

Franklin All Cap Value Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- 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 following table 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 first line (Actual) for each share class listed in the table provides actual account values and expenses. The “Ending Account Value” is derived from the Fund’s actual return, which includes the effect of Fund expenses.

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:*

1. Divide your account value by \$1,000.
If an account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$.
2. Multiply the result by the number under the heading “Expenses Paid During Period.”
If Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50 .

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical “Ending Account Value” is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund’s actual return. The figure under the heading “Expenses Paid During Period” shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses *(continued)*

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 5/1/13	Ending Account Value 10/31/13	Expenses Paid During Period* 5/1/13–10/31/13
Actual	\$1,000	\$1,162.50	\$ 6.70
Hypothetical (5% return before expenses)	\$1,000	\$1,019.00	\$ 6.26
Class C			
Actual	\$1,000	\$1,157.50	\$10.50
Hypothetical (5% return before expenses)	\$1,000	\$1,015.48	\$ 9.80
Class R			
Actual	\$1,000	\$1,161.30	\$ 7.79
Hypothetical (5% return before expenses)	\$1,000	\$1,018.00	\$ 7.27
Advisor Class			
Actual	\$1,000	\$1,163.80	\$ 5.07
Hypothetical (5% return before expenses)	\$1,000	\$1,020.52	\$ 4.74

*Expenses are calculated using the most recent six-month expense ratio, net of expense waivers, annualized for each class (A: 1.23%; C: 1.93%; R: 1.43%; and Advisor: 0.93%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Balance Sheet Investment Fund

Your Fund's Goal and Main Investments: Franklin Balance Sheet Investment Fund

seeks high total return, of which capital appreciation and income are components, by investing most of its assets in equity securities of companies of any size that we believe are undervalued in the marketplace at the time of purchase but have the potential for capital appreciation.

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. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

We are pleased to bring you Franklin Balance Sheet Investment Fund's annual report for the fiscal year ended October 31, 2013.

Performance Overview

Franklin Balance Sheet Investment Fund – Class A delivered a +33.90% cumulative total return for the 12 months under review. In comparison, the Russell 3000® Value Index, which measures performance of those Russell 3000® Index companies with lower price-to-book ratios and lower forecasted growth values, generated a +28.64% total return.¹ Although this report covers a 12-month period, our investment strategy aims for long-term results. You can find the Fund's long-term performance data in the Performance Summary beginning on page 19.

Investment Strategy

Our strategy is to buy shares of financially sound, well-established companies at a low price-to-book value when we have reasonable confidence that book value will increase over several years. Book value per share is a company's net worth or shareholders' equity on an accounting or "book" basis, divided by shares outstanding. We generally define "low price-to-book value" as the lower two deciles (20%) of our investable universe, which we derive from a proprietary database for screening purposes. This strategy is not aimed at short-term trading gains, nor do we consider the composition of any index. Rather, we try to identify individual companies that meet our investment criteria, and we assume at purchase that we will hold the positions for several years.

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The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 77.

Manager's Discussion

On October 31, 2013, the Fund's total net assets were \$1.48 billion, with short-term investments and other net assets making up 10.7%, compared with total net assets of \$1.3 billion and short-term investments and other net assets of 2.4% on October 31, 2012.

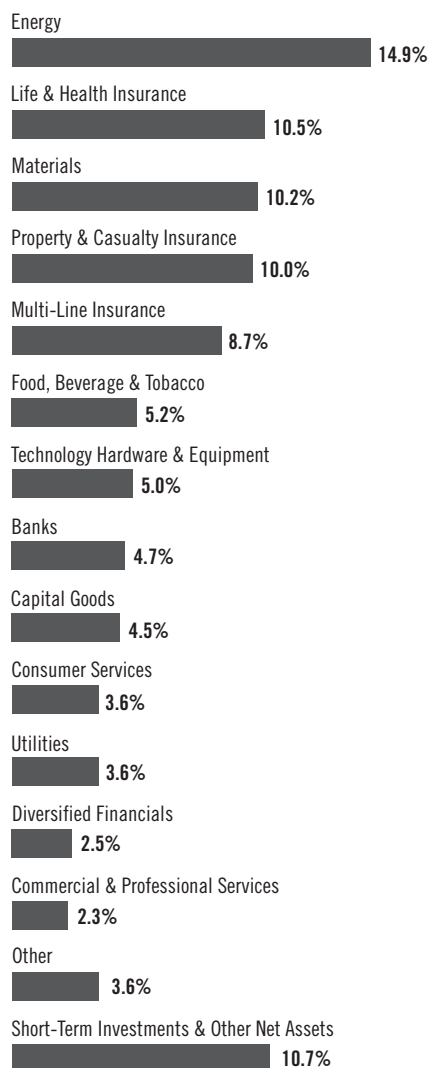
During the Fund's fiscal year, contributors to absolute Fund performance included several financials sector holdings, notably insurers StanCorp Financial Group, Old Republic International, E-L Financial, Assurant and Prudential Financial.² StanCorp Financial Group benefited as fundamentals in group underwriting continued to improve, reversing a negative outlook for the stock. Old Republic International saw positive trends in its key insurance lines, and announced a plan to recapitalize and spin off its mortgage insurance business. Assurant negotiated with regulators to achieve favorable policy changes in its property business, while Prudential Financial and E-L Financial were expected, along with other life insurers, to benefit from an eventual increase in interest rates. E-L Financial also sold its property casualty business to Travelers.

Detractors from Fund performance included Ruby Tuesday (casual dining restaurant operator), McDermott International (oil and gas subsea construction), Sherritt International (oils, metals, coal) and ESCO Technologies (engineered products and systems). Ruby Tuesday reported poor first-quarter operating results and lowered its guidance for the remainder of its fiscal year 2014. McDermott International, a recent addition to the portfolio, sought to improve execution on several large construction contracts. Sherritt International's poorly timed investment in new nickel production left it with a weak balance sheet in a depressed environment for nickel prices. ESCO Technologies put its troubled water metering business up for sale, leaving the company's near-term earnings power in doubt.

During the reporting period, we identified five new investment opportunities: Devon Energy and Apache, oil and natural gas exploration and production companies; Alcoa, an aluminum producer; and the aforementioned Ruby Tuesday and McDermott International. We also added to existing positions in Bunge, a global agribusiness and food company; Royal Caribbean Cruises, a cruise ship operator; Corning, a specialty glass and ceramics manufacturer; Comerica, a bank holding company; and Valero Energy, an independent petroleum refining and marketing company, among others. Cash deployed into new or existing positions totaled \$145 million.

Portfolio Breakdown

Franklin Balance Sheet Investment Fund
Based on Total Net Assets as of 10/31/13



2. The financials sector comprises banks, diversified financials, life and health insurance, multi-line insurance, property and casualty insurance, and reinsurance in the S&P 500.

Top 10 Equity Holdings

Franklin Balance Sheet Investment Fund
10/31/13

Company Sector/Industry	% of Total Net Assets
StanCorp Financial Group Inc. <i>Life & Health Insurance</i>	3.0%
Corning Inc. <i>Technology Hardware & Equipment</i>	3.0%
Prudential Financial Inc. <i>Life & Health Insurance</i>	2.9%
E-L Financial Corp. Ltd. (Canada) <i>Multi-Line Insurance</i>	2.8%
Old Republic International Corp. <i>Property & Casualty Insurance</i>	2.8%
Assurant Inc. <i>Multi-Line Insurance</i>	2.7%
Archer-Daniels-Midland Co. <i>Food, Beverage & Tobacco</i>	2.6%
Citigroup Inc. <i>Diversified Financials</i>	2.5%
Bunge Ltd. <i>Food, Beverage & Tobacco</i>	2.5%
Selective Insurance Group Inc. <i>Property & Casualty Insurance</i>	2.5%

Portfolio sales totaled \$422 million. During the period, we eliminated our positions in 13 companies. Some of the largest sales included: Actavis, Teekay, Avista, Sheritt International, Nexans, CNH Global and Callaway Golf. We also reduced numerous positions including Bristow Group, Benchmark Electronics, Northeast Utilities, PNM Resources and Trinity Industries.

There were three takeover announcements during the period: Smithfield Foods was acquired by Shuanghui International Holdings, OfficeMax was acquired by Office Depot, and NV Energy agreed to be acquired by Berkshire Hathaway, with the closing expected in early 2014.

Thank you for your continued participation in Franklin Balance Sheet Investment Fund. We look forward to continuing to serve your investment needs.



Bruce C. Baughman

Bruce C. Baughman, CPA
Co-Lead Portfolio Manager



Grace Hoefig

Grace Hoefig
Co-Lead Portfolio Manager

William J. Lippman
Margaret McGee
Donald G. Taylor, CPA

Portfolio Management Team
Franklin Balance Sheet Investment Fund

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2013, 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 10/31/13

Franklin Balance Sheet Investment Fund

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. 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.

Price and Distribution Information¹

Class A (Symbol: FRBSX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$10.94	\$53.95	\$43.01
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.6577		
Short-Term Capital Gain	\$0.0271		
Long-Term Capital Gain	\$2.1317		
Total	\$2.8165		
Class C (Symbol: FCBSX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$10.64	\$52.74	\$42.10
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.3518		
Short-Term Capital Gain	\$0.0271		
Long-Term Capital Gain	\$2.1317		
Total	\$2.5106		
Class R (Symbol: FBSRX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$10.91	\$53.86	\$42.95
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.5614		
Short-Term Capital Gain	\$0.0271		
Long-Term Capital Gain	\$2.1317		
Total	\$2.7202		
Class R6 (Symbol: n/a)	Change	10/31/13	5/1/13
Net Asset Value (NAV)	+\$7.24	\$55.03	\$47.79
Advisor Class (Symbol: FBSAX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$11.22	\$55.01	\$43.79
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.7791		
Short-Term Capital Gain	\$0.0271		
Long-Term Capital Gain	\$2.1317		
Total	\$2.9379		

Performance Summary *(continued)*

Performance²

Cumulative total return excludes sales charges. Aggregate and average annual total returns and value of \$10,000 investment include maximum sales charges. **Class A:** 5.75% maximum initial sales charge; **Class C:** 1% contingent deferred sales charge in first year only; **Class R/R6/Advisor Class:** no sales charges.

Class A	1-Year	5-Year	10-Year
Cumulative Total Return ³	+33.90% ¹	+103.07%	+119.03%
Average Annual Total Return ⁴	+26.21%	+13.86%	+7.52%
Value of \$10,000 Investment ⁵	\$12,621	\$19,139	\$20,645
Avg. Ann. Total Return (9/30/13) ⁶	+22.20%	+7.65%	+7.77%
Total Annual Operating Expenses ⁷	0.99%		
Class C	1-Year	5-Year	10-Year
Cumulative Total Return ³	+32.93% ¹	+95.37%	+102.92%
Average Annual Total Return ⁴	+31.93%	+14.33%	+7.33%
Value of \$10,000 Investment ⁵	\$13,193	\$19,537	\$20,292
Avg. Ann. Total Return (9/30/13) ⁶	+27.72%	+8.10%	+7.58%
Total Annual Operating Expenses ⁷	1.74%		
Class R	1-Year	5-Year	10-Year
Cumulative Total Return ³	+33.57% ¹	+101.21%	+114.19%
Average Annual Total Return ⁴	+33.57% ¹	+15.01%	+7.91%
Value of \$10,000 Investment ⁵	\$13,357	\$20,121	\$21,419
Avg. Ann. Total Return (9/30/13) ⁶	+29.34%	+8.74%	+8.17%
Total Annual Operating Expenses ⁷	1.24%		
Class R6	Inception (5/1/13)		
Cumulative Total Return ³			+15.21%
Aggregate Total Return ⁸			+15.21%
Value of \$10,000 Investment ⁶			\$11,521
Aggregate Total Return (9/30/13) ^{6, 8}			+10.21%
Total Annual Operating Expenses ⁷	0.49%		
Advisor Class	1-Year	5-Year	10-Year
Cumulative Total Return ³	+34.25% ¹	+108.51%	+127.65%
Average Annual Total Return ⁴	+34.25% ¹	+15.83%	+8.57%
Value of \$10,000 Investment ⁵	\$13,425	\$20,851	\$22,765
Avg. Ann. Total Return (9/30/13) ⁶	+29.98%	+9.52%	+8.83%
Total Annual Operating Expenses ⁷	0.74%		

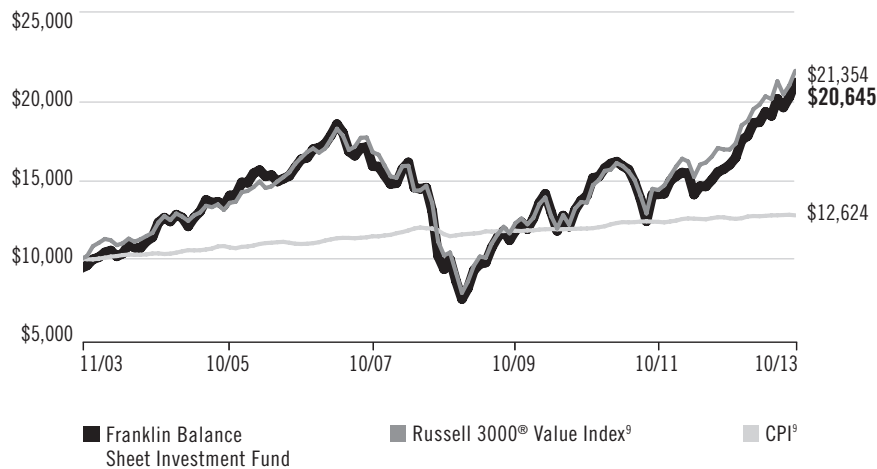
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com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

Performance Summary *(continued)*

Total Return Index Comparison for a Hypothetical \$10,000 Investment²

Total return represents the change in value of an investment over the periods shown. It includes any current, 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.

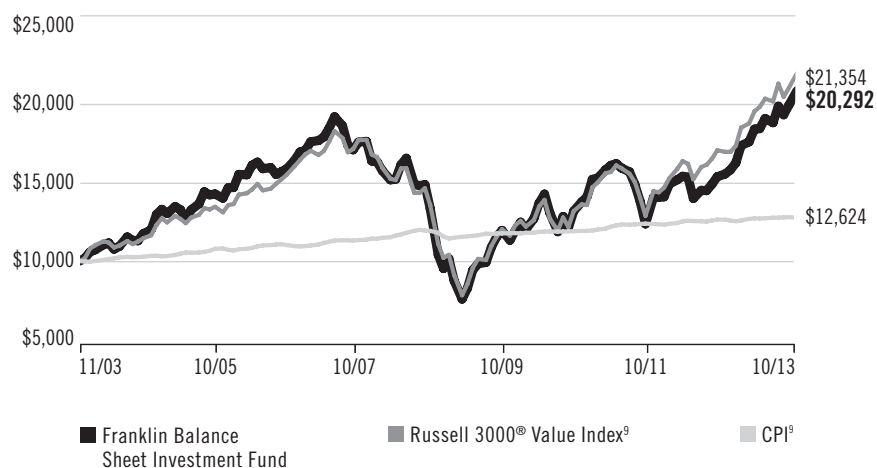
Class A (11/1/03–10/31/13)



Average Annual Total Return

Class A	10/31/13
1-Year	+26.21%
5-Year	+13.86%
10-Year	+7.52%

Class C (11/1/03–10/31/13)



Average Annual Total Return

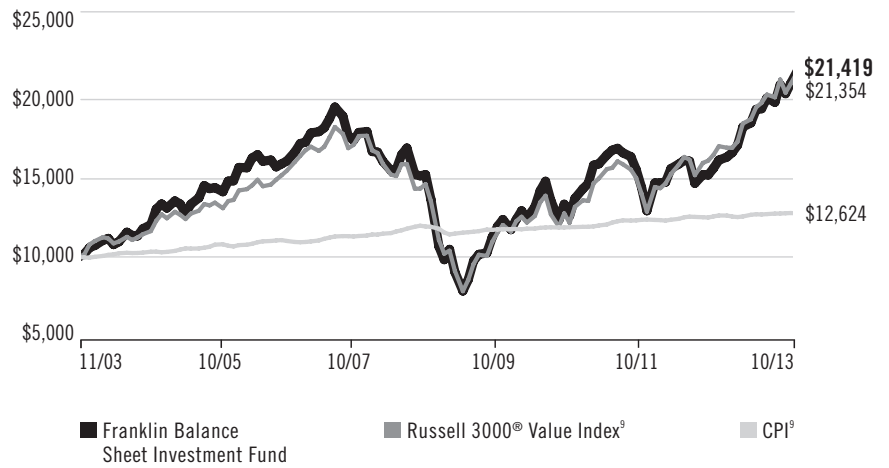
Class C	10/31/13
1-Year	+31.93%
5-Year	+14.33%
10-Year	+7.33%

Performance Summary *(continued)*

Average Annual Total Return

Class R	10/31/13
1-Year ¹	+33.57%
5-Year	+15.01%
10-Year	+7.91%

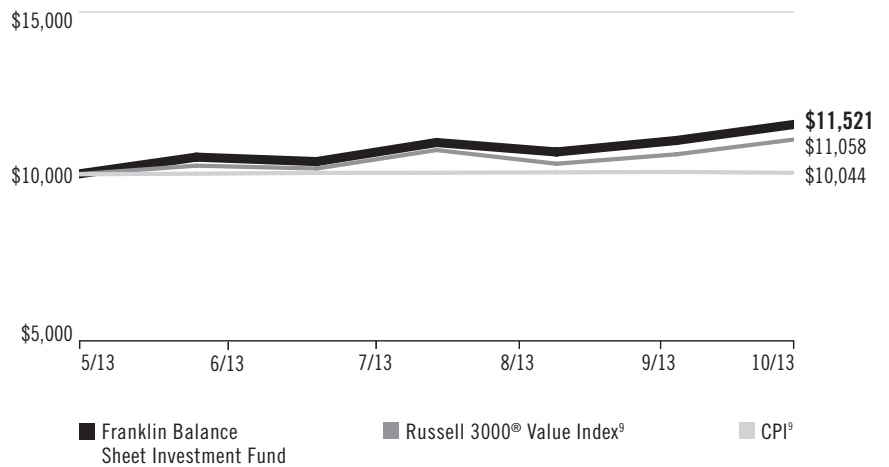
Class R (11/1/03–10/31/13)



Aggregate Total Return⁸

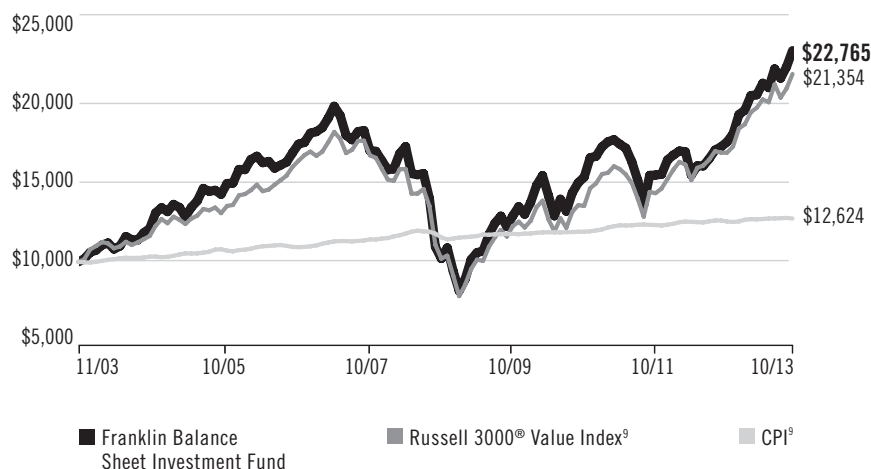
Class R6	10/31/13
Since Inception (5/1/13)	+15.21%

Class R6 (5/1/13–10/31/13)



Performance Summary *(continued)*

Advisor Class (11/1/03–10/31/13)



Average Annual Total Return

Advisor Class	10/31/13
1-Year ¹	+34.25%
5-Year	+15.83%
10-Year	+8.57%

Endnotes

All investments involve risks, including possible loss of principal. Value securities may not increase in price as anticipated or may decline further in value. While smaller and midsize companies may offer substantial opportunities for capital growth, they also involve heightened risks and should be considered speculative. Historically, smaller and midsize company securities have been more volatile in price than larger company securities, especially over the short term. The Fund may invest up to 25% of its total assets in foreign securities, which may involve special risks, including currency fluctuations and economic and political uncertainty. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares have higher annual fees and expenses than Class A shares.

Class R: Shares are available to certain eligible investors as described in the prospectus. These shares have higher annual fees and expenses than Class A shares.

Class R6: Shares are available to certain eligible investors as described in the prospectus.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

1. Price and total return information is based on net asset values calculated for shareholder transactions. Certain adjustments were made to the net assets of the Fund at 10/31/13 for financial reporting purposes, and as a result, the net asset values for shareholder transactions and the total returns based on those net asset values differ from the adjusted net asset values and total returns reported in the Financial Highlights.

2. The Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been lower.

3. Cumulative total return represents the change in value of an investment over the periods indicated.

4. Average annual total return represents the average annual change in value of an investment over the periods indicated.

5. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.

6. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.

7. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.

8. Aggregate total return represents the change in value of an investment for the period indicated. Since Class R6 shares have existed for less than one year, average annual total return is not available.

9. Source: © 2013 Morningstar. The Russell 3000® Value Index is market capitalization weighted and measures performance of those Russell 3000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Consumer Price Index (CPI), calculated by the Bureau of Labor Statistics, is a commonly used measure of the inflation rate.

Your Fund's Expenses

Franklin Balance Sheet Investment Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- 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 following table 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 first line (Actual) for each share class listed in the table provides actual account values and expenses. The “Ending Account Value” is derived from the Fund’s actual return, which includes the effect of Fund expenses.

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:*

1. Divide your account value by \$1,000.
If an account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$.
2. Multiply the result by the number under the heading “Expenses Paid During Period.”
If Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50 .

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical “Ending Account Value” is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund’s actual return. The figure under the heading “Expenses Paid During Period” shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses *(continued)*

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 5/1/13	Ending Account Value 10/31/13	Expenses Paid During Period* 5/1/13–10/31/13
Actual	\$1,000	\$1,131.30	\$4.41
Hypothetical (5% return before expenses)	\$1,000	\$1,021.07	\$4.18
Class C			
Actual	\$1,000	\$1,127.20	\$8.42
Hypothetical (5% return before expenses)	\$1,000	\$1,017.29	\$7.98
Class R			
Actual	\$1,000	\$1,129.90	\$5.74
Hypothetical (5% return before expenses)	\$1,000	\$1,019.81	\$5.45
Class R6			
Actual	\$1,000	\$1,148.10	\$2.71
Hypothetical (5% return before expenses)	\$1,000	\$1,022.68	\$2.55
Advisor Class			
Actual	\$1,000	\$1,132.80	\$3.06
Hypothetical (5% return before expenses)	\$1,000	\$1,022.33	\$2.91

*Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 0.82%; C: 1.57%; R: 1.07%; R6: 0.51% (net of expense waivers); and Advisor: 0.57%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Large Cap Value Fund

Your Fund's Goal and Main Investments: Franklin Large Cap Value Fund seeks long-term capital appreciation by investing at least 80% of its net assets in large capitalization companies that we believe are undervalued. We define large capitalization companies as those with market capitalizations that are similar in size at the time of purchase to those in the Russell 1000® Index.¹

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. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

We are pleased to bring you Franklin Large Cap Value Fund's annual report for the fiscal year ended October 31, 2013.

Performance Overview

Franklin Large Cap Value Fund – Class A delivered a +30.53% cumulative total return for the 12 months under review. In comparison, the Russell 1000® Value Index, which measures performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values, generated a +28.29% total return.² Although this report covers a 12-month period, our investment strategy aims for long-term results. You can find the Fund's long-term performance data in the Performance Summary beginning on page 29.

Investment Strategy

We seek to invest in securities of large capitalization companies that we believe are selling below their underlying worth and hold them until they reach what we consider their fair market value. Our aim is to construct a diversified portfolio of fundamentally sound companies purchased at attractive prices, often when they are out of favor with other investors for reasons we believe are temporary. Portfolio securities are selected without regard to benchmark comparisons and are based on fundamental, bottom-up research focusing on several criteria, such as low price relative to earnings, cash flow or book value. We also consider stocks with recent sharp price declines that we believe still have significant growth potential or that possess valuable intangibles not reflected in the stock price.

1. The Russell 1000® Index is market capitalization weighted and measures performance of the largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total market capitalization.

2. Source: © 2013 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The index is unmanaged and includes reinvested dividends. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 85.

Manager's Discussion

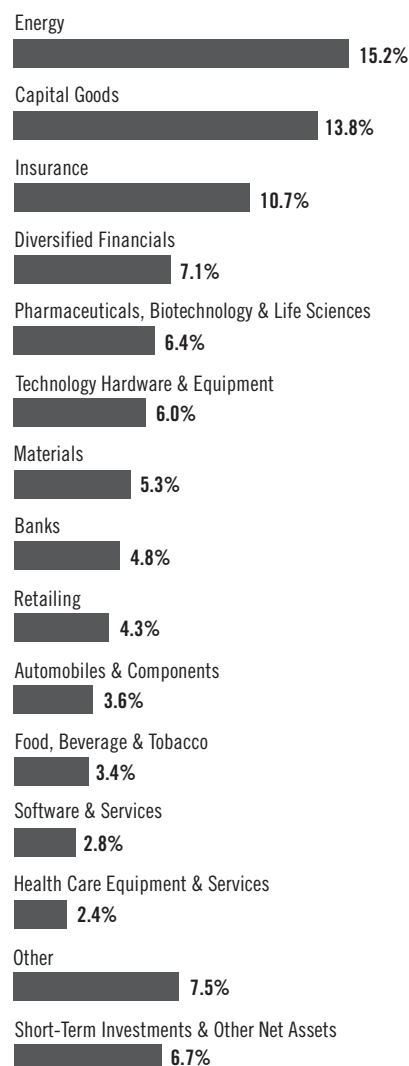
During the 12 months under review, financials sector holdings contributed to absolute Fund performance, most notably financial services providers Prudential Financial and State Street.³ Industrials and consumer discretionary sector holdings also contributed to results, especially automotive systems and building efficiency products manufacturer Johnson Controls and industrial products and equipment manufacturer Dover.⁴ The Fund's health care sector holdings also aided performance, led by biopharmaceutical firm Gilead Sciences.⁵ Prudential Financial and State Street were expected to benefit from an eventual increase in interest rates. Johnson Controls reported higher third-quarter earnings resulting from its stabilizing automotive business in Europe as well as increased auto sales in Asia and the U.S. Although demand for the company's building products softened, the company benefited from its strong service business as well as pricing and cost reduction efforts. Johnson Controls also announced an agreement to divest its struggling automotive electronics business. Dover experienced strength in its businesses serving the consumer electronics and refrigeration markets that led to stronger-than-expected sales and earnings growth. The company also announced its intention to spin off several businesses in its communication technologies segment. Gilead Sciences announced favorable trial results for a potential hepatitis C drug, and optimism continued to surround its new HIV drug, Stribild.

Most investment sectors and positions held by the Fund contributed to absolute performance, but some detractors included electric utility Exelon, drug maker Teva Pharmaceutical Industries, global information technology software and services provider International Business Machines (IBM), data networking equipment and software supplier Cisco Systems and specialty drug and diagnostic imaging equipment manufacturer Mallinckrodt. Lower energy prices and weak electricity demand contributed to falling quarterly profits for electric utility Exelon, the largest owner of U.S. nuclear power plants. Teva Pharmaceutical Industries suffered from management transition, weakness in its core generics business in the U.S. and Europe, and concerns about a major drug coming off patent in 2015. IBM reported increased net income and earnings in the fourth quarter of 2012. In subsequent quarters, however, IBM's shares underperformed as the company, as well as some of its competitors, reported poor sales growth. In particular, revenue from IBM's services and hardware segments declined. Shares of Cisco Systems faltered because of

Portfolio Breakdown

Franklin Large Cap Value Fund

Based on Total Net Assets as of 10/31/13



3. The financials sector comprises banks, diversified financials and insurance in the SOI.

4. The industrials sector comprises capital goods and transportation in the SOI. The consumer discretionary sector comprises consumer durables and apparel, consumer services and retailing in the SOI.

5. The health care sector comprises health care equipment and services; and pharmaceuticals, biotechnology and life sciences in the SOI.

Top 10 Equity Holdings

Franklin Large Cap Value Fund
10/31/13

Company Sector/Industry	% of Total Net Assets
Prudential Financial Inc. <i>Insurance</i>	2.4%
Gilead Sciences Inc. <i>Pharmaceuticals, Biotechnology & Life Sciences</i>	2.3%
Johnson Controls Inc. <i>Automobiles & Components</i>	2.2%
Citigroup Inc. <i>Diversified Financials</i>	2.2%
Nucor Corp. <i>Materials</i>	2.2%
MetLife Inc. <i>Insurance</i>	2.2%
The Allstate Corp. <i>Insurance</i>	2.1%
Eaton Corp. PLC <i>Capital Goods</i>	2.1%
State Street Corp. <i>Diversified Financials</i>	2.1%
Corning Inc. <i>Technology Hardware & Equipment</i>	2.0%

weaker results in emerging markets that reduced its revenue estimates, and shares of Mallinckrodt declined stemming from selling pressure after its spin-off from Covidien.

During the Fund's fiscal year, we initiated positions in nine new holdings: Exelon and Cisco Systems, described above; Target, a mass-market discount retailer; QUALCOMM, a digital communications products and services manufacturer; Walgreen, the largest U.S. drug store operator; Schlumberger, an oilfield services company; Capital One Financial, a credit card and bank holding company; Stanley Black & Decker, a maker of hardware, industrial tools and security products; and Family Dollar Stores, a discount retailer. We liquidated our positions in Johnson & Johnson, Actavis, formerly known as Watson Pharmaceuticals, and CST Brands, which was spun off by Valero Energy during the period. We also reduced our holdings in Abbott Laboratories, Xerox, State Street and Wal-Mart Stores.

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



William J. Lippman

William J. Lippman
President and Lead Portfolio Manager

Bruce C. Baughman, CPA
Margaret McGee
Donald G. Taylor, CPA

Portfolio Management Team
Franklin Large Cap Value Fund

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2013, 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 10/31/13

Franklin Large Cap Value Fund

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. 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.

Price and Distribution Information

Class A (Symbol: FLVAX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$3.80	\$16.85	\$13.05
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.1439		
Class C (Symbol: FLCVX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$3.75	\$16.66	\$12.91
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.0549		
Class R (Symbol: FLCRX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$3.76	\$16.70	\$12.94
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.1159		
Class R6 (Symbol: n/a)	Change	10/31/13	5/1/13
Net Asset Value (NAV)	+\$2.25	\$16.80	\$14.55
Advisor Class (Symbol: n/a)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$3.79	\$16.80	\$13.01
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.1845		

Performance Summary *(continued)*

Performance¹

Cumulative total return excludes sales charges. Aggregate and average annual total returns and value of \$10,000 investment include maximum sales charges. **Class A:** 5.75% maximum initial sales charge; **Class C:** 1% contingent deferred sales charge in first year only; **Class R/R6/Advisor Class:** no sales charges.

Class A	1-Year	5-Year	10-Year
Cumulative Total Return ²	+30.53%	+82.48%	+74.66%
Average Annual Total Return ³	+22.99%	+11.46%	+5.11%
Value of \$10,000 Investment ⁴	\$12,299	\$17,199	\$16,458
Avg. Ann. Total Return (9/30/13) ⁵	+16.68%	+6.36%	+5.11%
Total Annual Operating Expenses ⁶	1.40%		
Class C	1-Year	5-Year	10-Year
Cumulative Total Return ²	+29.59%	+76.13%	+63.13%
Average Annual Total Return ³	+28.59%	+11.99%	+5.02%
Value of \$10,000 Investment ⁴	\$12,859	\$17,613	\$16,313
Avg. Ann. Total Return (9/30/13) ⁵	+21.88%	+6.85%	+5.01%
Total Annual Operating Expenses ⁶	2.11%		
Class R	1-Year	5-Year	10-Year
Cumulative Total Return ²	+30.20%	+80.50%	+71.47%
Average Annual Total Return ³	+30.20%	+12.54%	+5.54%
Value of \$10,000 Investment ⁴	\$13,020	\$18,050	\$17,147
Avg. Ann. Total Return (9/30/13) ⁵	+23.49%	+7.38%	+5.53%
Total Annual Operating Expenses ⁶	1.61%		
Class R6	Inception (5/1/13)		
Cumulative Total Return ²			+15.46%
Aggregate Total Return ⁷			+15.46%
Value of \$10,000 Investment ⁴			\$11,546
Aggregate Total Return (9/30/13) ^{5, 7}			+10.31%
Total Annual Operating Expenses ⁶	0.90%		
Advisor Class ⁸	1-Year	5-Year	10-Year
Cumulative Total Return ²	+30.95%	+85.13%	+79.01%
Average Annual Total Return ³	+30.95%	+13.11%	+6.00%
Value of \$10,000 Investment ⁴	\$13,095	\$18,513	\$17,901
Avg. Ann. Total Return (9/30/13) ⁵	+24.07%	+7.92%	+5.99%
Total Annual Operating Expenses ⁶	1.11%		

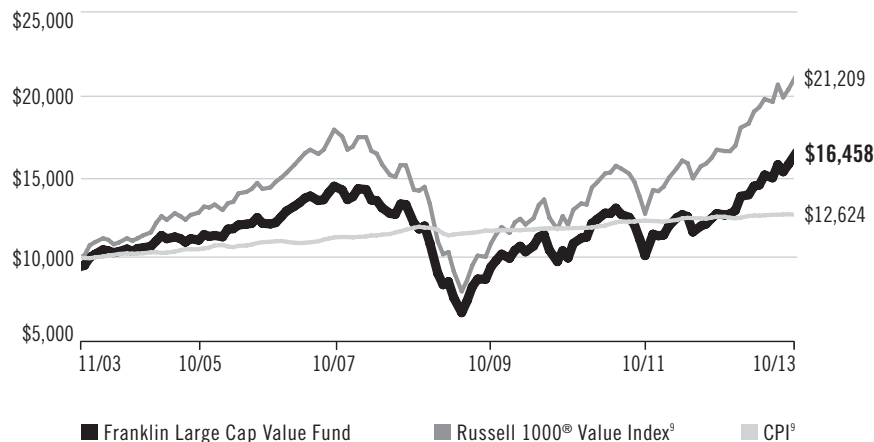
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com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

Performance Summary *(continued)*

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 current, 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.

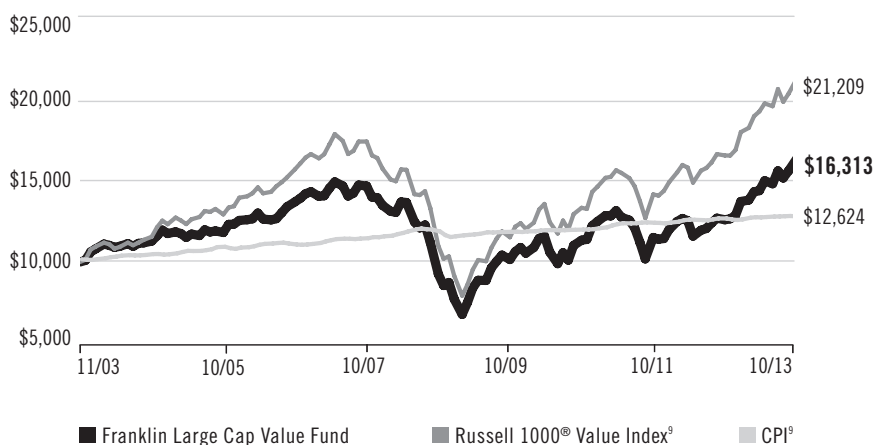
Class A (11/1/03–10/31/13)



Average Annual Total Return

Class A	10/31/13
1-Year	+22.99%
5-Year	+11.46%
10-Year	+5.11%

Class C (11/1/03–10/31/13)



Average Annual Total Return

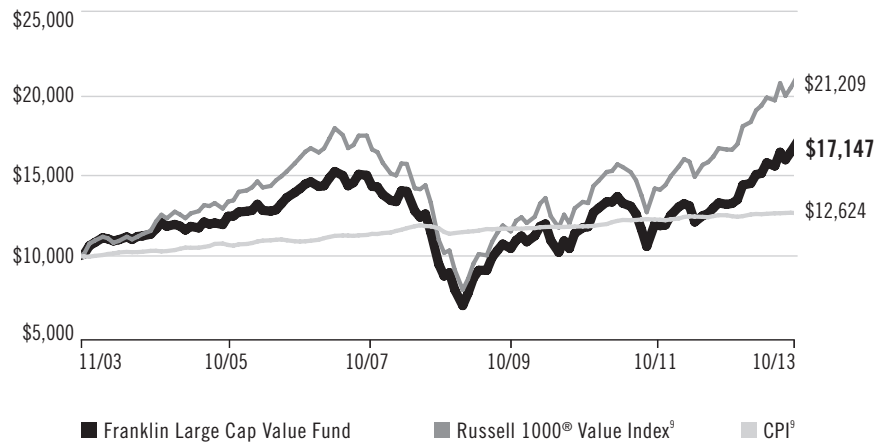
Class C	10/31/13
1-Year	+28.59%
5-Year	+11.99%
10-Year	+5.02%

Performance Summary *(continued)*

Average Annual Total Return

Class R	10/31/13
1-Year	+30.20%
5-Year	+12.54%
10-Year	+5.54%

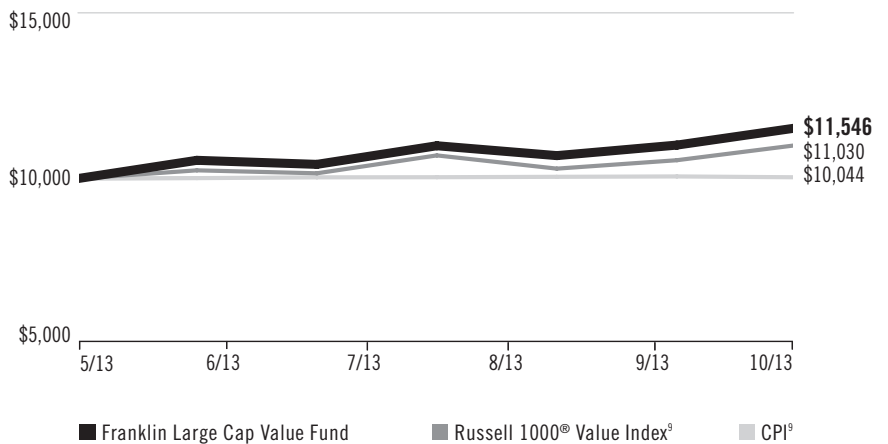
Class R (11/1/03–10/31/13)



Aggregate Total Return⁷

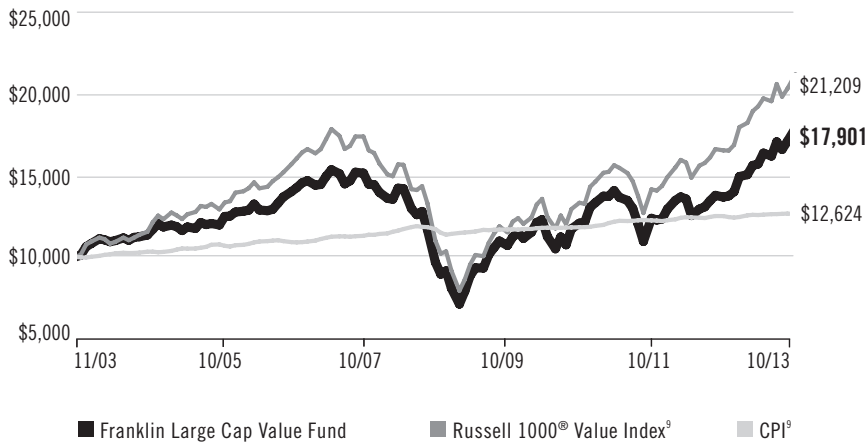
Class R6	10/31/13
Since Inception (5/1/13)	+15.46%

Class R6 (5/1/13–10/31/13)



Performance Summary *(continued)*

Advisor Class (11/1/03–10/31/13)⁸



Average Annual Total Return

Advisor Class ⁸	10/31/13
1-Year	+30.95%
5-Year	+13.11%
10-Year	+6.00%

Endnotes

All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. 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. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares have higher annual fees and expenses than Class A shares.

Class R: Shares are available to certain eligible investors as described in the prospectus. These shares have higher annual fees and expenses than Class A shares.

Class R6: Shares are available to certain eligible investors as described in the prospectus.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

1. The Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been lower.

2. Cumulative total return represents the change in value of an investment over the periods indicated.

3. Average annual total return represents the average annual change in value of an investment over the periods indicated.

4. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.

5. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.

6. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.

7. Aggregate total return represents the change in value of an investment for the period indicated. Since Class R6 shares have existed for less than one year, average annual total return is not available.

8. Effective 11/1/05, the Fund began offering Advisor Class shares, which do not have sales charges or a Rule 12b-1 plan. Performance quotations for this class reflect the following methods of calculation: (a) For periods prior to 11/1/05, a restated figure is used based upon the Fund's Class A performance, excluding the effect of Class A's maximum initial sales charge, but reflecting the effect of the Class A Rule 12b-1 fees; and (b) for periods after 11/1/05, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 11/1/05 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +49.99% and +5.20%.

9. Source: © 2013 Morningstar. The Russell 1000 Value Index is market capitalization weighted and measures performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values. The Consumer Price Index (CPI), calculated by the Bureau of Labor Statistics, is a commonly used measure of the inflation rate.

Your Fund's Expenses

Franklin Large Cap Value Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- 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 following table 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 first line (Actual) for each share class listed in the table provides actual account values and expenses. The “Ending Account Value” is derived from the Fund’s actual return, which includes the effect of Fund expenses.

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:*

1. Divide your account value by \$1,000.
If an account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$.
2. Multiply the result by the number under the heading “Expenses Paid During Period.”
If Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50 .

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical “Ending Account Value” is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund’s actual return. The figure under the heading “Expenses Paid During Period” shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses *(continued)*

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 5/1/13	Ending Account Value 10/31/13	Expenses Paid During Period* 5/1/13–10/31/13
Actual	\$1,000	\$1,139.30	\$ 7.17
Hypothetical (5% return before expenses)	\$1,000	\$1,018.50	\$ 6.77
Class C			
Actual	\$1,000	\$1,134.90	\$11.03
Hypothetical (5% return before expenses)	\$1,000	\$1,014.87	\$10.41
Class R			
Actual	\$1,000	\$1,137.60	\$ 8.35
Hypothetical (5% return before expenses)	\$1,000	\$1,017.39	\$ 7.88
Class R6			
Actual	\$1,000	\$1,156.00	\$ 4.67
Hypothetical (5% return before expenses)	\$1,000	\$1,020.87	\$ 4.38
Advisor Class			
Actual	\$1,000	\$1,140.50	\$ 5.66
Hypothetical (5% return before expenses)	\$1,000	\$1,019.91	\$ 5.35

*Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 1.33%; C: 2.05%; R: 1.55%; R6: 0.87% (net of expense waivers); and Advisor: 1.05%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin MicroCap Value Fund

Your Fund's Goal and Main Investments: Franklin MicroCap Value Fund seeks high total return, of which capital appreciation and income are components, by investing at least 80% of its net assets in securities of companies with market capitalizations under \$500 million at the time of purchase that we believe are undervalued in the marketplace.¹

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. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

We are pleased to bring you Franklin MicroCap Value Fund's annual report for the fiscal year ended October 31, 2013.

Performance Overview

Franklin MicroCap Value Fund – Class A delivered a +33.64% cumulative total return for the 12 months under review. In comparison, the Russell 2000® Value Index, which measures performance of those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values, generated a +32.83% total return.² Although this report covers a 12-month period, our investment strategy aims for long-term results. You can find the Fund's long-term performance data in the Performance Summary beginning on page 39.

Investment Strategy

Our strategy is to buy shares of financially sound, well-established companies at a low price-to-book value, where we have reasonable confidence that book value will increase over several years. We limit purchases to companies with market capitalizations of less than \$500 million, which we define as "microcap."¹ Book value per share is a company's net worth or shareholders' equity on an accounting or "book" basis, divided by shares outstanding. This strategy is not aimed at short-term trading gains, nor do we consider the composition of any index. Rather, we try to identify individual companies that meet our investment criteria, and we assume at purchase that we will hold the positions for several years.

1. Effective 12/10/12, the maximum market capitalization for each investment that the Fund can invest in increased from \$400 million at time of purchase to \$500 million.

2. Source: © 2013 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The index is unmanaged and includes reinvested dividends. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 91.

Manager's Discussion

On October 31, 2013, the Fund's total net assets were \$546.7 million, with short-term investments and other net assets making up 23.1%, compared with total net assets of \$367.9 million and short-term investments and other net assets of 9.3% on October 31, 2012. The Fund closed to new investors (with the exception of certain retirement accounts) in January 2004 and has remained closed except for two days in mid-February 2013. We opened the Fund on a limited basis so that we might increase the number of shareholders and broaden our investor base. The Fund's being closed does not restrict existing shareholders from adding to or reducing their investments in the Fund, except that once an account is reduced to zero, it may not be reopened unless the Fund reopens.

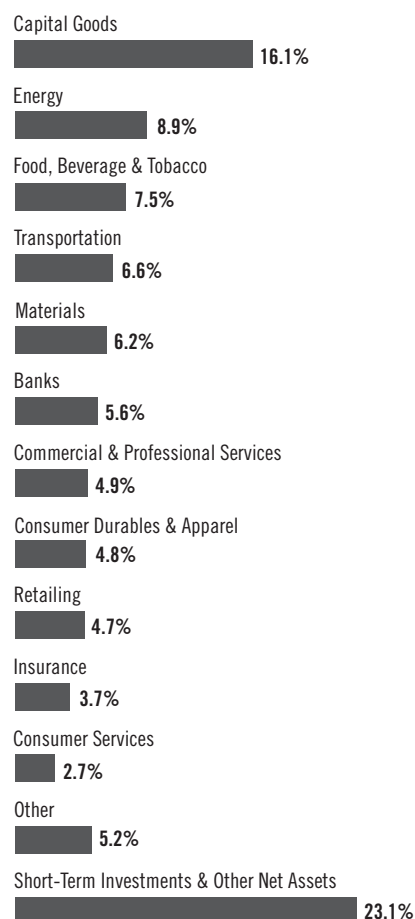
During the 12 months under review, contributors to absolute Fund performance included a number of industrials sector holdings, such as USA Truck and SAIA (trucking), Costa, formerly known as A.T. Cross (sunglasses) and Sparton (electromechanical devices).³ American Pacific (specialty chemicals) was also a notable contributor. USA Truck, which made belated progress in turning around its operations, also became the object of a hostile takeover bid from Knight Transportation. Costa divested its legacy A.T. Cross accessories business for \$60 million to focus on its rapidly growing Costa and Native sunglass brands. Sparton reported better-than-expected earnings, helped by recent acquisitions. American Pacific, whose financial results were stellar during the period, was also rumored to be in takeover talks.

All investment sectors and most positions held by the Fund benefited performance, but detractors included Ruby Tuesday (casual dining restaurant chain), Cobra Electronics (mobile communication products), Full House Resorts (gaming), Tandy Brands Accessories (leather belts and gift accessories) and Universal Stainless & Alloy Products (specialty steel products manufacturer and marketer). Cobra Electronics is a small player in the hyper-competitive consumer electronics realm. It struggled to gain traction with new products, and contended with expensive "patent troll" litigation. Tandy Brands Accessories, which was sold, was unable to turn around its operations. Ruby Tuesday and Full House Resorts were relatively new positions. Ruby Tuesday has been trying to rebrand its ailing casual dining offering. Full House Resorts' Rising Star Casino in Indiana faced new competition from Ohio. Universal Stainless & Alloy Products encountered cyclical headwinds in the form of supply chain reductions in the aerospace industry.

We identified eight new investment opportunities during the period under review: Ruby Tuesday and Full House Resorts, described above; Cal Dive International, an offshore oil and gas construction contractor; Tesco, an oil and gas drilling equipment provider; Sterling Construction, a heavy civil

Portfolio Breakdown

Franklin MicroCap Value Fund
Based on Total Net Assets as of 10/31/13



3. The industrials sector comprises capital goods and commercial and professional services in the S&P.

Top 10 Equity Holdings

Franklin MicroCap Value Fund
10/31/13

Company Sector/Industry	% of Total Net Assets
Seneca Foods Corp., A & B <i>Food, Beverage & Tobacco</i>	3.5%
PHI Inc. <i>Energy</i>	3.1%
Delta Apparel Inc. <i>Consumer Durables & Apparel</i>	2.6%
Hardinge Inc. <i>Capital Goods</i>	2.5%
Healthcare Services Group Inc. <i>Commercial & Professional Services</i>	2.3%
Omega Protein Corp. <i>Food, Beverage & Tobacco</i>	2.3%
Sparton Corp. <i>Capital Goods</i>	2.0%
Costa Inc. <i>Commercial & Professional Services</i>	1.8%
P.A.M. Transportation Services Inc. <i>Transportation</i>	1.8%
Tesco Corp. (Canada) <i>Energy</i>	1.7%

construction contractor; Parker Drilling, an oil and gas drilling contractor; Magellan Petroleum, an oil and gas exploration and production company; and American Safety Insurance Holdings, a specialty insurance and reinsurance holding company. We added to existing positions in Monarch Cement, a cement maker and contractor; Pensco Financial Services, a bank holding company; Kimball International, a furniture and electronic assemblies manufacturer; and Universal Stainless & Alloy Products, described above, among others. Cash deployed into new and existing positions totaled \$42.6 million during the period.

Portfolio sales over the annual period totaled \$82.6 million. We liquidated positions in Bassett Furniture Industries, Destination XL Group (formerly Casual Male Retail Group), LCNB, Unifi, Tandy Brands Accessories and Coast Distribution System. During the period there were three all cash takeovers and one cash and stock takeover: American Safety Insurance Holdings was acquired by Fairfax Financial Holdings, Presidential Life was acquired by Athene Holdings, Smithfield Foods was acquired by Shuanghui International Holdings, and WSB Holdings was acquired by Old Line Bancshares for cash and stock. We also reduced positions in American Pacific, SAIA, Haverty Furniture and CIRCOR International, among others.

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



Bruce C. Baughman

Bruce C. Baughman, CPA
Lead Portfolio Manager

William J. Lippman
Margaret McGee
Donald G. Taylor, CPA

Portfolio Management Team
Franklin MicroCap Value Fund

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2013, 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 10/31/13

Franklin MicroCap Value Fund

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. 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.

Price and Distribution Information

Class A (Symbol: FRMCX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$8.39	\$40.99	\$32.60
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.5221		
Short-Term Capital Gain	\$0.3242		
Long-Term Capital Gain	\$1.1119		
Total	\$1.9582		
Class R6 (Symbol: n/a)	Change	10/31/13	5/1/13
Net Asset Value (NAV)	+\$6.60	\$41.03	\$34.43
Advisor Class (Symbol: FVRMX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$8.38	\$40.99	\$32.61
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.6014		
Short-Term Capital Gain	\$0.3242		
Long-Term Capital Gain	\$1.1119		
Total	\$2.0375		

Performance Summary *(continued)*

Performance¹

Cumulative total return excludes sales charges. Aggregate and average annual total returns and value of \$10,000 investment include maximum sales charges. **Class A:** 5.75% maximum initial sales charge; **Class R6/Advisor Class:** no sales charges.

Class A	1-Year	5-Year	10-Year
Cumulative Total Return ²	+33.64%	+129.93%	+174.80%
Average Annual Total Return ³	+25.95%	+16.73%	+9.98%
Value of \$10,000 Investment ⁴	\$12,595	\$21,671	\$25,896
Avg. Ann. Total Return (9/30/13) ⁵	+23.87%	+12.15%	+10.51%
Total Annual Operating Expenses ⁶	1.18%		
Class R6	Inception (5/1/13)		
Cumulative Total Return ²			+19.17%
Aggregate Total Return ⁷			+19.17%
Value of \$10,000 Investment ⁴			\$11,917
Aggregate Total Return (9/30/13) ^{5, 7}			+17.31%
Total Annual Operating Expenses ⁶	0.83%		
Advisor Class ⁸	1-Year	5-Year	10-Year
Cumulative Total Return ²	+33.93%	+132.70%	+180.12%
Average Annual Total Return ³	+33.93%	+18.40%	+10.85%
Value of \$10,000 Investment ⁴	\$13,393	\$23,270	\$28,012
Avg. Ann. Total Return (9/30/13) ⁵	+31.72%	+13.75%	+11.38%
Total Annual Operating Expenses ⁶	0.94%		

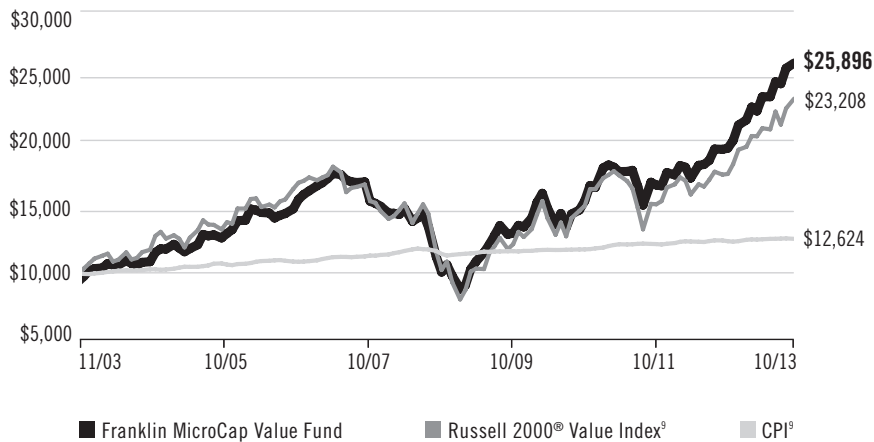
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com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

Performance Summary *(continued)*

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.

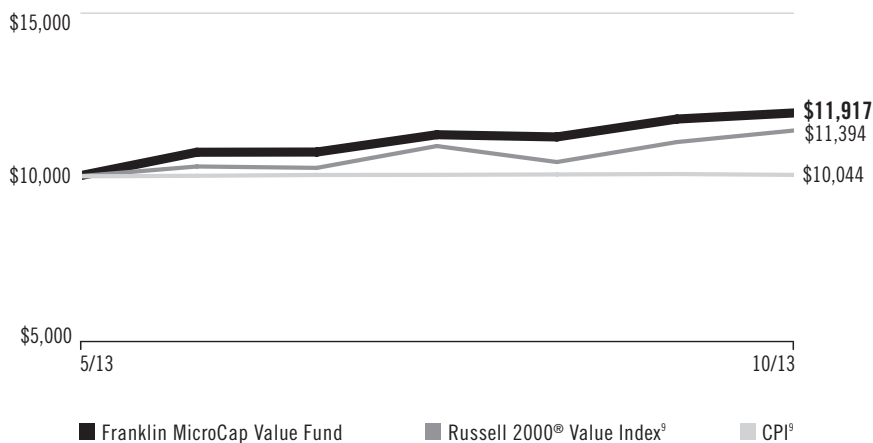
Class A (11/1/03–10/31/13)



Average Annual Total Return

Class A	10/31/13
1-Year	+25.95%
5-Year	+16.73%
10-Year	+9.98%

Class R6 (5/1/13–10/31/13)



Aggregate Total Return⁷

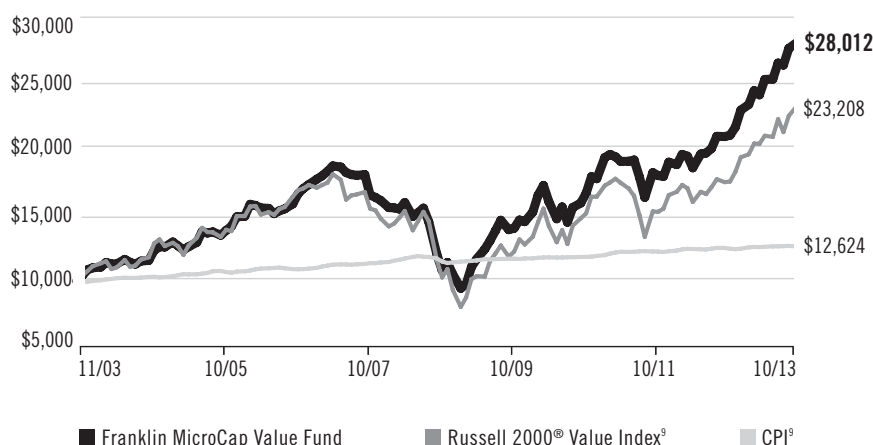
Class R6	10/31/13
Since Inception (5/1/13)	+19.17%

Performance Summary *(continued)*

Average Annual Total Return

Advisor Class ⁸	10/31/13
1-Year	+33.93%
5-Year	+18.40%
10-Year	+10.85%

Advisor Class (11/1/03–10/31/13)⁸



Endnotes

All investments involve risks, including possible loss of principal. The Fund's ability to invest in smaller company securities that may have limited liquidity involves additional risks, such as relatively small revenues, limited product lines and small market share. Historically, these stocks have exhibited greater price volatility than larger company stocks, especially over the short term. In addition, the Fund may invest up to 25% of its total assets in foreign securities, which involve special risks, including currency fluctuations and economic and political uncertainty. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class R6: Shares are available to certain eligible investors as described in the prospectus.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

1. The Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been lower.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
3. Average annual total return represents the average annual change in value of an investment over the periods indicated.
4. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.
5. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
6. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
7. Aggregate total return represents the change in value of an investment for the period indicated. Since Class R6 shares have existed for less than one year, average annual total return is not available.
8. Effective 11/1/05, the Fund began offering Advisor Class shares, which do not have sales charges or a Rule 12b-1 plan. Performance quotations for this class reflect the following methods of calculation: (a) For periods prior to 11/1/05, a restated figure is used based upon the Fund's Class A performance, excluding the effect of Class A's maximum initial sales charge, but reflecting the effect of the Class A Rule 12b-1 fees; and (b) for periods after 11/1/05, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 11/1/05 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +107.30% and +9.54%.
9. Source: © 2013 Morningstar. The Russell 2000 Value Index is market capitalization weighted and measures performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values. The Consumer Price Index (CPI), calculated by the Bureau of Labor Statistics, is a commonly used measure of the inflation rate.

Your Fund's Expenses

Franklin MicroCap Value Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- 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 following table 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 first line (Actual) for each share class listed in the table provides actual account values and expenses. The “Ending Account Value” is derived from the Fund’s actual return, which includes the effect of Fund expenses.

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:*

1. Divide your account value by \$1,000.
If an account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$.
2. Multiply the result by the number under the heading “Expenses Paid During Period.”
If Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50 .

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical “Ending Account Value” is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund’s actual return. The figure under the heading “Expenses Paid During Period” shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses *(continued)*

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 5/1/13	Ending Account Value 10/31/13	Expenses Paid During Period* 5/1/13–10/31/13
Actual	\$1,000	\$1,162.80	\$6.49
Hypothetical (5% return before expenses)	\$1,000	\$1,019.21	\$6.06
Class R6			
Actual	\$1,000	\$1,191.70	\$4.36
Hypothetical (5% return before expenses)	\$1,000	\$1,021.22	\$4.02
Advisor Class			
Actual	\$1,000	\$1,164.10	\$5.18
Hypothetical (5% return before expenses)	\$1,000	\$1,020.42	\$4.84

*Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 1.19%; R6: 0.79%; and Advisor: 0.95%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin MidCap Value Fund

Your Fund's Goal and Main Investments: Franklin MidCap Value Fund seeks long-term total return by investing at least 80% of net assets in securities of mid-capitalization companies that we believe are undervalued. We define mid-capitalization companies as those with market capitalizations that are similar in size at the time of purchase to those in the Russell Midcap® Index.¹

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. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

This annual report for Franklin MidCap Value Fund covers the fiscal year ended October 31, 2013.

Performance Overview

Franklin MidCap Value Fund – Class A delivered a +31.47% cumulative total return for the 12 months under review. In comparison, the Russell Midcap® Value Index, which measures performance of those Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth values, generated a +33.45% total return.² Although this report covers a 12-month period, our investment strategy aims for long-term results. You can find the Fund's long-term performance data in the Performance Summary beginning on page 48.

Investment Strategy

Our goal is to invest in mid-capitalization companies that we determine are currently undervalued and have the potential for capital appreciation. The Fund purchases stocks that are out of favor in the market for reasons we believe will prove to be temporary. In addition, the Fund may invest in companies with valuable intangibles we believe are not reflected in the stock price. This strategy is not aimed at short-term trading gains, nor do we consider the composition of any index. Rather, we try to identify attractively priced, financially sound companies that meet our investment criteria, and we assume at purchase that we will hold the positions for several years.

1. The Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represent a modest amount of the Russell 1000® Index's total market capitalization.

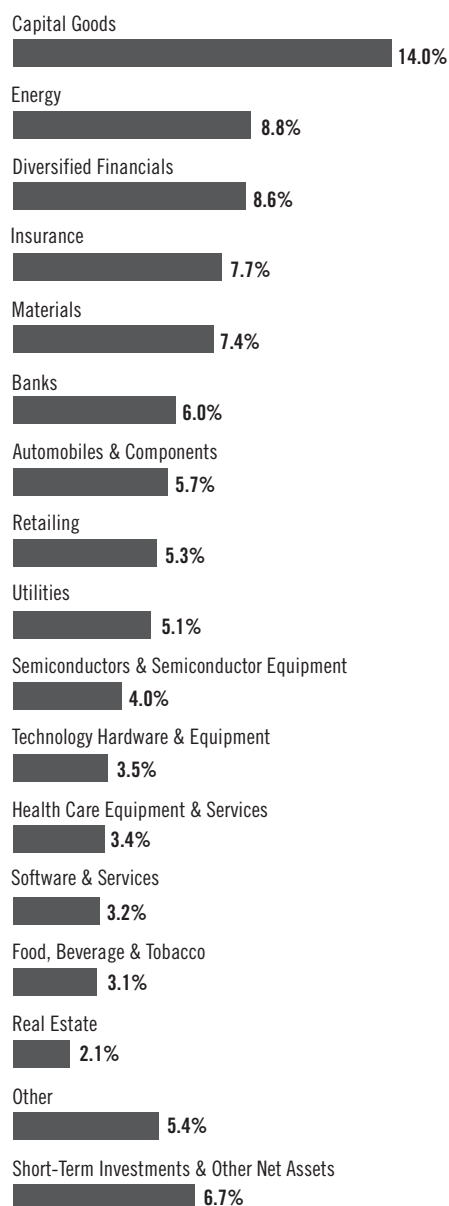
2. Source: © 2013 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The index is unmanaged and includes reinvested dividends. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 99.

Portfolio Breakdown

Franklin MidCap Value Fund

Based on Total Net Assets as of 10/31/13



Manager's Discussion

During the 12 months under review, contributors to absolute Fund performance included video game retailer GameStop, private equity investment group KKR, auto components supplier Gentex, business outsourcing provider Xerox and securities services provider Leidos Holdings, which was a spin-off of Science Applications International Corp. (formerly SAIC). Shares of GameStop rallied based on management's optimistic guidance regarding robust same-store sales for the upcoming holiday season and was anticipated to profit from the introduction of new video game consoles from Microsoft and Sony. KKR benefited from a steady flow of private equity deals and capitalized on strong market conditions aiding capital formation and portfolio harvesting. Shares of Gentex rose resulting from a consistent trend of higher-than-expected profit margins as the company continued to dramatically grow sales of auto-dimming exterior car mirrors. Results from Xerox improved based on better execution in its services segment. Leidos Holdings, formerly a division of Science Applications International, was spun out to existing shareholders. Doing so allowed both entities to compete for government contracts previously unavailable.

Most of the Fund's positions benefited performance, but detractors included coal producer Peabody Energy and student housing operator American Campus Communities. Peabody Energy encountered falling prices for high margin metallurgical coal used to fire steel furnaces, and American Campus Communities suffered amid investor concerns regarding slower preleasing and student housing oversupply.

During the reporting period, the Fund initiated nine new positions, including the aforementioned American Campus Communities; Corning, a specialty glass and ceramics manufacturer; PetSmart, a pet products and services provider; KLA-Tencor, a semiconductor manufacturing services provider; Maxim Integrated Products, an integrated circuit manufacturer; Raymond James Financial, a diversified financial services holding company; Stanley Black & Decker, a maker of hardware, industrial tools and security products; Community Health Systems, a hospital and clinic operator; and iShares Russell Mid-Cap Value ETF, an exchange-traded fund. By investing in the ETF, we sought to put some of the Fund's cash to work more efficiently, while retaining liquidity as we searched for new investment opportunities. We viewed the ETF investment as an interim solution for cash that resulted from strong inflows to the Fund. The ETF was designed to be similar to the benchmark index in composition and performance.

Consistent with our value strategy, we added to existing positions in Nucor, a steel manufacturer; Peabody Energy, described above, Valero Energy, a petroleum refiner and marketer; and Bunge, a global agribusiness and food company, among others.

We liquidated our positions in Old Republic International, Teekay and McCormick & Co. We also reduced our positions in Actavis, Endo Health Solutions, GameStop, and J.B. Hunt Transport Services, among others.

There were two all cash takeover announcements during the period: Gardner Denver was acquired by KKR, and NV Energy agreed to be acquired by Berkshire Hathaway, with the closing expected in early 2014.

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



Sam Kerner, CFA
Lead Portfolio Manager

Bruce C. Baughman, CPA
William J. Lippman
Margaret McGee
Donald G. Taylor, CPA

Portfolio Management Team
Franklin MidCap Value Fund

Top 10 Equity Holdings

Franklin MidCap Value Fund
10/31/13

Company Sector/Industry	% of Total Net Assets
American Campus Communities Inc. <i>Real Estate</i>	2.1%
Corning Inc. <i>Technology Hardware & Equipment</i>	2.0%
KeyCorp <i>Banks</i>	2.0%
Comerica Inc. <i>Banks</i>	1.9%
GameStop Corp., A <i>Retailing</i>	1.9%
Northern Trust Corp. <i>Diversified Financials</i>	1.9%
Total System Services Inc. <i>Software & Services</i>	1.7%
Xylem Inc. <i>Capital Goods</i>	1.7%
Microchip Technology Inc. <i>Semiconductors & Semiconductor Equipment</i>	1.6%
KKR & Co., LP <i>Diversified Financials</i>	1.6%

CFA® is a trademark owned by CFA Institute.

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2013, 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 10/31/13

Franklin MidCap Value Fund

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. 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.

Price and Distribution Information

Class A (Symbol: FMVAX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$3.38	\$14.76	\$11.38
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.1582		
Class C (Symbol: FMVCX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$3.34	\$14.55	\$11.21
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.0678		
Class R (Symbol: n/a)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$3.36	\$14.71	\$11.35
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.1440		
Advisor Class (Symbol: n/a)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$3.40	\$14.84	\$11.44
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.1981		

Performance Summary *(continued)*

Performance¹

Cumulative total return excludes sales charges. Average annual total returns and value of \$10,000 investment include maximum sales charges. **Class A:** 5.75% maximum initial sales charge; **Class C:** 1% contingent deferred sales charge in first year only; **Class R/Advisor Class:** no sales charges.

Class A	1-Year	5-Year	Inception (7/1/05)
Cumulative Total Return ²	+31.47%	+109.10%	+62.36%
Average Annual Total Return ³	+23.96%	+14.52%	+5.24%
Value of \$10,000 Investment ⁴	\$12,396	\$19,697	\$15,303
Avg. Ann. Total Return (9/30/13) ⁵	+19.54%	+8.27%	+4.75%
Total Annual Operating Expenses ⁶	1.35% (with waiver)	1.70% (without waiver)	
Class C	1-Year	5-Year	Inception (7/1/05)
Cumulative Total Return ²	+30.56%	+102.20%	+53.62%
Average Annual Total Return ³	+29.56%	+15.12%	+5.29%
Value of \$10,000 Investment ⁴	\$12,956	\$20,220	\$15,362
Avg. Ann. Total Return (9/30/13) ⁵	+24.99%	+8.80%	+4.80%
Total Annual Operating Expenses ⁶	2.04% (with waiver)	2.39% (without waiver)	
Class R	1-Year	5-Year	Inception (7/1/05)
Cumulative Total Return ²	+31.22%	+107.05%	+59.99%
Average Annual Total Return ³	+31.22%	+15.67%	+5.80%
Value of \$10,000 Investment ⁴	\$13,122	\$20,705	\$15,999
Avg. Ann. Total Return (9/30/13) ⁵	+26.67%	+9.37%	+5.32%
Total Annual Operating Expenses ⁶	1.55% (with waiver)	1.90% (without waiver)	
Advisor Class	1-Year	5-Year	Inception (7/1/05)
Cumulative Total Return ²	+31.94%	+112.56%	+66.98%
Average Annual Total Return ³	+31.94%	+16.28%	+6.35%
Value of \$10,000 Investment ⁴	\$13,194	\$21,256	\$16,698
Avg. Ann. Total Return (9/30/13) ⁵	+27.34%	+9.90%	+5.85%
Total Annual Operating Expenses ⁶	1.05% (with waiver)	1.40% (without waiver)	

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.

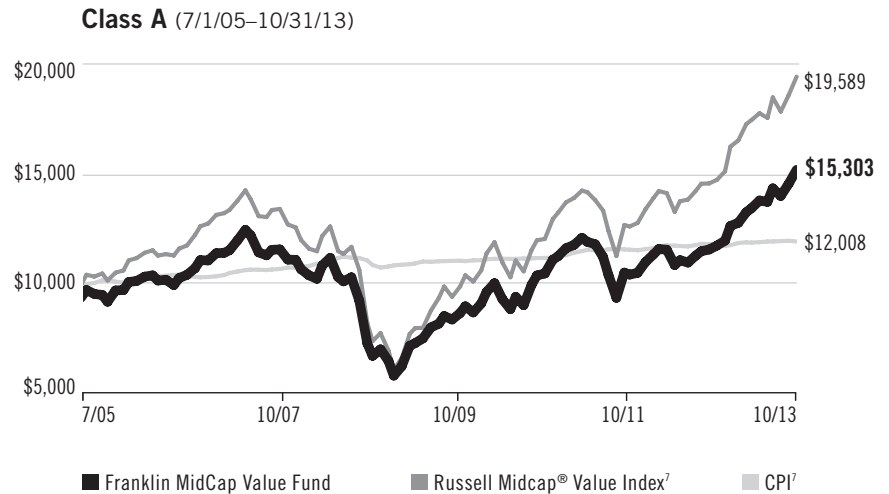
Performance Summary *(continued)*

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.

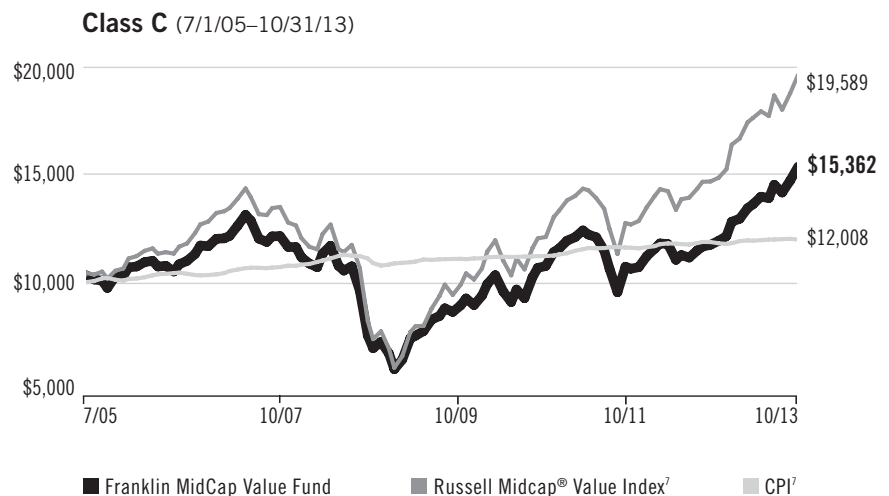
Average Annual Total Return

Class A	10/31/13
1-Year	+23.96%
5-Year	+14.52%
Since Inception (7/1/05)	+5.24%



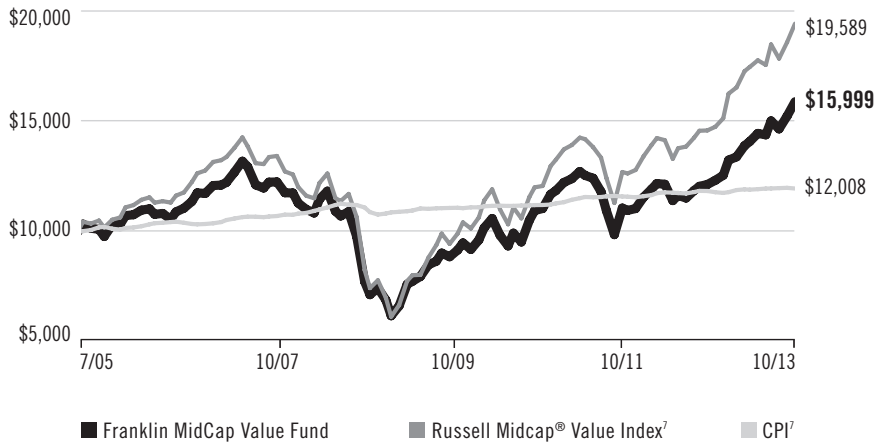
Average Annual Total Return

Class C	10/31/13
1-Year	+29.56%
5-Year	+15.12%
Since Inception (7/1/05)	+5.29%



Performance Summary *(continued)*

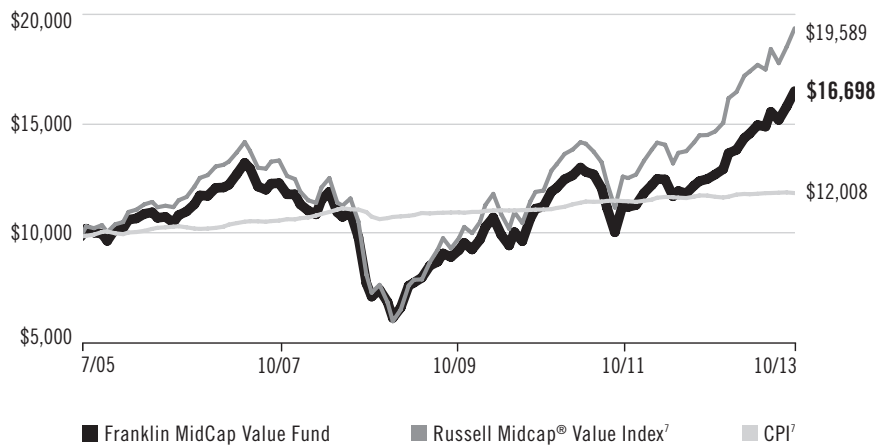
Class R (7/1/05–10/31/13)



Average Annual Total Return

Class R	10/31/13
1-Year	+31.22%
5-Year	+15.67%
Since Inception (7/1/05)	+5.80%

Advisor Class (7/1/05–10/31/13)



Average Annual Total Return

Advisor Class	10/31/13
1-Year	+31.94%
5-Year	+16.28%
Since Inception (7/1/05)	+6.35%

Performance Summary *(continued)*

Endnotes

All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Historically, midsize company securities have been more volatile in price than larger company securities, especially over the short term. Midsize companies may be more susceptible to particular economic events or competitive factors than are larger, more broadly diversified companies. In addition, the Fund may invest up to 25% of its total assets in foreign securities, which involve special risks, including currency fluctuations and economic and political uncertainty. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: These shares have higher annual fees and expenses than Class A shares.

Class R: Shares are available to certain eligible investors as described in the prospectus. These shares have higher annual fees and expenses than Class A shares.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

1. The Fund has an expense reduction contractually guaranteed through at least 2/28/14 and a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the expense reduction and fee waiver, to the extent applicable; without these reductions, the results would have been lower.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
3. Average annual total return represents the average annual change in value of an investment over the periods indicated.
4. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.
5. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
6. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
7. Source: © 2013 Morningstar. The Russell Midcap® Value Index is market capitalization weighted and measures performance of those Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth values. The Consumer Price Index (CPI), calculated by the Bureau of Labor Statistics, is a commonly used measure of the inflation rate.

Your Fund's Expenses

Franklin MidCap Value Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- 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 following table 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 first line (Actual) for each share class listed in the table provides actual account values and expenses. The “Ending Account Value” is derived from the Fund’s actual return, which includes the effect of Fund expenses.

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:*

1. Divide your account value by \$1,000.
If an account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$.
2. Multiply the result by the number under the heading “Expenses Paid During Period.”
If Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50 .

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical “Ending Account Value” is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund’s actual return. The figure under the heading “Expenses Paid During Period” shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses *(continued)*

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 5/1/13	Ending Account Value 10/31/13	Expenses Paid During Period* 5/1/13–10/31/13
Actual	\$1,000	\$1,130.20	\$ 7.25
Hypothetical (5% return before expenses)	\$1,000	\$1,018.40	\$ 6.87
Class C			
Actual	\$1,000	\$1,127.00	\$10.99
Hypothetical (5% return before expenses)	\$1,000	\$1,014.87	\$10.41
Class R			
Actual	\$1,000	\$1,128.90	\$ 8.32
Hypothetical (5% return before expenses)	\$1,000	\$1,017.39	\$ 7.88
Advisor Class			
Actual	\$1,000	\$1,132.80	\$ 5.64
Hypothetical (5% return before expenses)	\$1,000	\$1,019.91	\$ 5.35

*Expenses are calculated using the most recent six-month expense ratio, net of expense waivers, annualized for each class (A: 1.35%; C: 2.05%; R: 1.55%; and Advisor: 1.05%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Small Cap Value Fund

Your Fund's Goal and Main Investments: Franklin Small Cap Value Fund seeks long-term total return by investing at least 80% of net assets in securities of small-capitalization companies that we believe are undervalued. We define small-capitalization companies as those with market capitalizations less than \$3.5 billion at the time of purchase.

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. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

We are pleased to bring you Franklin Small Cap Value Fund's annual report for the fiscal year ended October 31, 2013.

Performance Overview

Franklin Small Cap Value Fund – Class A delivered a +38.15% cumulative total return for the 12 months under review. In comparison, the Russell 2500™ Value Index, which measures performance of those Russell 2500™ Index companies with lower price-to-book ratios and lower forecasted growth values, generated a +33.35% total return.¹ Although this report covers a 12-month period, our investment strategy aims for long-term results. You can find the Fund's long-term performance data in the Performance Summary beginning on page 58.

Investment Strategy

We seek to invest in small-capitalization companies that we believe are selling below their underlying worth and hold them until they reach what we consider their fair market value. We seek a diversified portfolio of fundamentally sound companies purchased at attractive prices, often when they are out of favor with other investors. Portfolio securities are selected without regard to benchmark comparisons and are based on fundamental, bottom-up research focusing on several criteria, such as low price relative to earnings, book value or cash flow. We also consider stocks with recent sharp price declines that we believe still have significant growth potential or that possess valuable intangibles not reflected in the stock price.

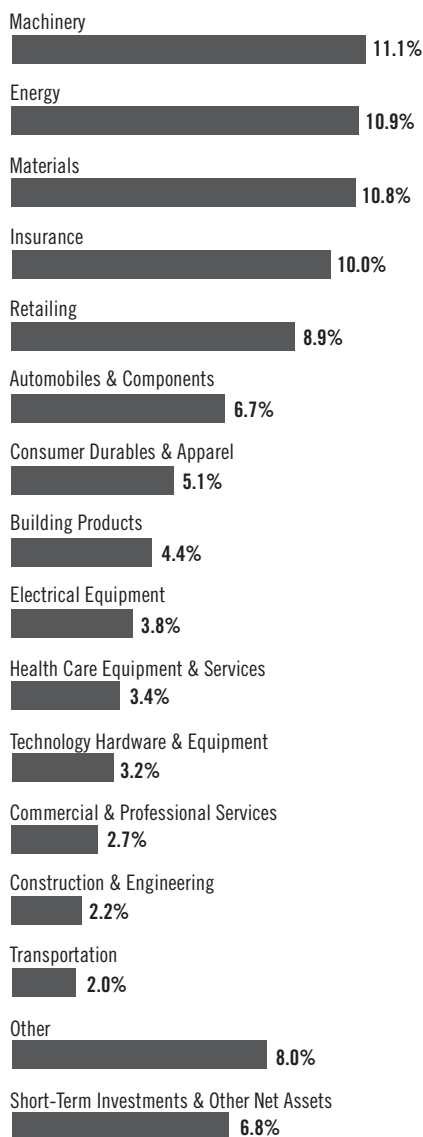
1. Source: © 2013 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The index is unmanaged and includes reinvested dividends. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 107.

Portfolio Breakdown

Franklin Small Cap Value Fund

Based on Total Net Assets as of 10/31/13



Manager's Discussion

During the 12 months under review, contributors to absolute Fund performance included video game retailer GameStop, insurer Protective Life, recreational vehicle manufacturer Thor Industries, aircraft-related aftermarket services provider AAR and railcar manufacturer Trinity Industries. GameStop benefited from management's optimistic guidance regarding robust same-store sales for the upcoming holiday season and was anticipated to profit from the introduction of new video game consoles from Microsoft and Sony. Shares of Protective Life rallied based on solid earnings growth driven by its annuities business, a potential benefit from acquisitions and the prospect for higher interest rates. Thor Industries appreciated owing to strong demand for towable recreational vehicles and growing sales of motorized vehicles. AAR's share price rose because of increased demand for spare parts and maintenance services to the improving commercial aviation sector along with the company's solid free cash flow generation. Trinity Industries posted record earnings and backlog resulting from increased demand for rail cars to support the domestic energy boom.

Most positions in the Fund benefited performance, but detractors included flexible circuit materials manufacturer Multi-Fineline Electronix, single-family home builders M.D.C. Holdings and M/I Homes, hair care salon operator Regis and outdoor power equipment manufacturer Briggs & Stratton. Weaker-than-expected demand led to disappointing earnings for Multi-Fineline Electronix. M.D.C. Holdings and M/I Homes suffered from an uncertain outlook for new housing demand as a result of higher interest rates. Regis posted lower-than-expected revenue and earnings as its effort to implement a major restructuring had not yet gained traction. Briggs & Stratton struggled with an extremely slow start to the spring lawn and garden season and retailers' cautious approach to managing inventories.

During the reporting period, the Fund initiated positions in nine new holdings, including Regal-Beloit, an electric motor manufacturer; Carpenter Technology, a high performance metals manufacturer; Pep Boys – Manny, Moe & Jack, an auto service and retail chain; Jos. A. Bank Clothiers, a men's clothing designer and retailer; Harman International Industries, an audio and infotainment manufacturer; and Genesco, a specialty retailer, among others. We also added to our positions in Cabot, a specialty chemicals and materials company; Unit Corp., a diversified energy company; and STERIS, a health care sterilization technology provider, among others. We liquidated positions in 17 companies including Graco, American Woodmark, Lancaster Colony, CIRCOR International and West Pharmaceutical Services. We reduced our positions in several securities including Protective Life, GameStop, Pier 1 Imports, Nordson and Benchmark Electronics, among others.

There were four all cash takeover announcements during the period: Gardner Denver was acquired by KKR, Maidenform Brands was acquired by HanesBrands, Kaydon was acquired by SKF, and NV Energy agreed to be acquired by Berkshire Hathaway, with the closing expected in early 2014.

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



William J. Lippman

William J. Lippman
President and Co-Portfolio Manager



Steven B. Raineri

Steven B. Raineri
Co-Portfolio Manager

Bruce C. Baughman, CPA
Margaret McGee
Donald G. Taylor, CPA

Portfolio Management Team
Franklin Small Cap Value Fund

Top 10 Equity Holdings

Franklin Small Cap Value Fund
10/31/13

Company Sector/Industry	% of Total Net Assets
Thor Industries Inc. <i>Automobiles & Components</i>	2.6%
Trinity Industries Inc. <i>Machinery</i>	2.1%
Bristow Group Inc. <i>Energy</i>	1.9%
Protective Life Corp. <i>Insurance</i>	1.8%
Reliance Steel & Aluminum Co. <i>Materials</i>	1.7%
AAR Corp. <i>Aerospace & Defense</i>	1.7%
StanCorp Financial Group Inc. <i>Insurance</i>	1.7%
Universal Forest Products Inc. <i>Building Products</i>	1.6%
Cabot Corp. <i>Materials</i>	1.6%
The Men's Wearhouse Inc. <i>Retailing</i>	1.6%

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2013, 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 10/31/13

Franklin Small Cap Value Fund

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. 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.

Price and Distribution Information

Class A (Symbol: FRVLX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$14.64	\$59.76	\$45.12
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.4895		
Short-Term Capital Gain	\$0.0147		
Long-Term Capital Gain	\$1.4523		
Total	\$1.9565		
Class C (Symbol: FRVFX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$13.50	\$55.62	\$42.12
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.1881		
Short-Term Capital Gain	\$0.0147		
Long-Term Capital Gain	\$1.4523		
Total	\$1.6551		
Class R (Symbol: FVFRX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$14.50	\$59.21	\$44.71
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.3882		
Short-Term Capital Gain	\$0.0147		
Long-Term Capital Gain	\$1.4523		
Total	\$1.8552		
Class R6 (Symbol: n/a)	Change	10/31/13	5/1/13
Net Asset Value (NAV)	+\$10.95	\$61.78	\$50.83
Advisor Class (Symbol: FVADX)	Change	10/31/13	10/31/12
Net Asset Value (NAV)	+\$15.18	\$61.72	\$46.54
Distributions (11/1/12–10/31/13)			
Dividend Income	\$0.6287		
Short-Term Capital Gain	\$0.0147		
Long-Term Capital Gain	\$1.4523		
Total	\$2.0957		

Performance Summary *(continued)*

Performance¹

Cumulative total return excludes sales charges. Aggregate and average annual total returns and value of \$10,000 investment include maximum sales charges. **Class A:** 5.75% maximum initial sales charge; **Class C:** 1% contingent deferred sales charge in first year only; **Class R/R6/Advisor Class:** no sales charges.

Class A	1-Year	5-Year	10-Year
Cumulative Total Return ²	+38.15%	+133.25%	+175.62%
Average Annual Total Return ³	+30.22%	+17.07%	+10.02%
Value of \$10,000 Investment ⁴	\$13,022	\$21,986	\$25,977
Avg. Ann. Total Return (9/30/13) ⁵	+26.40%	+10.09%	+10.51%
Total Annual Operating Expenses ⁶	1.28%		
Class C	1-Year	5-Year	10-Year
Cumulative Total Return ²	+37.23%	+125.15%	+157.08%
Average Annual Total Return ³	+36.23%	+17.62%	+9.90%
Value of \$10,000 Investment ⁴	\$13,623	\$22,515	\$25,708
Avg. Ann. Total Return (9/30/13) ⁵	+32.18%	+10.61%	+10.40%
Total Annual Operating Expenses ⁶	1.97%		
Class R	1-Year	5-Year	10-Year
Cumulative Total Return ²	+37.91%	+130.90%	+170.20%
Average Annual Total Return ³	+37.91%	+18.22%	+10.45%
Value of \$10,000 Investment ⁴	\$13,791	\$23,090	\$27,020
Avg. Ann. Total Return (9/30/13) ⁵	+33.84%	+11.16%	+10.95%
Total Annual Operating Expenses ⁶	1.48%		
Class R6	Inception (5/1/13)		
Cumulative Total Return ²			+21.54%
Aggregate Total Return ⁷			+21.54%
Value of \$10,000 Investment ⁴			\$12,154
Aggregate Total Return (9/30/13) ^{5, 7}			+16.56%
Total Annual Operating Expenses ⁷	0.71%		
Advisor Class	1-Year	5-Year	10-Year
Cumulative Total Return ²	+38.56%	+136.63%	+184.06%
Average Annual Total Return ³	+38.56%	+18.80%	+11.00%
Value of \$10,000 Investment ⁴	\$13,856	\$23,663	\$28,406
Avg. Ann. Total Return (9/30/13) ⁵	+34.49%	+11.72%	+11.51%
Total Annual Operating Expenses ⁶	0.98%		

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.

Performance Summary *(continued)*

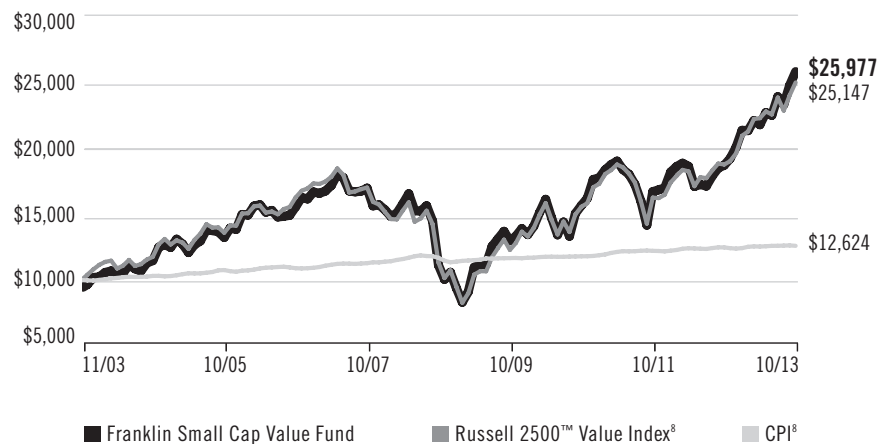
Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

Total return represents the change in value of an investment over the periods shown. It includes any current, 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.

Average Annual Total Return

Class A	10/31/13
1-Year	+30.22%
5-Year	+17.07%
10-Year	+10.02%

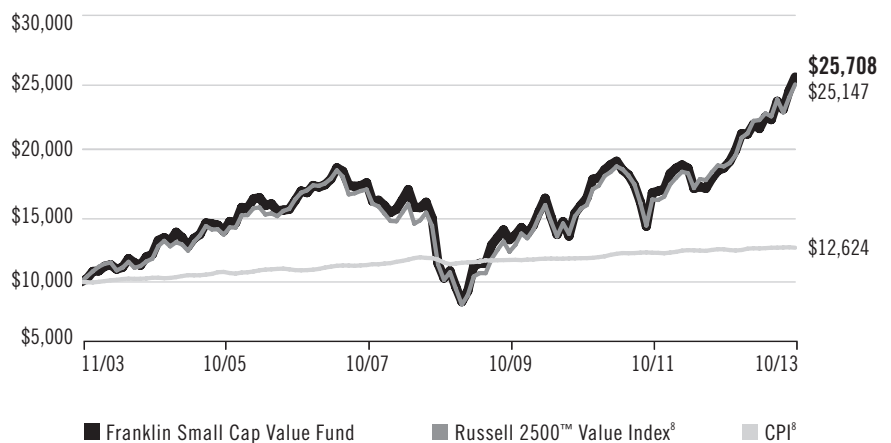
Class A (11/1/03–10/31/13)



Average Annual Total Return

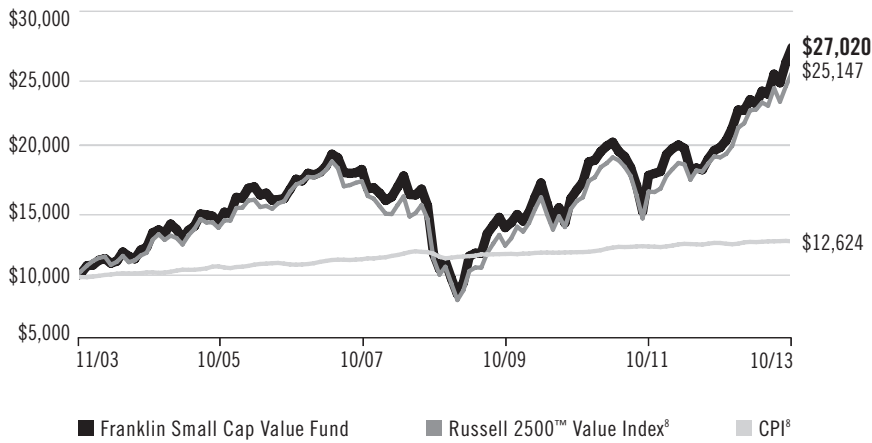
Class C	10/31/13
1-Year	+36.23%
5-Year	+17.62%
10-Year	+9.90%

Class C (11/1/03–10/31/13)



Performance Summary *(continued)*

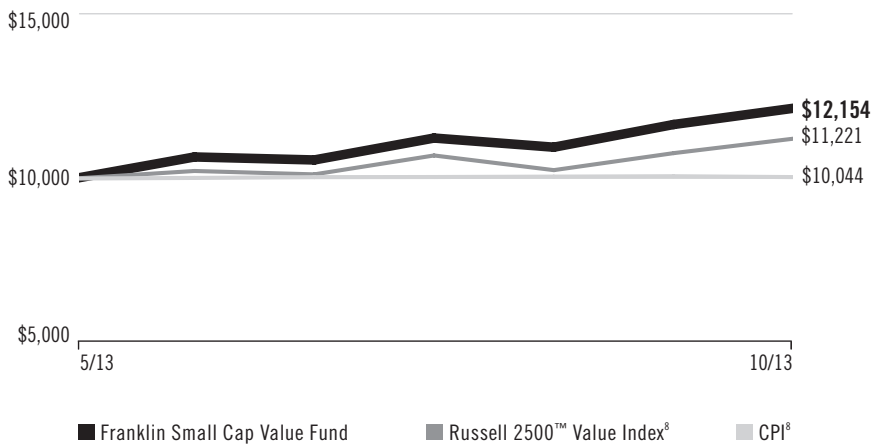
Class R (11/1/03–10/31/13)



Average Annual Total Return

Class R	10/31/13
1-Year	+37.91%
5-Year	+18.22%
10-Year	+10.45%

Class R6 (5/1/13–10/31/13)



Aggregate Total Return⁷

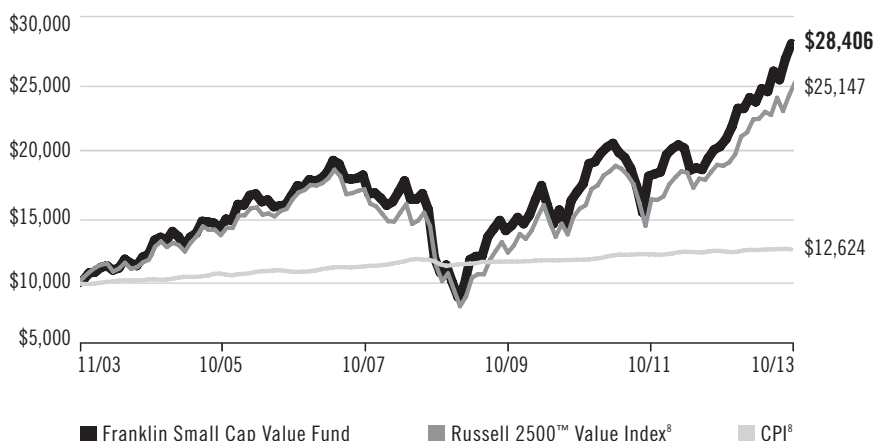
Class R6	10/31/13
Since Inception (5/1/13)	+21.54%

Performance Summary *(continued)*

Average Annual Total Return

Advisor Class	10/31/13
1-Year	+38.56%
5-Year	+18.80%
10-Year	+11.00%

Advisor Class (11/1/03–10/31/13)



Endnotes

All investments involve risks, including possible loss of principal. The Fund's investments in smaller company stocks carry special risks as such stocks have historically exhibited greater price volatility than larger company stocks, particularly over the short term. Additionally, smaller companies often have relatively small revenues, limited product lines and small market share. In addition, the Fund may invest up to 25% of its total assets in foreign securities, which involve special risks, including currency fluctuations and economic and political uncertainty. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares have higher annual fees and expenses than Class A shares.

Class R: Shares are available to certain eligible investors as described in the prospectus. These shares have higher annual fees and expenses than Class A shares.

Class R6: Shares are available to certain eligible investors as described in the prospectus.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

1. The Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been lower.

2. Cumulative total return represents the change in value of an investment over the periods indicated.

3. Average annual total return represents the average annual change in value of an investment over the periods indicated.

4. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.

5. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.

6. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.

7. Aggregate total return represents the change in value of an investment for the period indicated. Since Class R6 shares have existed for less than one year, average annual total return is not available.

8. Source: © 2013 Morningstar. The Russell 2500TM Value Index is market capitalization weighted and measures performance of those Russell 2500TM Index companies with lower price-to-book ratios and lower forecasted growth values. The Consumer Price Index (CPI), calculated by the Bureau of Labor Statistics, is a commonly used measure of the inflation rate.

Your Fund's Expenses

Franklin Small Cap Value Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- 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 following table 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 first line (Actual) for each share class listed in the table provides actual account values and expenses. The “Ending Account Value” is derived from the Fund’s actual return, which includes the effect of Fund expenses.

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:*

1. Divide your account value by \$1,000.
If an account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$.
2. Multiply the result by the number under the heading “Expenses Paid During Period.”
If Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50 .

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical “Ending Account Value” is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund’s actual return. The figure under the heading “Expenses Paid During Period” shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses *(continued)*

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 5/1/13	Ending Account Value 10/31/13	Expenses Paid During Period* 5/1/13–10/31/13
Actual	\$1,000	\$1,185.70	\$6.39
Hypothetical (5% return before expenses)	\$1,000	\$1,019.36	\$5.90
Class C			
Actual	\$1,000	\$1,181.40	\$10.23
Hypothetical (5% return before expenses)	\$1,000	\$1,015.83	\$9.45
Class R			
Actual	\$1,000	\$1,184.40	\$7.49
Hypothetical (5% return before expenses)	\$1,000	\$1,018.35	\$6.92
Class R6			
Actual	\$1,000	\$1,215.40	\$3.57
Hypothetical (5% return before expenses)	\$1,000	\$1,021.98	\$3.26
Advisor Class			
Actual	\$1,000	\$1,187.40	\$4.74
Hypothetical (5% return before expenses)	\$1,000	\$1,020.87	\$4.38

*Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 1.16%; C: 1.86%; R: 1.36%; R6: 0.64% (net of expense waivers); and Advisor: 0.86%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Value Investors Trust

Financial Highlights

Franklin All Cap Value Fund

Class A

Per share operating performance

(for a share outstanding throughout the year)

	Year Ended October 31,				
	2013	2012	2011	2010	2009
Net asset value, beginning of year	\$ 9.23	\$8.45	\$8.41	\$6.83	\$6.25
Income from investment operations ^a :					
Net investment income ^b	0.04	0.06	0.04	0.04	0.05
Net realized and unrealized gains (losses)	3.04	0.77	0.03	1.59	0.58
Total from investment operations	3.08	0.83	0.07	1.63	0.63
Less distributions from net investment income	(0.08)	(0.05)	(0.03)	(0.05)	(0.05)
Net asset value, end of year	\$12.23	\$9.23	\$8.45	\$8.41	\$6.83

Total return ^c	33.69%	9.83%	0.86%	23.90%	10.27%
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Ratios to average net assets

Expenses before waiver and payments by affiliates	1.59%	1.67%	1.72%	1.92%	2.05%
Expenses net of waiver and payments by affiliates	1.23%	1.20%	1.20%	1.20%	1.21% ^d
Net investment income	0.37%	0.70%	0.46%	0.49%	0.89%

Supplemental data

Net assets, end of year (000's)	\$37,004	\$20,127	\$18,455	\$15,904	\$10,167
Portfolio turnover rate	26.63%	26.94%	34.96%	27.31%	38.74%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

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

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

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin All Cap Value Fund

Class C	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$ 9.09	\$8.34	\$8.33	\$6.77	\$6.20
Income from investment operations ^a :					
Net investment income (loss) ^b	(0.03)	— ^c	(0.02)	(0.01)	0.01
Net realized and unrealized gains (losses)	3.01	0.75	0.03	1.58	0.58
Total from investment operations	2.98	0.75	0.01	1.57	0.59
Less distributions from net investment income	(0.02)	—	—	(0.01)	(0.02)
Net asset value, end of year	\$12.05	\$9.09	\$8.34	\$8.33	\$6.77
Total return ^d	32.82%	8.99%	0.12%	23.14%	9.50%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	2.29%	2.37%	2.42%	2.62%	2.72%
Expenses net of waiver and payments by affiliates	1.93%	1.90%	1.90%	1.90%	1.88% ^e
Net investment income (loss)	(0.33)%	—% ^f	(0.24)%	(0.21)%	0.22%
Supplemental data					
Net assets, end of year (000's)	\$5,745	\$3,248	\$3,159	\$2,364	\$1,565
Portfolio turnover rate	26.63%	26.94%	34.96%	27.31%	38.74%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

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

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

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

^fRounds to less than 0.01%.

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin All Cap Value Fund

Class R	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$ 9.21	\$8.43	\$8.39	\$6.82	\$6.25
Income from investment operations ^a :					
Net investment income ^b	0.02	0.06	0.02	0.02	0.03
Net realized and unrealized gains (losses)	3.04	0.75	0.04	1.59	0.58
Total from investment operations	3.06	0.81	0.06	1.61	0.61
Less distributions from net investment income	(0.04)	(0.03)	(0.02)	(0.04)	(0.04)
Net asset value, end of year	\$12.23	\$9.21	\$8.43	\$8.39	\$6.82
Total return	33.45%	9.61%	0.69%	23.69%	9.88%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.79%	1.87%	1.92%	2.12%	2.24%
Expenses net of waiver and payments by affiliates	1.43%	1.40%	1.40%	1.40%	1.40% ^c
Net investment income	0.17%	0.50%	0.26%	0.29%	0.70%
Supplemental data					
Net assets, end of year (000's)	\$46	\$29	\$54	\$25	\$18
Portfolio turnover rate	26.63%	26.94%	34.96%	27.31%	38.74%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

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

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin All Cap Value Fund

Advisor Class	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$ 9.28	\$8.49	\$8.45	\$6.86	\$6.28
Income from investment operations ^a :					
Net investment income ^b	0.07	0.09	0.07	0.06	0.07
Net realized and unrealized gains (losses)	3.05	0.77	0.02	1.60	0.58
Total from investment operations	3.12	0.86	0.09	1.66	0.65
Less distributions from net investment income	(0.11)	(0.07)	(0.05)	(0.07)	(0.07)
Net asset value, end of year	\$12.29	\$9.28	\$8.49	\$8.45	\$6.86
Total return	34.00%	10.28%	1.09%	24.27%	10.54%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.29%	1.37%	1.42%	1.62%	1.74%
Expenses net of waiver and payments by affiliates	0.93%	0.90%	0.90%	0.90%	0.90% ^c
Net investment income	0.67%	1.00%	0.76%	0.79%	1.20%
Supplemental data					
Net assets, end of year (000's)	\$2,411	\$1,668	\$1,644	\$1,158	\$939
Portfolio turnover rate	26.63%	26.94%	34.96%	27.31%	38.74%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

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

Franklin Value Investors Trust

Statement of Investments, October 31, 2013

Franklin All Cap Value Fund	Shares	Value
Common Stocks 92.5%		
Aerospace & Defense 1.8%		
AAR Corp.	22,000	\$ 644,160
United Technologies Corp.	1,500	159,375
		<u>803,535</u>
Automobiles & Components 5.4%		
Autoliv Inc.	5,000	446,150
Gentex Corp.	12,000	353,280
Johnson Controls Inc.	14,500	669,175
Spartan Motors Inc.	146,000	991,340
		<u>2,459,945</u>
Banks 3.8%		
KeyCorp	68,000	852,040
U.S. Bancorp	22,700	848,072
		<u>1,700,112</u>
Building Products 6.5%		
^a Gibraltar Industries Inc.	29,900	478,699
Griffon Corp.	51,560	646,047
Insteel Industries Inc.	44,100	731,619
^a Owens Corning Inc.	17,700	635,961
Universal Forest Products Inc.	8,800	465,696
		<u>2,958,022</u>
Commercial & Professional Services 0.7%		
McGrath RentCorp	8,700	310,329
Consumer Durables & Apparel 2.6%		
Adidas AG, ADR (Germany)	4,000	228,160
Harman International Industries Inc.	6,100	494,222
La-Z-Boy Inc.	19,000	438,520
		<u>1,160,902</u>
Consumer Services 2.0%		
Royal Caribbean Cruises Ltd.	22,000	924,880
Electrical Equipment 4.2%		
Eaton Corp. PLC	11,200	790,272
Encore Wire Corp.	9,300	460,629
Regal-Beloit Corp.	9,000	659,970
		<u>1,910,871</u>
Energy 17.6%		
Apache Corp.	10,150	901,320
Baker Hughes Inc.	15,000	871,350
Bristow Group Inc.	13,000	1,046,110
EnSCO PLC, A	5,000	288,250
^a Natural Gas Services Group Inc.	38,800	1,086,012
Occidental Petroleum Corp.	8,500	816,680
^a PHI Inc.	23,700	891,594
^a PHI Inc., non-voting	9,000	358,380

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin All Cap Value Fund	Shares	Value
Common Stocks (continued)		
Energy (continued)		
Tidewater Inc.	8,800	\$ 529,936
^a Unit Corp.	13,400	688,894
Valero Energy Corp.	12,000	494,040
		<u>7,972,566</u>
Food & Staples Retailing 1.2%		
Wal-Mart Stores Inc.	7,000	<u>537,250</u>
Food, Beverage & Tobacco 10.8%		
Archer-Daniels-Midland Co.	22,700	928,430
Bunge Ltd.	10,500	862,365
Kraft Foods Group Inc.	7,233	393,330
Mondelez International Inc., A	16,700	561,788
^a Omega Protein Corp.	58,000	542,880
PepsiCo Inc.	11,600	975,444
^a Seneca Foods Corp., A	21,669	635,335
		<u>4,899,572</u>
Health Care Equipment & Services 3.8%		
Becton, Dickinson and Co.	6,600	693,858
^a Laboratory Corp. of America Holdings	5,000	504,500
STERIS Corp.	11,000	497,090
		<u>1,695,448</u>
Household & Personal Products 1.3%		
The Procter & Gamble Co.	7,300	<u>589,475</u>
Insurance 2.4%		
The Allstate Corp.	11,800	626,108
The Chubb Corp.	5,000	460,400
		<u>1,086,508</u>
Machinery 8.8%		
Briggs & Stratton Corp.	16,000	293,440
John Bean Technologies Corp.	48,700	1,323,666
Miller Industries Inc.	58,000	1,086,920
Pentair Ltd.	7,400	496,466
Xylem Inc.	23,000	793,500
		<u>3,993,992</u>
Materials 8.6%		
Alcoa Inc.	75,000	695,250
Carpenter Technology Corp.	9,100	539,903
H.B. Fuller Co.	10,000	478,700
Kaiser Aluminum Corp.	8,400	566,580
Nucor Corp.	10,000	517,700
Sensient Technologies Corp.	6,500	338,845
Stepan Co.	890	52,394
^a Universal Stainless & Alloy Products Inc.	21,936	708,972
		<u>3,898,344</u>

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin All Cap Value Fund	Shares	Value
Common Stocks (continued)		
Pharmaceuticals, Biotechnology & Life Sciences 2.3%		
Johnson & Johnson	11,000	\$ 1,018,710
Retailing 1.8%		
The Home Depot Inc.	4,000	311,560
^{a,b} Jos. A. Bank Clothiers Inc.	3,100	148,738
^a The Pep Boys – Manny, Moe & Jack	27,100	350,674
		<u>810,972</u>
Semiconductors & Semiconductor Equipment 1.4%		
Microchip Technology Inc.	14,500	622,920
Software & Services 0.9%		
International Business Machines Corp.	2,300	412,183
Technology Hardware & Equipment 4.5%		
^a Benchmark Electronics Inc.	21,000	477,330
Corning Inc.	45,000	769,050
QUALCOMM Inc.	11,300	785,011
		<u>2,031,391</u>
Utilities 0.1%		
Avista Corp.	500	13,895
IDACORP Inc.	500	25,800
		<u>39,695</u>
Total Common Stocks (Cost \$30,831,607)		<u>41,837,622</u>
Short Term Investments (Cost \$2,930,519) 6.5%		
Money Market Funds 6.5%		
^{a,c} Institutional Fiduciary Trust Money Market Portfolio	2,930,519	2,930,519
Total Investments (Cost \$33,762,126) 99.0%		<u>44,768,141</u>
Other Assets, less Liabilities 1.0%		<u>437,429</u>
Net Assets 100.0%		<u>\$45,205,570</u>

See Abbreviations on page 142.

^aNon-income producing.

^bAt October 31, 2013, pursuant to the Fund's policies and the requirements of applicable securities law, the Fund may be restricted from trading this security for a limited or extended period of time due to ownership limits and/or potential possession of material non-public information.

^cSee Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

Franklin Value Investors Trust

Financial Highlights

Franklin Balance Sheet Investment Fund

Class A	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$43.01	\$44.05	\$47.25	\$39.28	\$37.85
Income from investment operations ^a :					
Net investment income ^b	0.64 ^c	0.48	0.50	0.39	0.40
Net realized and unrealized gains (losses)	13.15	3.65	1.02	8.01	2.78
Total from investment operations	13.79	4.13	1.52	8.40	3.18
Less distributions from:					
Net investment income	(0.66)	(0.25)	(0.79)	(0.43)	(0.70)
Net realized gains	(2.16)	(4.92)	(3.93)	—	(1.05)
Total distributions	(2.82)	(5.17)	(4.72)	(0.43)	(1.75)
Net asset value, end of year	\$53.98	\$43.01	\$44.05	\$47.25	\$39.28
Total return ^d	33.97%	11.09%	2.75%	21.48%	9.38%
Ratios to average net assets					
Expenses	0.91%	0.99%	0.94%	0.97%	1.00% ^e
Net investment income	1.34% ^c	1.16%	1.06%	0.89%	1.17%
Supplemental data					
Net assets, end of year (000's)	\$1,256,543	\$1,079,418	\$1,441,777	\$1,788,318	\$2,081,258
Portfolio turnover rate	11.54%	7.91% ^f	9.66%	5.15%	6.07%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.15 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 1.02%.

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

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

^fExcludes the value of portfolio securities delivered as a result of a redemption in-kind.

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Balance Sheet Investment Fund

Class C	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$42.10	\$43.27	\$46.51	\$38.70	\$37.27
Income from investment operations ^a :					
Net investment income ^b	0.25 ^c	0.15	0.12	0.05	0.14
Net realized and unrealized gains (losses)	12.93	3.60	1.02	7.91	2.71
Total from investment operations	13.18	3.75	1.14	7.96	2.85
Less distributions from:					
Net investment income	(0.35)	—	(0.45)	(0.15)	(0.37)
Net realized gains	(2.16)	(4.92)	(3.93)	—	(1.05)
Total distributions	(2.51)	(4.92)	(4.38)	(0.15)	(1.42)
Net asset value, end of year	\$52.77	\$42.10	\$43.27	\$46.51	\$38.70
Total return ^d	33.01%	10.25%	1.97%	20.59%	8.42%
Ratios to average net assets					
Expenses	1.66%	1.74%	1.69%	1.72%	1.75% ^e
Net investment income	0.59% ^c	0.41%	0.31%	0.14%	0.42%
Supplemental data					
Net assets, end of year (000's)	\$96,462	\$71,723	\$75,025	\$77,217	\$72,184
Portfolio turnover rate	11.54%	7.91% ^f	9.66%	5.15%	6.07%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.15 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.27%.

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

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

^fExcludes the value of portfolio securities delivered as a result of a redemption in-kind.

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Balance Sheet Investment Fund

Class R	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$42.95	\$43.94	\$47.12	\$39.19	\$37.54
Income from investment operations ^a :					
Net investment income ^b	0.49 ^c	0.37	0.42	0.28	0.31
Net realized and unrealized gains (losses)	13.18	3.65	0.98	7.99	2.91
Total from investment operations	13.67	4.02	1.40	8.27	3.22
Less distributions from:					
Net investment income	(0.56)	(0.09)	(0.65)	(0.34)	(0.52)
Net realized gains	(2.16)	(4.92)	(3.93)	—	(1.05)
Total distributions	(2.72)	(5.01)	(4.58)	(0.34)	(1.57)
Net asset value, end of year	\$53.90	\$42.95	\$43.94	\$47.12	\$39.19
 Total return	 33.67%	 10.80%	 2.50%	 21.17%	 9.46%
Ratios to average net assets					
Expenses	1.16%	1.24%	1.19%	1.22%	1.25% ^d
Net investment income	1.09% ^c	0.91%	0.81%	0.64%	0.92%
Supplemental data					
Net assets, end of year (000's)	\$17,992	\$15,053	\$19,321	\$28,490	\$28,264
Portfolio turnover rate	11.54%	7.91% ^e	9.66%	5.15%	6.07%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.15 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.77%.

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

^eExcludes the value of portfolio securities delivered as a result of a redemption in-kind.

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Balance Sheet Investment Fund

	Period Ended October 31, 2013 ^a
Class R6	
Per share operating performance	
(for a share outstanding throughout the period)	
Net asset value, beginning of period	\$47.79
Income from investment operations ^b :	
Net investment income ^c	0.32 ^d
Net realized and unrealized gains (losses)	6.95
Total from investment operations	7.27
Net asset value, end of period	\$55.06
 Total return ^e	 15.21%
 Ratios to average net assets^f	
Expenses before waiver and payments by affiliates	2.10%
Expenses net of waiver and payments by affiliates	0.51%
Net investment income	1.25% ^d
 Supplemental data	
Net assets, end of period (000's)	\$6
Portfolio turnover rate	11.54%

^aFor the period May 1, 2013 (effective date) to October 31, 2013.

^bThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

^dNet investment income per share includes approximately \$0.07 per share received in the form of a special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 1.00%.

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

^fRatios are annualized for periods less than one year.

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Balance Sheet Investment Fund

Advisor Class	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$43.79	\$44.82	\$48.01	\$39.89	\$37.93
Income from investment operations ^a :					
Net investment income ^b	0.79 ^c	0.58	0.58	0.51	0.48
Net realized and unrealized gains (losses)	13.40	3.69	1.08	8.13	3.36
Total from investment operations	14.19	4.27	1.66	8.64	3.84
Less distributions from:					
Net investment income	(0.78)	(0.38)	(0.92)	(0.52)	(0.83)
Net realized gains	(2.16)	(4.92)	(3.93)	—	(1.05)
Total distributions	(2.94)	(5.30)	(4.85)	(0.52)	(1.88)
Net asset value, end of year	\$55.04	\$43.79	\$44.82	\$48.01	\$39.89
Total return	34.39%	11.34%	3.01%	21.80%	11.18%
Ratios to average net assets					
Expenses	0.66%	0.74%	0.69%	0.72%	0.75% ^d
Net investment income	1.59% ^c	1.41%	1.31%	1.14%	1.42%
Supplemental data					
Net assets, end of year (000's)	\$107,925	\$115,694	\$195,437	\$145,478	\$132,921
Portfolio turnover rate	11.54%	7.91% ^e	9.66%	5.15%	6.07%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.15 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 1.27%.

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

^eExcludes the value of portfolio securities delivered as a result of a redemption in-kind.

Franklin Value Investors Trust

Statement of Investments, October 31, 2013

Franklin Balance Sheet Investment Fund	Shares	Value
Common Stocks 89.3%		
Banks 4.7%		
Comerica Inc.	631,000	\$ 27,322,300
Farmers & Merchants Bank of Long Beach	1,475	7,655,235
KeyCorp	2,700,000	33,831,000
		<u>68,808,535</u>
Capital Goods 4.5%		
Encore Wire Corp.	535,000	26,498,550
ESCO Technologies Inc.	195,000	7,035,600
Mueller Industries Inc.	198,000	11,937,420
Trinity Industries Inc.	423,200	21,426,616
		<u>66,898,186</u>
Commercial & Professional Services 2.3%		
Kelly Services Inc., A	1,660,000	34,627,600
Consumer Durables & Apparel 0.4%		
Lennar Corp., B	200,000	5,894,000
Consumer Services 3.6%		
Royal Caribbean Cruises Ltd.	572,000	24,046,880
^a Ruby Tuesday Inc.	2,482,000	14,718,260
Vail Resorts Inc.	212,500	14,970,625
		<u>53,735,765</u>
Diversified Financials 2.5%		
Citigroup Inc.	769,000	37,511,820
Energy 14.9%		
Apache Corp.	169,000	15,007,200
Bristow Group Inc.	177,500	14,283,425
Devon Energy Corp.	447,000	28,259,340
Ensco PLC, A	423,000	24,385,950
^a McDermott International Inc.	1,705,000	12,054,350
Noble Corp.	670,000	25,259,000
^a PHI Inc.	77,500	2,915,550
^a PHI Inc., non-voting	390,000	15,529,800
^a Rowan Cos. PLC	775,000	27,962,000
Tidewater Inc.	525,000	31,615,500
Valero Energy Corp.	541,000	22,272,970
		<u>219,545,085</u>
Food, Beverage & Tobacco 5.2%		
Archer-Daniels-Midland Co.	955,000	39,059,500
Bunge Ltd.	455,707	37,427,216
		<u>76,486,716</u>

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin Balance Sheet Investment Fund	Shares	Value
Common Stocks (continued)		
Life & Health Insurance 10.5%		
Manulife Financial Corp. (Canada)	667,000	\$ 11,805,900
MetLife Inc.	565,000	26,730,150
National Western Life Insurance Co., A	138,500	28,808,000
Prudential Financial Inc.	528,000	42,973,920
StanCorp Financial Group Inc.	759,000	44,705,100
		<u>155,023,070</u>
Materials 10.2%		
Alcoa Inc.	2,452,000	22,730,040
Ashland Inc.	167,000	15,455,850
Commercial Metals Co.	521,000	9,565,560
Kaiser Aluminum Corp.	525,600	35,451,720
MeadWestvaco Corp.	312,400	10,887,140
Reliance Steel & Aluminum Co.	427,000	31,294,830
^a RTI International Metals Inc.	741,300	25,130,070
		<u>150,515,210</u>
Multi-line Insurance 8.7%		
American National Insurance Co.	200,000	20,214,000
Assurant Inc.	688,000	40,234,240
E-L Financial Corp. Ltd. (Canada)	63,000	41,877,768
HCC Insurance Holdings Inc.	585,000	26,705,250
		<u>129,031,258</u>
Property & Casualty Insurance 10.0%		
The Chubb Corp.	374,000	34,437,920
Old Republic International Corp.	2,443,200	41,021,328
Selective Insurance Group Inc.	1,390,000	36,515,300
The Travelers Cos. Inc.	420,000	36,246,000
		<u>148,220,548</u>
Reinsurance 1.8%		
Validus Holdings Ltd. (Bermuda)	680,000	26,846,400
Retailing 1.4%		
CST Brands Inc.	333	10,736
Haverty Furniture Cos. Inc.	525,000	14,600,250
^{a,b} Trinity Place Holdings Inc.	1,200,000	6,060,000
		<u>20,670,986</u>
Technology Hardware & Equipment 5.0%		
^a Benchmark Electronics Inc.	1,294,000	29,412,620
Corning Inc.	2,568,000	43,887,120
		<u>73,299,740</u>

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin Balance Sheet Investment Fund	Shares	Value
Common Stocks (continued)		
Utilities 3.6%		
Great Plains Energy Inc.	297,000	\$ 6,961,680
IDACORP Inc.	134,000	6,914,400
^{a,b,c} KGen Power Corp., 144A	2,800,000	2,800,000
Northeast Utilities	165,000	7,076,850
NV Energy Inc.	767,100	18,210,954
PNM Resources Inc.	297,000	7,104,240
Westar Energy Inc.	130,000	4,109,300
		<u>53,177,424</u>
Total Common Stocks (Cost \$751,804,706)		<u>1,320,292,343</u>
Short Term Investments (Cost \$151,604,520) 10.2%		
Money Market Funds 10.2%		
^{a,d} Institutional Fiduciary Trust Money Market Portfolio	151,604,520	151,604,520
Total Investments (Cost \$903,409,226) 99.5%		1,471,896,863
Other Assets, less Liabilities 0.5%		<u>7,031,384</u>
Net Assets 100.0%		<u>\$1,478,928,247</u>

^aNon-income producing.

^bSee Note 9 regarding holdings of 5% voting securities.

^cSecurity was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. This security has been deemed liquid under guidelines approved by the Trust's Board of Trustees. At October 31, 2013, the value of this security was \$2,800,000, representing 0.19% of net assets.

^dSee Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

Franklin Value Investors Trust

Financial Highlights

Franklin Large Cap Value Fund

Class A

Per share operating performance

(for a share outstanding throughout the year)

	Year Ended October 31,				
	2013	2012	2011	2010	2009
Net asset value, beginning of year	\$13.05	\$11.95	\$11.78	\$10.63	\$ 9.84
Income from investment operations ^a :					
Net investment income ^b	0.11	0.12	0.10	0.08	0.12
Net realized and unrealized gains (losses)	3.83	1.10	0.15	1.24	0.86
Total from investment operations	3.94	1.22	0.25	1.32	0.98
Less distributions from net investment income	(0.14)	(0.12)	(0.08)	(0.17)	(0.19)
Net asset value, end of year	\$16.85	\$13.05	\$11.95	\$11.78	\$10.63

Total return ^c	30.53%	10.31%	2.09%	12.47%	10.37%
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Ratios to average net assets

Expenses	1.35%	1.40%	1.39%	1.42%	1.48%
Net investment income	0.75%	0.95%	0.79%	0.71%	1.36%

Supplemental data

Net assets, end of year (000's)	\$138,325	\$96,584	\$101,711	\$101,638	\$98,252
Portfolio turnover rate	5.81%	15.76%	17.99%	13.89%	10.95%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

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

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Large Cap Value Fund

Class C

Per share operating performance

(for a share outstanding throughout the year)

	Year Ended October 31,				
	2013	2012	2011	2010	2009
Net asset value, beginning of year	\$12.91	\$11.82	\$11.65	\$10.52	\$ 9.70
Income from investment operations ^a :					
Net investment income ^b	0.01	0.03	0.01	— ^c	0.06
Net realized and unrealized gains (losses)	3.79	1.08	0.16	1.22	0.85
Total from investment operations	3.80	1.11	0.17	1.22	0.91
Less distributions from net investment income	(0.05)	(0.02)	—	(0.09)	(0.09)
Net asset value, end of year	\$16.66	\$12.91	\$11.82	\$11.65	\$10.52

Total return ^d	29.59%	9.46%	1.46%	11.68%	9.59%
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Ratios to average net assets

Expenses	2.06%	2.11%	2.09%	2.12%	2.20%
Net investment income	0.04%	0.24%	0.09%	0.01%	0.64%

Supplemental data

Net assets, end of year (000's)	\$33,287	\$22,650	\$22,062	\$23,693	\$23,845
Portfolio turnover rate	5.81%	15.76%	17.99%	13.89%	10.95%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

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

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

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Large Cap Value Fund

Class R	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$12.94	\$11.85	\$11.68	\$10.55	\$ 9.74
Income from investment operations ^a :					
Net investment income ^b	0.08	0.09	0.07	0.05	0.10
Net realized and unrealized gains (losses)	3.80	1.09	0.16	1.22	0.86
Total from investment operations	3.88	1.18	0.23	1.27	0.96
Less distributions from net investment income	(0.12)	(0.09)	(0.06)	(0.14)	(0.15)
Net asset value, end of year	\$16.70	\$12.94	\$11.85	\$11.68	\$10.55
Total return	30.20%	10.07%	1.92%	12.16%	10.18%
Ratios to average net assets					
Expenses	1.56%	1.61%	1.59%	1.62%	1.70%
Net investment income	0.54%	0.74%	0.59%	0.51%	1.14%
Supplemental data					
Net assets, end of year (000's)	\$4,531	\$3,644	\$3,638	\$3,895	\$3,707
Portfolio turnover rate	5.81%	15.76%	17.99%	13.89%	10.95%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Large Cap Value Fund

Class R6

Per share operating performance

(for a share outstanding throughout the period)

	Period Ended October 31, 2013 ^a
Net asset value, beginning of period	\$14.55
Income from investment operations ^b :	
Net investment income ^c	0.09
Net realized and unrealized gains (losses)	2.16
Total from investment operations	2.25
Net asset value, end of period	\$16.80
Total return ^d	15.46%

Ratios to average net assets^e

Expenses before waiver and payments by affiliates	2.22%
Expenses net of waiver and payments by affiliates	0.87%
Net investment income	1.23%

Supplemental data

Net assets, end of period (000's)	\$6
Portfolio turnover rate	5.81%

^aFor the period May 1, 2013 (effective date) to October 31, 2013.

^bThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

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

^eRatios are annualized for periods less than one year.

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Large Cap Value Fund

Advisor Class	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$13.01	\$11.93	\$11.75	\$10.60	\$ 9.83
Income from investment operations ^a :					
Net investment income ^b	0.15	0.15	0.13	0.10	0.14
Net realized and unrealized gains (losses)	3.82	1.08	0.16	1.24	0.86
Total from investment operations	3.97	1.23	0.29	1.34	1.00
Less distributions from net investment income	(0.18)	(0.15)	(0.11)	(0.19)	(0.23)
Net asset value, end of year	\$16.80	\$13.01	\$11.93	\$11.75	\$10.60
Total return	30.95%	10.53%	2.47%	12.78%	10.68%
Ratios to average net assets					
Expenses	1.06%	1.11%	1.09%	1.12%	1.20%
Net investment income	1.04%	1.24%	1.09%	1.01%	1.64%
Supplemental data					
Net assets, end of year (000's)	\$10,454	\$7,169	\$6,028	\$4,851	\$3,896
Portfolio turnover rate	5.81%	15.76%	17.99%	13.89%	10.95%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

Franklin Value Investors Trust

Statement of Investments, October 31, 2013

Franklin Large Cap Value Fund	Shares	Value
Common Stocks 93.3%		
Automobiles & Components 3.6%		
BorgWarner Inc.	25,500	\$ 2,629,815
Johnson Controls Inc.	90,000	4,153,500
		<u>6,783,315</u>
Banks 4.8%		
Comerica Inc.	70,000	3,031,000
KeyCorp	266,000	3,332,980
U.S. Bancorp	71,000	2,652,560
		<u>9,016,540</u>
Capital Goods 13.8%		
3M Co.	26,500	3,335,025
Dover Corp.	34,500	3,166,755
Eaton Corp. PLC	55,000	3,880,800
General Dynamics Corp.	28,000	2,425,640
General Electric Co.	103,500	2,705,490
Illinois Tool Works Inc.	28,000	2,206,120
Parker Hannifin Corp.	27,000	3,151,440
Rockwell Automation Inc.	15,000	1,656,150
Stanley Black & Decker Inc.	6,000	474,540
United Technologies Corp.	26,500	2,815,625
		<u>25,817,585</u>
Consumer Durables & Apparel 1.5%		
NIKE Inc., B	37,400	2,833,424
Consumer Services 0.7%		
McDonald's Corp.	13,000	1,254,760
Diversified Financials 7.1%		
Bank of America Corp.	136,000	1,898,560
^a Berkshire Hathaway Inc., A	8	1,383,958
Capital One Financial Corp.	6,700	460,089
Citigroup Inc.	85,000	4,146,300
Northern Trust Corp.	27,000	1,523,340
State Street Corp.	55,000	3,853,850
		<u>13,266,097</u>
Energy 15.2%		
Apache Corp.	31,000	2,752,800
Baker Hughes Inc.	57,200	3,322,748
Chevron Corp.	20,000	2,399,200
ConocoPhillips	38,500	2,822,050
Devon Energy Corp.	45,000	2,844,900
Ensc0 PLC, A	41,000	2,363,650
Exxon Mobil Corp.	29,000	2,598,980
Noble Corp.	61,000	2,299,700
Occidental Petroleum Corp.	26,500	2,546,120
Phillips 66	19,250	1,240,277
Schlumberger Ltd.	10,000	937,200
Valero Energy Corp.	55,000	2,264,350
		<u>28,391,975</u>

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin Large Cap Value Fund	Shares	Value
Common Stocks (continued)		
Food & Staples Retailing 1.8%		
Wal-Mart Stores Inc.	13,500	\$ 1,036,125
Walgreen Co.	40,000	2,369,600
		<u>3,405,725</u>
Food, Beverage & Tobacco 3.4%		
Archer-Daniels-Midland Co.	65,000	2,658,500
Bunge Ltd.	45,500	3,736,915
		<u>6,395,415</u>
Health Care Equipment & Services 2.4%		
Abbott Laboratories	6,436	235,236
Becton, Dickinson and Co.	29,000	3,048,770
Covidien PLC	17,500	1,121,925
		<u>4,405,931</u>
Household & Personal Products 1.0%		
The Procter & Gamble Co.	23,000	<u>1,857,250</u>
Insurance 10.7%		
Aflac Inc.	57,000	3,703,860
The Allstate Corp.	75,000	3,979,500
The Chubb Corp.	25,000	2,302,000
MetLife Inc.	85,000	4,021,350
Prudential Financial Inc.	55,500	4,517,145
The Travelers Cos. Inc.	17,000	1,467,100
		<u>19,990,955</u>
Materials 5.3%		
Air Products and Chemicals Inc.	13,900	1,515,239
Alcoa Inc.	305,000	2,827,350
Nucor Corp.	78,000	4,038,060
Praxair Inc.	12,000	1,496,520
		<u>9,877,169</u>
Pharmaceuticals, Biotechnology & Life Sciences 6.4%		
^a Gilead Sciences Inc.	61,000	4,330,390
^a Mallinckrodt PLC	2,187	91,876
Merck & Co. Inc.	64,000	2,885,760
Pfizer Inc.	95,000	2,914,600
Teva Pharmaceutical Industries Ltd., ADR (Israel)	46,500	1,724,685
		<u>11,947,311</u>
Retailing 4.3%		
Family Dollar Stores Inc.	7,000	482,160
The Home Depot Inc.	38,500	2,998,765
Nordstrom Inc.	39,000	2,358,330
^a Office Depot Inc.	84,500	472,355
Target Corp.	27,200	1,762,288
		<u>8,073,898</u>
Semiconductors & Semiconductor Equipment 1.1%		
Microchip Technology Inc.	45,000	<u>1,933,200</u>

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin Large Cap Value Fund	Shares	Value
Common Stocks (continued)		
Software & Services 2.8%		
International Business Machines Corp.	15,000	\$ 2,688,150
Microsoft Corp.	69,500	2,456,825
		<u>5,144,975</u>
Technology Hardware & Equipment 6.0%		
Cisco Systems Inc.	110,000	2,475,000
Corning Inc.	220,000	3,759,800
QUALCOMM Inc.	22,500	1,563,075
TE Connectivity Ltd.	8,600	442,814
Xerox Corp.	295,000	2,932,300
		<u>11,172,989</u>
Transportation 1.2%		
Norfolk Southern Corp.	25,000	<u>2,150,500</u>
Utilities 0.2%		
Exelon Corp.	14,000	<u>399,560</u>
Total Common Stocks (Cost \$122,809,366)		<u>174,118,574</u>
Short Term Investments (Cost \$12,410,744) 6.7%		
Money Market Funds 6.7%		
^{a,b} Institutional Fiduciary Trust Money Market Portfolio	12,410,744	<u>12,410,744</u>
Total Investments (Cost \$135,220,110) 100.0%		<u>186,529,318</u>
Other Assets, less Liabilities 0.0%[†]		<u>74,135</u>
Net Assets 100.0%		<u>\$186,603,453</u>

See Abbreviations on page 142.

[†]Rounds to less than 0.1% of net assets.

^aNon-income producing.

^bSee Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

Franklin Value Investors Trust

Financial Highlights

Franklin MicroCap Value Fund

Class A	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$32.60	\$32.38	\$29.34	\$25.84	\$25.09
Income from investment operations ^a :					
Net investment income ^b	0.10 ^c	0.30 ^d	0.04	0.05	0.18
Net realized and unrealized gains (losses)	10.25	3.77	4.07	3.60	2.87
Total from investment operations	10.35	4.07	4.11	3.65	3.05
Less distributions from:					
Net investment income	(0.52)	(0.02)	(0.09)	(0.15)	(0.41)
Net realized gains	(1.44)	(3.83)	(0.98)	—	(1.89)
Total distributions	(1.96)	(3.85)	(1.07)	(0.15)	(2.30)
Net asset value, end of year	\$40.99	\$32.60	\$32.38	\$29.34	\$25.84
 Total return ^e	 33.64%	 14.70%	 14.16%	 14.19%	 15.07%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.15%	1.16%	1.16%	1.18%	1.18%
Expenses net of waiver and payments by affiliates	1.15%	1.16%	1.16%	1.17%	1.17% ^f
Net investment income	0.36% ^c	1.01% ^d	0.12%	0.17%	0.79%
Supplemental data					
Net assets, end of year (000's)	\$370,763	\$202,636	\$214,646	\$217,735	\$232,075
Portfolio turnover rate	11.31%	5.03%	9.46%	8.34%	10.97%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.17 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been (0.10)%.

^dNet investment income per share includes approximately \$0.23 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.25%.

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

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

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin MicroCap Value Fund

Period Ended
October 31,
2013^a

Class R6

Per share operating performance

(for a share outstanding throughout the period)

Net asset value, beginning of period	\$34.43
Income from investment operations ^b :	
Net investment income ^c	0.04
Net realized and unrealized gains (losses)	6.56
Total from investment operations	6.60
Net asset value, end of period	\$41.03
 Total return ^d	 19.17%

Ratios to average net assets^e

Expenses	0.79%
Net investment income	0.19%

Supplemental data

Net assets, end of period (000's)	\$59,597
Portfolio turnover rate	11.31%

^aFor the period May 1, 2013 (effective date) to October 31, 2013.

^bThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

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

^eRatios are annualized for periods less than one year.

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin MicroCap Value Fund

Advisor Class	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$32.61	\$32.41	\$29.37	\$25.85	\$25.14
Income from investment operations ^a :					
Net investment income ^b	0.31 ^c	0.39 ^d	0.12	0.11	0.22
Net realized and unrealized gains (losses)	10.11	3.74	4.07	3.62	2.87
Total from investment operations	10.42	4.13	4.19	3.73	3.09
Less distributions from:					
Net investment income	(0.60)	(0.10)	(0.17)	(0.21)	(0.49)
Net realized gains	(1.44)	(3.83)	(0.98)	—	(1.89)
Total distributions	(2.04)	(3.93)	(1.15)	(0.21)	(2.38)
Net asset value, end of year	\$40.99	\$32.61	\$32.41	\$29.37	\$25.85
Total return	33.93%	14.97%	14.44%	14.50%	15.33%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.91%	0.92%	0.91%	0.94%	0.94%
Expenses net of waiver and payments by affiliates	0.91%	0.92%	0.91%	0.93%	0.93% ^e
Net investment income	0.60% ^c	1.25% ^d	0.37%	0.41%	1.03%
Supplemental data					
Net assets, end of year (000's)	\$116,292	\$165,296	\$133,697	\$129,806	\$84,298
Portfolio turnover rate	11.31%	5.03%	9.46%	8.34%	10.97%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.17 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.14%.

^dNet investment income per share includes approximately \$0.23 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.49%.

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

Franklin Value Investors Trust

Statement of Investments, October 31, 2013

Franklin MicroCap Value Fund	Shares	Value
Common Stocks 76.9%		
Automobiles & Components 0.9%		
Spartan Motors Inc.	741,000	\$ 5,031,390
Banks 5.6%		
Bar Harbor Bankshares	156,768	5,919,560
Citizens Community Bancorp Inc.	143,700	1,096,431
First Defiance Financial Corp.	210,000	5,422,200
MidSouth Bancorp Inc.	225,000	3,415,500
Northeast Bancorp	437,000	4,374,370
Old Line Bancshares Inc.	94,145	1,255,894
Penseco Financial Services Corp.	64,200	2,872,950
Southern Missouri Bancorp Inc.	70,000	2,117,500
WSFS Financial Corp.	60,000	4,200,600
		<u>30,675,005</u>
Capital Goods 16.1%		
Alamo Group Inc.	182,000	8,588,580
Burnham Holdings Inc., A	219,000	4,150,050
CIRCOR International Inc.	21,500	1,586,055
^a Ducommun Inc.	236,000	5,866,960
Espey Manufacturing & Electronics Corp.	47,000	1,527,500
^a Gibraltar Industries Inc.	345,000	5,523,450
Griffon Corp.	120,000	1,503,600
^b Hardinge Inc.	934,900	13,827,171
^b Hurco Cos. Inc.	379,000	9,281,710
Insteel Industries Inc.	119,723	1,986,205
^a Lydall Inc.	323,000	5,885,060
Miller Industries Inc.	355,000	6,652,700
^a Northwest Pipe Co.	170,000	6,125,100
^{a,c} Smith Investment Co. LLC	44,600	29,101
^a Sparten Corp.	412,000	10,872,680
^a Sterling Construction Co.	469,900	4,511,040
		<u>87,916,962</u>
Commercial & Professional Services 4.9%		
^a Costa Inc.	500,400	10,068,048
Ecology and Environment Inc., A	144,000	1,584,000
Healthcare Services Group Inc.	456,000	12,489,840
Kelly Services Inc., A	60,100	1,253,686
Kimball International Inc., B	134,300	1,571,310
		<u>26,966,884</u>
Consumer Durables & Apparel 4.8%		
Callaway Golf Co.	135,000	1,138,050
^{a,b} Cobra Electronics Corp.	455,000	1,324,050
^{a,b} Delta Apparel Inc.	743,700	14,055,930
^a The Dixie Group Inc.	370,000	4,662,000
Flexsteel Industries Inc.	150,000	4,119,000
^a P & F Industries Inc., A	65,200	503,344
Rocky Brands Inc.	37,000	560,920
		<u>26,363,294</u>

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin MicroCap Value Fund	Shares	Value
Common Stocks (continued)		
Consumer Services 2.7%		
Frisch's Restaurants Inc.	220,000	\$ 5,295,400
^{a,b} Full House Resorts Inc.	1,400,000	3,850,000
^a Ruby Tuesday Inc.	912,000	5,408,160
		<u>14,553,560</u>
Diversified Financials 1.0%		
^d KCAP Financial Inc.	617,000	5,201,310
Energy 8.9%		
^a Cal Dive International Inc.	3,550,000	6,993,500
^{a,b} Magellan Petroleum Corp.	2,377,980	2,473,099
^a Natural Gas Services Group Inc.	246,000	6,885,540
^a Parker Drilling Co.	785,583	5,656,198
^a PHI Inc.	17,600	662,112
^a PHI Inc., non-voting	411,000	16,366,020
^a Tesco Corp. (Canada)	555,200	9,538,336
		<u>48,574,805</u>
Food & Staples Retailing 1.5%		
Village Super Market Inc., A	227,000	8,321,820
Food, Beverage & Tobacco 7.5%		
Griffin Land & Nurseries Inc.	127,000	4,191,000
John B. Sanfilippo & Son Inc.	212,000	5,210,960
^{a,b} Omega Protein Corp.	1,321,000	12,364,560
^a Seneca Foods Corp., A	539,104	15,806,529
^a Seneca Foods Corp., B	121,500	3,584,250
		<u>41,157,299</u>
Insurance 3.7%		
^{a,b} ACMAT Corp., A	314,200	7,163,760
Baldwin & Lyons Inc., B	275,001	7,515,777
^a Global Indemnity PLC, A	108,584	2,674,424
^a Hallmark Financial Services Inc.	120,000	1,021,200
Safety Insurance Group Inc.	35,000	1,914,150
		<u>20,289,311</u>
Materials 6.2%		
^a American Pacific Corp.	199,800	9,094,896
^e Central Steel and Wire Co.	6,905	5,247,800
^{a,b} Continental Materials Corp.	129,700	2,181,554
^a Mercer International Inc. (Germany)	303,030	2,424,240
The Monarch Cement Co.	140,744	3,525,637
^a RTI International Metals Inc.	173,300	5,874,870
^a Universal Stainless & Alloy Products Inc.	173,440	5,605,581
		<u>33,954,578</u>
Real Estate 0.9%		
^{a,c} Allen Organ Co. (LandCo. Holdings)	94,800	425,652
Arbor Realty Trust Inc.	257,700	1,713,705

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin MicroCap Value Fund	Shares	Value
Common Stocks (continued)		
Real Estate (continued)		
^a Bresler & Reiner Inc.	205,000	\$ 205,000
^b Origen Financial Inc.	1,900,000	2,299,000
		<u>4,643,357</u>
Retailing 4.7%		
^a ALCO Stores Inc.	103,000	1,135,060
Brown Shoe Co. Inc.	235,000	5,273,400
Fred's Inc.	400,000	6,480,000
Haverty Furniture Cos. Inc.	235,000	6,535,350
Shoe Carnival Inc.	233,000	6,055,670
		<u>25,479,480</u>
Telecommunication Services 0.9%		
Atlantic Tele-Network Inc.	66,000	3,657,720
North State Telecommunications Corp., B	21,757	1,501,233
		<u>5,158,953</u>
Transportation 6.6%		
International Shipholding Corp.	345,000	8,562,900
^b P.A.M. Transportation Services Inc.	568,000	9,883,200
Providence and Worcester Railroad Co.	190,000	3,889,300
^a SAIA Inc.	214,500	6,977,685
^{a,b} USA Truck Inc.	526,960	6,998,029
		<u>36,311,114</u>
Total Common Stocks (Cost \$222,986,757)		<u>420,599,122</u>
Short Term Investments 23.4%		
Money Market Funds (Cost \$124,264,352) 22.7%		
^{a,f} Institutional Fiduciary Trust Money Market Portfolio	124,264,352	<u>124,264,352</u>
	Principal Amount	
^g Investments from Cash Collateral Received for Loaned Securities 0.7%		
^h Repurchase Agreements 0.7%		
Barclays Capital Inc., 0.08%, 11/01/13 (Maturity Value \$855,058)		
Collateralized by U.S. Treasury Notes, 0.25% - 1.25%, 6/30/15 - 12/31/16; and		
U.S. Government Agency Strips, 11/15/13 - 8/15/43 (valued at \$872,157)	\$ 855,056	855,056
BNP Paribas Securities Corp., 0.10%, 11/01/13 (Maturity Value \$855,058)		
Collateralized by U.S. Government and Agency Securities, 0.125% - 7.25%,		
11/15/13 - 6/11/38; U.S. Government Agency Discount Notes, 12/09/13 - 5/15/22		
(valued at \$872,157)	855,056	855,056
Deutsche Bank Securities Inc., 0.11%, 11/01/13 (Maturity Value \$855,059)		
Collateralized by U.S. Government Agency Securities, 0.40% - 7.25%, 10/30/14 - 11/15/30;		
U.S. Government Agency Discount Notes, 12/18/13; and U.S. Government Agency Strips,		
1/15/23 - 5/15/29 (valued at \$872,157)	855,056	855,056
HSBC Securities USA Inc., 0.09%, 11/01/13 (Maturity Value \$855,058)		
Collateralized by U.S. Government and Agency Securities, 0.07% - 4.75%,		
4/02/14 - 11/15/19; U.S. Government Agency Strips, 10/15/19 (valued at \$872,162) ...	855,056	855,056

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin MicroCap Value Fund	Principal Amount	Value
Short Term Investments (continued)		
^g Investments from Cash Collateral Received for Loaned Securities (continued)		
^h Repurchase Agreements (continued)		
RBS Securities Inc., 0.09%, 11/01/13 (Maturity Value \$180,008)		
Collateralized by U.S. Treasury Bonds, Index Linked, 0.625% - 3.875%, 1/15/25 - 2/15/43; and U.S. Treasury Notes, Index Linked, 0.125% - 2.625%, 4/15/14 - 7/15/23 (valued at \$183,608)	\$180,008	\$ 180,008
Total Repurchase Agreements (Cost \$3,600,232)		<u>3,600,232</u>
Total Investments (Cost \$350,851,341) 100.3%		548,463,706
Other Assets, less Liabilities (0.3)%		<u>(1,811,453)</u>
Net Assets 100.0%		<u>\$546,652,253</u>

^aNon-income producing.

^bSee Note 9 regarding holdings of 5% voting securities.

^cSee Note 8 regarding restricted securities.

^dA portion or all of the security is on loan at October 31, 2013. See Note 1(d).

^eAt October 31, 2013, pursuant to the Fund's policies and the requirements of applicable securities law, the Fund may be restricted from trading this security for a limited or extended period of time due to ownership limits and/or potential possession of material non-public information.

^fSee Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

^gSee Note 1(d) regarding securities on loan.

^hSee Note 1(c) regarding repurchase agreements.

ⁱThe security is traded on a discount basis with no stated coupon rate.

Franklin Value Investors Trust

Financial Highlights

Franklin MidCap Value Fund

Class A	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$11.38	\$10.39	\$10.31	\$ 8.35	\$7.31
Income from investment operations ^a :					
Net investment income ^b	0.11 ^c	0.08	0.05	0.06	0.02 ^d
Net realized and unrealized gains (losses)	3.43	0.96	0.08	1.94	1.07
Total from investment operations	3.54	1.04	0.13	2.00	1.09
Less distributions from net investment income	(0.16)	(0.05)	(0.05)	(0.04)	(0.05)
Net asset value, end of year	\$14.76	\$11.38	\$10.39	\$10.31	\$8.35
Total return ^e	31.47%	10.04%	1.26%	24.08%	15.03%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.64%	1.70%	1.70%	1.77%	1.88%
Expenses net of waiver and payments by affiliates	1.35%	1.35%	1.35%	1.35%	1.36%
Net investment income	0.83% ^c	0.78%	0.50%	0.62%	0.33% ^d
Supplemental data					
Net assets, end of year (000's)	\$102,866	\$64,265	\$62,226	\$55,445	\$41,642
Portfolio turnover rate	10.00%	22.29%	18.61%	20.67%	14.56%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.03 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.61%.

^dNet investment income per share includes approximately \$(0.06) per share of a return of capital adjustment to a previously recorded special dividend received by the Fund. Excluding this non-recurring amount, the ratio of net investment income to average net assets would have been 1.16%.

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

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin MidCap Value Fund

Class C	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$11.21	\$10.25	\$10.20	\$ 8.27	\$7.24
Income from investment operations ^a :					
Net investment income (loss) ^b	0.02 ^c	0.01	(0.02)	(0.01)	(0.02) ^d
Net realized and unrealized gains (losses)	3.39	0.95	0.07	1.94	1.05
Total from investment operations	3.41	0.96	0.05	1.93	1.03
Less distributions from net investment income	(0.07)	—	(—) ^e	(—) ^e	—
Net asset value, end of year	\$14.55	\$11.21	\$10.25	\$10.20	\$8.27
Total return ^f	30.56%	9.37%	0.50%	23.36%	14.23%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	2.34%	2.39%	2.40%	2.46%	2.56%
Expenses net of waiver and payments by affiliates	2.05%	2.04%	2.05%	2.04%	2.04%
Net investment income (loss)	0.13% ^c	0.09%	(0.20)%	(0.07)%	(0.35)% ^d
Supplemental data					
Net assets, end of year (000's)	\$21,965	\$12,175	\$12,696	\$12,156	\$8,598
Portfolio turnover rate	10.00%	22.29%	18.61%	20.67%	14.56%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.03 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been (0.09)%.

^dNet investment income per share includes approximately \$(0.06) per share of a return of capital adjustment to a previously recorded special dividend received by the Fund. Excluding this non-recurring amount, the ratio of net investment income to average net assets would have been 0.48%.

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

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

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin MidCap Value Fund

Class R	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$11.35	\$10.36	\$10.28	\$ 8.33	\$7.30
Income from investment operations ^a :					
Net investment income ^b	0.08 ^c	0.06	0.03	0.04	0.01 ^d
Net realized and unrealized gains (losses)	3.42	0.95	0.08	1.95	1.06
Total from investment operations	3.50	1.01	0.11	1.99	1.07
Less distributions from net investment income	(0.14)	(0.02)	(0.03)	(0.04)	(0.04)
Net asset value, end of year	\$14.71	\$11.35	\$10.36	\$10.28	\$8.33
Total return	31.22%	9.77%	1.05%	23.95%	14.77%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.84%	1.90%	1.90%	1.97%	2.07%
Expenses net of waiver and payments by affiliates	1.55%	1.55%	1.55%	1.55%	1.55%
Net investment income	0.63% ^c	0.58%	0.30%	0.42%	0.14% ^d
Supplemental data					
Net assets, end of year (000's)	\$1,000	\$485	\$507	\$564	\$440
Portfolio turnover rate	10.00%	22.29%	18.61%	20.67%	14.56%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.03 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.41%.

^dNet investment income per share includes approximately \$(0.06) per share of a return of capital adjustment to a previously recorded special dividend received by the Fund. Excluding this non-recurring amount, the ratio of net investment income to average net assets would have been 0.97%.

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin MidCap Value Fund

Advisor Class	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$11.44	\$10.45	\$10.36	\$ 8.38	\$7.35
Income from investment operations ^a :					
Net investment income ^b	0.15 ^c	0.12	0.09	0.09	0.04 ^d
Net realized and unrealized gains (losses)	3.45	0.95	0.08	1.95	1.07
Total from investment operations	3.60	1.07	0.17	2.04	1.11
Less distributions from net investment income	(0.20)	(0.08)	(0.08)	(0.06)	(0.08)
Net asset value, end of year	\$14.84	\$11.44	\$10.45	\$10.36	\$8.38
Total return	31.94%	10.35%	1.59%	24.50%	15.43%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.34%	1.40%	1.40%	1.47%	1.57%
Expenses net of waiver and payments by affiliates	1.05%	1.05%	1.05%	1.05%	1.05%
Net investment income	1.13% ^c	1.08%	0.80%	0.92%	0.64% ^d
Supplemental data					
Net assets, end of year (000's)	\$3,596	\$2,507	\$2,052	\$1,548	\$1,198
Portfolio turnover rate	10.00%	22.29%	18.61%	20.67%	14.56%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.03 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.91%.

^dNet investment income per share includes approximately \$(0.06) per share of a return of capital adjustment to a previously recorded special dividend received by the Fund. Excluding this non-recurring amount, the ratio of net investment income to average net assets would have been 1.47%.

Franklin Value Investors Trust

Statement of Investments, October 31, 2013

Franklin MidCap Value Fund	Shares/Units	Value
Common Stocks and Other Equity Interests 93.3%		
Automobiles & Components 5.7%		
Autoliv Inc.	20,100	\$ 1,793,523
BorgWarner Inc.	16,600	1,711,958
Gentex Corp.	64,900	1,910,656
Harley-Davidson Inc.	30,900	1,978,836
		<u>7,394,973</u>
Banks 6.0%		
Comerica Inc.	57,900	2,507,070
Hudson City Bancorp Inc.	164,000	1,472,720
KeyCorp	201,500	2,524,795
PNC Financial Services Group Inc.	16,927	1,244,642
		<u>7,749,227</u>
Capital Goods 14.0%		
Babcock & Wilcox Co.	63,400	2,042,114
Carlisle Cos. Inc.	22,400	1,628,032
Dover Corp.	17,400	1,597,146
Eaton Corp. PLC	18,200	1,284,192
Exelis Inc.	73,400	1,210,366
Fortune Brands Home & Security Inc.	32,000	1,378,560
ITT Corp.	29,700	1,179,981
L-3 Communications Holdings Inc.	10,600	1,064,770
^a Owens Corning Inc.	56,400	2,026,452
Pentair Ltd.	14,500	972,805
Rockwell Automation Inc.	3,600	397,476
Stanley Black & Decker Inc.	4,000	316,360
W.W. Grainger Inc.	2,800	753,116
Xylem Inc.	64,600	2,228,700
		<u>18,080,070</u>
Commercial & Professional Services 0.5%		
Robert Half International Inc.	15,300	589,509
Consumer Durables & Apparel 0.9%		
Hasbro Inc.	22,400	1,156,960
Consumer Services 1.2%		
Hillenbrand Inc.	57,500	1,622,650
Diversified Financials 8.6%		
iShares Russell Mid-Cap Value ETF	95,300	6,070,610
KKR & Co., LP (Units)	93,800	2,058,910
Northern Trust Corp.	42,700	2,409,134
Raymond James Financial Inc.	14,000	639,100
		<u>11,177,754</u>
Energy 8.8%		
EnSCO PLC, A	27,396	1,579,380
Noble Corp.	40,400	1,523,080
Peabody Energy Corp.	78,400	1,527,232
^a Rowan Cos. PLC	44,200	1,594,736

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin MidCap Value Fund	Shares/Units	Value
Common Stocks and Other Equity Interests (continued)		
Energy (continued)		
Tidewater Inc.	25,900	\$ 1,559,698
^a Unit Corp.	30,900	1,588,569
Valero Energy Corp.	47,900	1,972,043
		<u>11,344,738</u>
Food, Beverage & Tobacco 3.1%		
Beam Inc.	20,100	1,352,730
Bunge Ltd.	20,994	1,724,237
Ingredion Inc.	13,400	881,184
		<u>3,958,151</u>
Health Care Equipment & Services 3.4%		
Community Health Systems Inc.	6,800	296,684
Hill-Rom Holdings Inc.	45,100	1,862,179
^a Laboratory Corp. of America Holdings	14,800	1,493,320
^a LifePoint Hospitals Inc.	13,900	717,796
		<u>4,369,979</u>
Insurance 7.7%		
The Allstate Corp.	35,800	1,899,548
Arthur J. Gallagher & Co.	41,700	1,978,665
^a Genworth Financial Inc., A	83,300	1,210,349
Marsh & McLennan Cos. Inc.	36,000	1,648,800
The Progressive Corp.	57,600	1,495,872
W. R. Berkley Corp.	39,900	1,752,009
		<u>9,985,243</u>
Materials 7.4%		
Albemarle Corp.	13,400	886,946
Alcoa Inc.	146,500	1,358,055
Bemis Co. Inc.	13,200	526,680
Celanese Corp., A	29,900	1,674,699
MeadWestvaco Corp.	57,900	2,017,815
Nucor Corp.	37,600	1,946,552
Sigma-Aldrich Corp.	13,600	1,175,448
		<u>9,586,195</u>
Media 1.4%		
Time Warner Cable Inc.	14,800	1,778,220
Pharmaceuticals, Biotechnology & Life Sciences 0.6%		
^a Actavis PLC (Ireland)	500	77,290
^a Endo Health Solutions Inc.	17,600	769,648
		<u>846,938</u>
Real Estate 2.1%		
American Campus Communities Inc.	80,000	2,764,800
Retailing 5.3%		
CST Brands Inc.	3,722	119,997
Family Dollar Stores Inc.	11,200	771,456

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin MidCap Value Fund	Shares/Units	Value
Common Stocks and Other Equity Interests (continued)		
Retailing (continued)		
GameStop Corp., A	44,100	\$ 2,417,562
Nordstrom Inc.	27,500	1,662,925
PetSmart Inc.	25,900	1,884,484
		<u>6,856,424</u>
Semiconductors & Semiconductor Equipment 4.0%		
KLA-Tencor Corp.	25,300	1,659,680
Maxim Integrated Products Inc.	50,500	1,499,850
Microchip Technology Inc.	48,400	2,079,264
		<u>5,238,794</u>
Software & Services 3.2%		
Leidos Holdings Inc.	28,125	1,324,406
Science Applications International Corp.	16,071	566,503
Total System Services Inc.	75,500	2,252,165
		<u>4,143,074</u>
Technology Hardware & Equipment 3.5%		
Corning Inc.	149,600	2,556,664
Xerox Corp.	193,500	1,923,390
		<u>4,480,054</u>
Transportation 0.8%		
J.B. Hunt Transport Services Inc.	13,300	997,899
Utilities 5.1%		
DTE Energy Co.	20,300	1,403,542
Northeast Utilities	36,000	1,544,040
NV Energy Inc.	80,100	1,901,574
Sempra Energy	20,000	1,822,800
		<u>6,671,956</u>
Total Common Stocks and Other Equity Interests (Cost \$90,282,419)		<u>120,793,608</u>
Short Term Investments (Cost \$9,380,108) 7.3%		
Money Market Funds 7.3%		
^{a,b} Institutional Fiduciary Trust Money Market Portfolio	9,380,108	9,380,108
Total Investments (Cost \$99,662,527) 100.6%		<u>130,173,716</u>
Other Assets, less Liabilities (0.6%)		<u>(746,707)</u>
Net Assets 100.0%		<u>\$ 129,427,009</u>

See Abbreviations on page 142.

^aNon-income producing.

^bSee Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

Franklin Value Investors Trust

Financial Highlights

Franklin Small Cap Value Fund

Class A	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$45.12	\$42.25	\$39.69	\$33.01	\$28.58
Income from investment operations ^a :					
Net investment income ^b	0.30 ^c	0.34 ^d	0.18	0.11	0.19
Net realized and unrealized gains (losses)	16.30	4.47	2.50	6.73	4.53
Total from investment operations	16.60	4.81	2.68	6.84	4.72
Less distributions from:					
Net investment income	(0.49)	(0.17)	(0.12)	(0.16)	(0.29)
Net realized gains	(1.47)	(1.77)	—	—	—
Total distributions	(1.96)	(1.94)	(0.12)	(0.16)	(0.29)
Net asset value, end of year	\$59.76	\$45.12	\$42.25	\$39.69	\$33.01
Total return ^e	38.15%	12.08%	6.73%	20.77%	16.86%
Ratios to average net assets					
Expenses	1.19%	1.26%	1.21%	1.27%	1.37% ^f
Net investment income	0.57% ^c	0.79% ^d	0.41%	0.29%	0.68%
Supplemental data					
Net assets, end of year (000's)	\$1,224,592	\$856,541	\$829,710	\$788,992	\$644,675
Portfolio turnover rate	13.04%	5.18%	14.24%	8.69%	2.58%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.10 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.38%.

^dNet investment income per share includes approximately \$0.14 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.48%.

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

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

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Small Cap Value Fund

Class C	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$42.12	\$39.66	\$37.42	\$31.20	\$26.94
Income from investment operations ^a :					
Net investment income (loss) ^b	(0.05) ^c	0.04 ^d	(0.12)	(0.14)	(0.01)
Net realized and unrealized gains (losses)	15.21	4.19	2.36	6.36	4.30
Total from investment operations	15.16	4.23	2.24	6.22	4.29
Less distributions from:					
Net investment income	(0.19)	—	—	—	(0.03)
Net realized gains	(1.47)	(1.77)	—	—	—
Total distributions	(1.66)	(1.77)	—	—	(0.03)
Net asset value, end of year	\$55.62	\$42.12	\$39.66	\$37.42	\$31.20
Total return ^e	37.23%	11.29%	5.99%	19.94%	15.98%
Ratios to average net assets					
Expenses	1.89%	1.95%	1.91%	1.97%	2.10% ^f
Net investment income (loss)	(0.13)% ^c	0.10% ^d	(0.29)%	(0.41)%	(0.05)%
Supplemental data					
Net assets, end of year (000's)	\$247,742	\$183,986	\$189,321	\$192,880	\$159,441
Portfolio turnover rate	13.04%	5.18%	14.24%	8.69%	2.58%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.10 per share received in the form of special dividends. Excluding these amounts, 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 received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been (0.21)%.

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

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

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Small Cap Value Fund

Class R	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$44.71	\$41.88	\$39.35	\$32.75	\$28.37
Income from investment operations ^a :					
Net investment income ^b	0.21 ^c	0.26 ^d	0.09	0.03	0.12
Net realized and unrealized gains (losses)	16.15	4.42	2.48	6.67	4.51
Total from investment operations	16.36	4.68	2.57	6.70	4.63
Less distributions from:					
Net investment income	(0.39)	(0.08)	(0.04)	(0.10)	(0.25)
Net realized gains	(1.47)	(1.77)	—	—	—
Total distributions	(1.86)	(1.85)	(0.04)	(0.10)	(0.25)
Net asset value, end of year	\$59.21	\$44.71	\$41.88	\$39.35	\$32.75
 Total return	 37.91%	 11.85%	 6.53%	 20.51%	 16.60%
Ratios to average net assets					
Expenses	1.39%	1.46%	1.41%	1.47%	1.60% ^e
Net investment income	0.37% ^c	0.59% ^d	0.21%	0.09%	0.45%
Supplemental data					
Net assets, end of year (000's)	\$272,697	\$220,539	\$221,524	\$216,788	\$172,652
Portfolio turnover rate	13.04%	5.18%	14.24%	8.69%	2.58%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.10 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.18%.

^dNet investment income per share includes approximately \$0.14 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.28%.

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

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Small Cap Value Fund

Period Ended
October 31,
2013^a

Class R6

Per share operating performance

(for a share outstanding throughout the period)

Net asset value, beginning of period	\$50.83
Income from investment operations ^b :	
Net investment income ^c	0.19
Net realized and unrealized gains (losses)	10.76
Total from investment operations	10.95
Net asset value, end of period	\$61.78
 Total return ^d	 21.54%

Ratios to average net assets^e

Expenses before waiver and payments by affiliates	2.09%
Expenses net of waiver and payments by affiliates	0.64%
Net investment income	0.68%

Supplemental data

Net assets, end of period (000's)	\$17
Portfolio turnover rate	13.04%

^aFor the period May 1, 2013 (effective date) to October 31, 2013.

^bThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

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

^eRatios are annualized for periods less than one year.

Franklin Value Investors Trust

Financial Highlights *(continued)*

Franklin Small Cap Value Fund

Advisor Class	Year Ended October 31,				
	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$46.54	\$43.53	\$40.87	\$33.96	\$29.44
Income from investment operations ^a :					
Net investment income ^b	0.46 ^c	0.48 ^d	0.32	0.22	0.27
Net realized and unrealized gains (losses)	16.82	4.60	2.57	6.93	4.64
Total from investment operations	17.28	5.08	2.89	7.15	4.91
Less distributions from:					
Net investment income	(0.63)	(0.30)	(0.23)	(0.24)	(0.39)
Net realized gains	(1.47)	(1.77)	—	—	—
Total distributions	(2.10)	(2.07)	(0.23)	(0.24)	(0.39)
Net asset value, end of year	\$61.72	\$46.54	\$43.53	\$40.87	\$33.96
Total return	38.56%	12.42%	7.05%	21.15%	17.13%
Ratios to average net assets					
Expenses	0.89%	0.96%	0.91%	0.97%	1.10% ^e
Net investment income	0.87% ^c	1.09% ^d	0.71%	0.59%	0.95%
Supplemental data					
Net assets, end of year (000's)	\$653,660	\$419,840	\$359,034	\$311,581	\$207,391
Portfolio turnover rate	13.04%	5.18%	14.24%	8.69%	2.58%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.10 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.68%.

^dNet investment income per share includes approximately \$0.14 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.78%.

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

Franklin Value Investors Trust

Statement of Investments, October 31, 2013

Franklin Small Cap Value Fund	Shares	Value
Common Stocks 93.2%		
Aerospace & Defense 1.7%		
AAR Corp.	1,380,000	\$ 40,406,400
Automobiles & Components 6.7%		
Autoliv Inc.	385,000	34,353,550
Drew Industries Inc.	316,300	15,897,238
Gentex Corp.	1,105,000	32,531,200
Thor Industries Inc.	1,066,000	61,838,660
^a Winnebago Industries Inc.	510,200	15,132,532
		<u>159,753,180</u>
Banks 1.8%		
Chemical Financial Corp.	469,355	13,747,408
OFG Bancorp.	755,000	11,181,550
Peoples Bancorp Inc.	183,500	4,114,070
TrustCo Bank Corp. NY	2,188,000	14,703,360
		<u>43,746,388</u>
Building Products 4.4%		
Apogee Enterprises Inc.	907,900	28,399,112
^a Gibraltar Industries Inc.	1,160,400	18,578,004
Simpson Manufacturing Co. Inc.	567,000	20,100,150
Universal Forest Products Inc.	736,000	38,949,120
		<u>106,026,386</u>
Commercial & Professional Services 2.7%		
Insperty Inc.	383,200	14,818,344
McGrath RentCorp	577,700	20,606,559
Mine Safety Appliances Co.	423,200	20,381,312
Schawk Inc.	628,700	9,191,594
		<u>64,997,809</u>
Construction & Engineering 2.2%		
EMCOR Group Inc.	570,000	21,124,200
Granite Construction Inc.	972,000	31,444,200
		<u>52,568,400</u>
Consumer Durables & Apparel 5.1%		
Brunswick Corp.	635,000	28,657,550
Harman International Industries Inc.	395,900	32,075,818
^b Hooker Furniture Corp.	582,900	9,209,820
La-Z-Boy Inc.	1,397,900	32,263,532
M.D.C. Holdings Inc.	276,300	8,065,197
^a M/I Homes Inc.	577,900	11,829,613
		<u>122,101,530</u>
Consumer Services 1.7%		
Hillenbrand Inc.	850,000	23,987,000
Regis Corp.	1,184,000	17,168,000
		<u>41,155,000</u>

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin Small Cap Value Fund	Shares	Value
Common Stocks (continued)		
Electrical Equipment 3.8%		
Brady Corp., A	583,500	\$ 17,032,365
EnerSys	30,600	2,030,310
Franklin Electric Co. Inc.	512,600	19,401,910
General Cable Corp.	132,400	4,359,932
^a Powell Industries Inc.	274,000	17,215,420
Regal-Beloit Corp.	430,000	31,531,900
		<u>91,571,837</u>
Energy 10.9%		
^a Atwood Oceanics Inc.	522,000	27,733,860
Bristow Group Inc.	570,000	45,867,900
Energen Corp.	314,000	24,592,480
^a Helix Energy Solutions Group Inc.	1,058,100	25,034,646
^a Oil States International Inc.	335,000	36,391,050
^a Rowan Cos. PLC	827,000	29,838,160
Tidewater Inc.	600,000	36,132,000
^a Unit Corp.	695,700	35,765,937
		<u>261,356,033</u>
Health Care Equipment & Services 3.4%		
Hill-Rom Holdings Inc.	574,200	23,708,718
STERIS Corp.	674,200	30,467,098
Teleflex Inc.	297,000	27,377,460
		<u>81,553,276</u>
Industrial Conglomerates 1.4%		
Carlisle Cos. Inc.	458,000	<u>33,287,440</u>
Insurance 10.0%		
Arthur J. Gallagher & Co.	304,400	14,443,780
Aspen Insurance Holdings Ltd.	590,000	23,015,900
Assurant Inc.	68,700	4,017,576
The Hanover Insurance Group Inc.	482,200	28,227,988
HCC Insurance Holdings Inc.	235,300	10,741,445
Montpelier Re Holdings Ltd.	810,000	22,364,100
Old Republic International Corp.	1,820,000	30,557,800
Protective Life Corp.	935,000	43,084,800
StanCorp Financial Group Inc.	685,000	40,346,500
Validus Holdings Ltd. (Bermuda)	566,111	22,350,062
		<u>239,149,951</u>
Machinery 11.1%		
Astec Industries Inc.	495,000	16,735,950
Briggs & Stratton Corp.	1,140,000	20,907,600
^a EnPro Industries Inc.	508,000	30,312,360
Kennametal Inc.	530,000	24,380,000
Lincoln Electric Holdings Inc.	519,900	35,997,876
Lindsay Corp.	2,500	190,025
Mueller Industries Inc.	470,500	28,366,445
Nordson Corp.	55,200	3,979,368

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin Small Cap Value Fund	Shares	Value
Common Stocks (continued)		
Machinery (continued)		
Pentair Ltd.	276,526	\$ 18,552,130
Trinity Industries Inc.	985,000	49,870,550
^a Wabash National Corp.	1,743,000	20,323,380
Watts Water Technologies Inc., A	277,900	16,057,062
		<u>265,672,746</u>
Materials 10.8%		
A. Schulman Inc.	795,000	26,330,400
AptarGroup Inc.	84,600	5,427,936
Cabot Corp.	822,000	38,313,420
Carpenter Technology Corp.	473,300	28,080,889
H.B. Fuller Co.	580,000	27,764,600
Reliance Steel & Aluminum Co.	566,500	41,518,785
RPM International Inc.	973,400	37,690,048
Sensient Technologies Corp.	414,000	21,581,820
Steel Dynamics Inc.	1,565,000	28,123,050
Stepan Co.	54,500	3,208,415
		<u>258,039,363</u>
Retailing 8.9%		
Brown Shoe Co. Inc.	1,120,000	25,132,800
The Cato Corp., A	573,000	17,172,810
GameStop Corp., A	567,600	31,115,832
^a Genesco Inc.	162,100	11,040,631
Group 1 Automotive Inc.	576,500	36,896,000
^{a,c} Jos. A. Bank Clothiers Inc.	402,000	19,287,960
^c The Men's Wearhouse Inc.	895,000	37,858,500
^a The Pep Boys - Manny, Moe & Jack	1,540,400	19,932,776
Pier 1 Imports Inc.	310,000	6,472,800
^a West Marine Inc.	795,000	9,706,950
		<u>214,617,059</u>
Semiconductors & Semiconductor Equipment 0.4%		
Cohu Inc.	910,000	8,699,600
Technology Hardware & Equipment 3.2%		
^a Benchmark Electronics Inc.	1,404,900	31,933,377
^a Ingram Micro Inc., A	700,000	16,219,000
^a Multi-Fineline Electronix Inc.	355,100	4,761,891
^a Rofin-Sinar Technologies Inc.	876,700	23,013,375
		<u>75,927,643</u>
Trading Companies & Distributors 0.4%		
Applied Industrial Technologies Inc.	227,200	10,748,832
Transportation 2.0%		
^a Genesee & Wyoming Inc.	295,800	29,532,672
SkyWest Inc.	1,283,000	19,296,320
		<u>48,828,992</u>

Franklin Value Investors Trust

Statement of Investments, October 31, 2013 *(continued)*

Franklin Small Cap Value Fund	Shares	Value
Common Stocks (continued)		
Utilities 0.6%		
NV Energy Inc.	640,000	\$ 15,193,600
Total Common Stocks (Cost \$1,379,438,968)		<u>2,235,401,465</u>
Short Term Investments (Cost \$162,919,867) 6.8%		
Money Market Funds 6.8%		
^{a,d} Institutional Fiduciary Trust Money Market Portfolio	162,919,867	<u>162,919,867</u>
Total Investments (Cost \$1,542,358,835) 100.0%		<u>2,398,321,332</u>
Other Assets, less Liabilities 0.0%[†]		<u>386,432</u>
Net Assets 100.0%		<u>\$2,398,707,764</u>

[†]Rounds to less than 0.1% of net assets.

^aNon-income producing.

^bSee Note 9 regarding holdings of 5% voting securities.

^cAt October 31, 2013, pursuant to the Fund's policies and the requirements of applicable securities law, the Fund may be restricted from trading these securities for a limited or extended period of time due to ownership limits and/or potential possession of material non-public information.

^dSee Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

Franklin Value Investors Trust

Financial Statements

Statements of Assets and Liabilities

October 31, 2013

	Franklin All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund
Assets:			
Investments in securities:			
Cost - Unaffiliated issuers	\$ 30,831,607	\$ 740,287,871	\$122,809,366
Cost - Non-controlled affiliated issuers (Note 9)	—	11,516,835	—
Cost - Sweep Money Fund (Note 7)	2,930,519	151,604,520	12,410,744
Total cost of investments	\$ 33,762,126	\$ 903,409,226	\$135,220,110
Value - Unaffiliated issuers	\$ 41,837,622	\$1,311,432,343	\$174,118,574
Value - Non-controlled affiliated issuers (Note 9)	—	8,860,000	—
Value - Sweep Money Fund (Note 7)	2,930,519	151,604,520	12,410,744
Total value of investments	44,768,141	1,471,896,863	186,529,318
Receivables:			
Investment securities sold	555,098	9,466,318	—
Capital shares sold	139,462	1,448,899	343,297
Dividends	27,492	257,830	158,319
Other assets	—	977,801	39,618
Total assets	45,490,193	1,484,047,711	187,070,552
Liabilities:			
Payables:			
Investment securities purchased	147,178	—	—
Capital shares redeemed	95,009	3,616,296	219,767
Management fees	7,956	565,278	113,990
Distribution fees	13,523	349,213	61,948
Transfer agent fees	11,068	494,578	50,448
Accrued expenses and other liabilities	9,889	94,099	20,946
Total liabilities	284,623	5,119,464	467,099
Net assets, at value	\$ 45,205,570	\$1,478,928,247	\$186,603,453
Net assets consist of:			
Paid-in capital	\$ 35,784,791	\$ 758,466,221	\$136,298,487
Undistributed net investment income	—	7,930,993	352,351
Net unrealized appreciation (depreciation)	11,006,015	568,481,433	51,309,208
Accumulated net realized gain (loss)	(1,585,236)	144,049,600	(1,356,593)
Net assets, at value	\$ 45,205,570	\$1,478,928,247	\$186,603,453

Franklin Value Investors Trust

Financial Statements *(continued)*

Statements of Assets and Liabilities *(continued)*

October 31, 2013

	Franklin All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund
Class A:			
Net assets, at value	\$ 37,003,524	\$1,256,543,275	\$ 138,325,233
Shares outstanding	3,026,422	23,275,888	8,210,581
Net asset value per share ^a	\$12.23	\$53.98	\$16.85
Maximum offering price per share (net asset value per share ÷ 94.25%)	\$12.98	\$57.27	\$17.88
Class C:			
Net assets, at value	\$ 5,745,074	\$ 96,462,363	\$ 33,287,039
Shares outstanding	476,892	1,827,887	1,997,936
Net asset value and maximum offering price per share ^a	\$12.05	\$52.77	\$16.66
Class R:			
Net assets, at value	\$ 45,977	\$ 17,991,884	\$ 4,531,084
Shares outstanding	3,758	333,805	271,263
Net asset value and maximum offering price per share	\$12.23	\$53.90	\$16.70
Class R6:			
Net assets, at value	—	\$ 5,761	\$ 5,778
Shares outstanding	—	105	344
Net asset value and maximum offering price per share ^b	—	\$55.06	\$16.80
Advisor Class:			
Net assets, at value	\$ 2,410,995	\$ 107,924,964	\$ 10,454,319
Shares outstanding	196,213	1,960,701	622,226
Net asset value and maximum offering price per share	\$12.29	\$55.04	\$16.80

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

^bNet asset value and maximum offering price may not recalculate due to rounding of net assets and/or shares outstanding.

Franklin Value Investors Trust

Financial Statements *(continued)*

Statements of Assets and Liabilities *(continued)*

October 31, 2013

	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
Assets:			
Investments in securities:			
Cost - Unaffiliated issuers	\$ 172,110,154	\$ 90,282,419	\$ 1,369,757,402
Cost - Non-controlled affiliated issuers (Note 9)	50,876,603	—	9,681,566
Cost - Sweep Money Fund (Note 7)	124,264,352	9,380,108	162,919,867
Cost - Repurchase agreements	3,600,232	—	—
Total cost of investments	\$ 350,851,341	\$ 99,662,527	\$ 1,542,358,835
Value - Unaffiliated issuers	\$ 334,897,059	\$ 120,793,608	\$ 2,226,191,645
Value - Non-controlled affiliated issuers (Note 9)	85,702,063	—	9,209,820
Value - Sweep Money Fund (Note 7)	124,264,352	9,380,108	162,919,867
Value - Repurchase agreements	3,600,232	—	—
Total value of investments ^a	548,463,706	130,173,716	2,398,321,332
Cash	—	—	8,111
Receivables:			
Investment securities sold	2,262,863	—	3,273,181
Capital shares sold	3,600,878	436,472	6,530,986
Dividends	17,833	93,627	529,068
Other assets	39	10	191
Total assets	554,345,319	130,703,825	2,408,662,869
Liabilities:			
Payables:			
Investment securities purchased	165,682	915,326	2,621,327
Capital shares redeemed	3,370,936	201,060	4,374,542
Management fees	336,537	62,902	1,143,536
Distribution fees	74,818	43,295	623,992
Transfer agent fees	115,334	37,010	1,042,581
Payable upon return of securities loaned	3,600,232	—	—
Accrued expenses and other liabilities	29,527	17,223	149,127
Total liabilities	7,693,066	1,276,816	9,955,105
Net assets, at value	\$ 546,652,253	\$ 129,427,009	\$ 2,398,707,764
Net assets consist of:			
Paid-in capital	\$ 316,622,352	\$ 105,250,107	\$ 1,428,037,552
Undistributed net investment income (distributions in excess of net investment income)	(79,443)	260,004	3,371,579
Net unrealized appreciation (depreciation)	197,612,365	30,511,189	855,962,497
Accumulated net realized gain (loss)	32,496,979	(6,594,291)	111,336,136
Net assets, at value	\$ 546,652,253	\$ 129,427,009	\$ 2,398,707,764

^aIncludes securities loaned \$ 3,372,000 \$ — \$ —

Franklin Value Investors Trust

Financial Statements *(continued)*

Statements of Assets and Liabilities *(continued)*

October 31, 2013

	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
Class A:			
Net assets, at value	\$ 370,763,463	\$ 102,866,120	\$ 1,224,591,798
Shares outstanding	9,045,293	6,968,109	20,492,160
Net asset value per share ^a	\$40.99	\$14.76	\$59.76
Maximum offering price per share (net asset value per share ÷ 94.25%)	\$43.49	\$15.66	\$63.41
Class C:			
Net assets, at value	—	\$ 21,965,100	\$ 247,741,886
Shares outstanding	—	1,510,044	4,454,499
Net asset value and maximum offering price per share ^a	—	\$14.55	\$55.62
Class R:			
Net assets, at value	—	\$ 1,000,260	\$ 272,696,701
Shares outstanding	—	67,981	4,605,281
Net asset value and maximum offering price per share	—	\$14.71	\$59.21
Class R6:			
Net assets, at value	\$ 59,597,017	—	\$ 17,286
Shares outstanding	1,452,566	—	280
Net asset value and maximum offering price per share ^b	\$41.03	—	\$61.78
Advisor Class:			
Net assets, at value	\$ 116,291,773	\$ 3,595,529	\$ 653,660,093
Shares outstanding	2,836,938	242,291	10,591,339
Net asset value and maximum offering price per share	\$40.99	\$14.84	\$61.72

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

^bNet asset value and maximum offering price may not recalculate due to rounding of net assets and/shares outstanding.

Franklin Value Investors Trust

Financial Statements *(continued)*

Statements of Operations

for the year ended October 31, 2013

	Franklin All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund
Investment income:			
Dividends	\$ 508,570	\$ 30,315,376	\$ 3,246,325
Income from securities loaned	—	22,069	—
Total investment income	508,570	30,337,445	3,246,325
Expenses:			
Management fees (Note 3a)	208,949	6,222,993	1,011,688
Administrative fees (Note 3b)	26,618	—	139,018
Distribution fees: (Note 3c)			
Class A	76,665	2,866,480	332,736
Class B	—	1,319	865
Class C	40,848	830,989	266,787
Class R	186	88,942	21,106
Transfer agent fees: (Note 3e)			
Class A	57,718	1,871,227	228,324
Class B	—	367	196
Class C	9,235	134,528	53,012
Class R	84	29,049	8,510
Class R6	—	44	37
Advisor Class	4,473	161,125	17,313
Custodian fees (Note 4)	382	17,737	1,439
Reports to shareholders	10,464	164,896	30,696
Registration and filing fees	58,330	125,388	92,187
Professional fees	26,289	66,841	37,971
Trustees' fees and expenses	—	114,047	11,951
Other	6,544	19,493	9,410
Total expenses	526,785	12,715,465	2,263,246
Expenses waived/paid by affiliates (Note 3f)	(115,477)	(43)	(37)
Net expenses	411,308	12,715,422	2,263,209
Net investment income	97,262	17,622,023	983,116
Realized and unrealized gains (losses):			
Net realized gain (loss) from:			
Investments:			
Unaffiliated issuers	1,527,539	144,966,696	3,693,577
Non-controlled affiliated issuers (Note 9)	—	(290,645)	—
Foreign currency transactions	(718)	4,990	—
Net realized gain (loss)	1,526,821	144,681,041	3,693,577
Net change in unrealized appreciation (depreciation) on:			
Investments	7,605,740	226,576,901	35,976,844
Translation of other assets and liabilities denominated in foreign currencies	—	(6,204)	—
Net change in unrealized appreciation (depreciation)	7,605,740	226,570,697	35,976,844
Net realized and unrealized gain (loss)	9,132,561	371,251,738	39,670,421
Net increase (decrease) in net assets resulting from operations	\$9,229,823	\$388,873,761	\$40,653,537

Franklin Value Investors Trust

Financial Statements *(continued)*

Statements of Operations *(continued)*

for the year ended October 31, 2013

	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
Investment income:			
Dividends:			
Unaffiliated issuers	\$ 6,006,741	\$ 2,138,268	\$ 34,209,036
Non-controlled affiliated issuers (Note 9)	943,398	—	291,450
Income from securities loaned	22,602	28,682	498,844
Total investment income	6,972,741	2,166,950	34,999,330
Expenses:			
Management fees (Note 3a)	3,365,618	849,219	11,696,353
Administrative fees (Note 3b)	—	87,360	—
Distribution fees: (Note 3c)			
Class A	718,739	238,637	3,057,848
Class B	—	—	3,526
Class C	—	161,533	2,105,713
Class R	—	4,129	1,201,175
Transfer agent fees: (Note 3e)			
Class A	369,865	202,770	2,627,250
Class B	—	—	993
Class C	—	41,289	541,233
Class R	—	2,107	617,577
Class R6	47	—	41
Advisor Class	163,659	7,440	1,317,700
Special servicing agreement fees (Note 10)	43,231	—	—
Custodian fees (Note 4)	3,706	910	18,634
Reports to shareholders	48,857	25,698	305,691
Registration and filing fees	73,942	65,669	174,040
Professional fees	63,470	32,710	64,497
Trustees' fees and expenses	35,096	7,383	153,703
Other	12,738	7,405	33,647
Total expenses	4,898,968	1,734,259	23,919,621
Expenses waived/paid by affiliates (Note 3f)	—	(291,370)	(41)
Net expenses	4,898,968	1,442,889	23,919,580
Net investment income	2,073,773	724,061	11,079,750
Realized and unrealized gains (losses):			
Net realized gain (loss) from:			
Investments:			
Unaffiliated issuers	21,073,085	3,420,824	111,408,606
Non-controlled affiliated issuers (Note 9)	12,007,375	—	—
Net realized gain (loss)	33,080,460	3,420,824	111,408,606
Net change in unrealized appreciation (depreciation) on investments	94,816,098	22,826,785	514,804,893
Net realized and unrealized gain (loss)	127,896,558	26,247,609	626,213,499
Net increase (decrease) in net assets resulting from operations	\$ 129,970,331	\$ 26,971,670	\$ 637,293,249

Franklin Value Investors Trust

Financial Statements *(continued)*

Statements of Changes in Net Assets

	Franklin All Cap Value Fund		Franklin Balance Sheet Investment Fund	
	Year Ended October 31,		Year Ended October 31,	
	2013	2012	2013	2012
Increase (decrease) in net assets:				
Operations:				
Net investment income	\$ 97,262	\$ 153,331	\$ 17,622,023	\$ 17,455,002
Net realized gain (loss) from investments and foreign currency transactions	1,526,821	834,720	144,681,041	220,775,157
Net change in unrealized appreciation (depreciation) on investments and translation of other assets and liabilities denominated in foreign currencies	7,605,740	1,285,987	226,570,697	(69,076,371)
Net increase (decrease) in net assets resulting from operations	9,229,823	2,274,038	388,873,761	169,153,788
Distributions to shareholders from:				
Net investment income:				
Class A	(183,523)	(98,135)	(15,938,782)	(7,773,925)
Class C	(6,464)	—	(602,654)	—
Class R	(126)	(148)	(206,731)	(36,442)
Advisor Class	(20,261)	(13,982)	(1,523,919)	(1,651,075)
Net realized gains:				
Class A	—	—	(52,319,506)	(154,304,882)
Class B	—	—	(22,629)	(264,937)
Class C	—	—	(3,698,126)	(8,369,995)
Class R	—	—	(794,960)	(1,905,070)
Advisor Class	—	—	(4,222,612)	(21,239,884)
Total distributions to shareholders	(210,374)	(112,265)	(79,329,919)	(195,546,210)
Capital share transactions: (Note 2)				
Class A	9,603,156	(73,383)	(86,489,904)	(340,104,996)
Class B	—	—	(657,653)	(1,945,080)
Class C	1,330,165	(195,105)	5,749,409	(2,044,056)
Class R	5,936	(22,408)	(1,172,033)	(4,017,507)
Class R6	—	—	5,000	—
Advisor Class	174,252	(111,138)	(30,566,585)	(77,220,565)
Total capital share transactions	11,113,509	(402,034)	(113,131,766)	(425,332,204)
Net increase (decrease) in net assets	20,132,958	1,759,739	196,412,076	(451,724,626)
Net assets:				
Beginning of year	25,072,612	23,312,873	1,282,516,171	1,734,240,797
End of year	\$45,205,570	\$25,072,612	\$1,478,928,247	\$1,282,516,171
Undistributed net investment income included in net assets:				
End of year	\$ —	\$ 108,178	\$ 7,930,993	\$ 8,576,066

Franklin Value Investors Trust

Financial Statements *(continued)*

Statements of Changes in Net Assets *(continued)*

	Franklin Large Cap Value Fund		Franklin MicroCap Value Fund	
	Year Ended October 31,		Year Ended October 31,	
	2013	2012	2013	2012
Increase (decrease) in net assets:				
Operations:				
Net investment income	\$ 983,116	\$ 1,130,295	\$ 2,073,773	\$ 3,916,108
Net realized gain (loss) from investments	3,693,577	6,563,475	33,080,460	15,437,868
Net change in unrealized appreciation (depreciation) on investments	35,976,844	5,896,731	94,816,098	29,637,532
Net increase (decrease) in net assets resulting from operations	40,653,537	13,590,501	129,970,331	48,991,508
Distributions to shareholders from:				
Net investment income:				
Class A	(1,048,669)	(971,413)	(3,211,043)	(111,452)
Class C	(95,970)	(45,337)	—	—
Class R	(32,283)	(28,368)	—	—
Advisor Class	(100,085)	(81,920)	(2,763,740)	(431,161)
Net realized gains:				
Class A	—	—	(8,832,372)	(24,982,243)
Advisor Class	—	—	(6,599,614)	(15,982,975)
Total distributions to shareholders	(1,277,007)	(1,127,038)	(21,406,769)	(41,507,831)
Capital share transactions: (Note 2)				
Class A	12,430,348	(14,584,861)	96,553,358	(14,606,493)
Class B	(452,073)	(2,319,408)	—	—
Class C	3,892,402	(1,380,974)	—	—
Class R	(184,598)	(313,025)	—	—
Class R6	5,000	—	50,710,929	—
Advisor Class	1,059,410	561,250	(77,107,165)	26,711,078
Total capital share transactions	16,750,489	(18,037,018)	70,157,122	12,104,585
Net increase (decrease) in net assets	56,127,019	(5,573,555)	178,720,684	19,588,262
Net assets:				
Beginning of year	130,476,434	136,049,989	367,931,569	348,343,307
End of year	\$186,603,453	\$130,476,434	\$546,652,253	\$367,931,569
Undistributed net investment income (distributions in excess of net investment income) included in net assets:				
End of year	\$ 352,351	\$ 656,161	\$ (79,443)	\$ 3,238,902

Franklin Value Investors Trust

Financial Statements *(continued)*

Statements of Changes in Net Assets *(continued)*

	Franklin MidCap Value Fund		Franklin Small Cap Value Fund	
	Year Ended October 31,		Year Ended October 31,	
	2013	2012	2013	2012
Increase (decrease) in net assets:				
Operations:				
Net investment income	\$ 724,061	\$ 526,904	\$ 11,079,750	\$ 12,669,257
Net realized gain (loss) from investments	3,420,824	1,676,629	111,408,606	53,607,208
Net change in unrealized appreciation (depreciation) on investments	22,826,785	5,175,505	514,804,893	120,757,211
Net increase (decrease) in net assets resulting from operations	26,971,670	7,379,038	637,293,249	187,033,676
Distributions to shareholders from:				
Net investment income:				
Class A	(878,280)	(276,659)	(9,157,863)	(3,273,856)
Class C	(75,476)	—	(804,802)	—
Class R	(8,208)	(894)	(1,827,294)	(441,886)
Advisor Class	(42,172)	(15,847)	(5,551,546)	(2,537,798)
Net realized gains:				
Class A	—	—	(27,443,676)	(34,304,049)
Class B	—	—	(42,814)	(325,713)
Class C	—	—	(6,276,897)	(8,333,726)
Class R	—	—	(6,905,306)	(9,379,102)
Advisor Class	—	—	(12,953,902)	(14,751,525)
Total distributions to shareholders	(1,004,136)	(293,400)	(70,964,100)	(73,347,655)
Capital share transactions: (Note 2)				
Class A	17,804,313	(3,686,154)	76,776,731	(31,335,080)
Class B	—	—	(2,021,188)	(6,509,927)
Class C	5,602,132	(1,630,266)	4,545,941	(17,002,176)
Class R	301,754	(68,661)	(15,890,545)	(16,175,566)
Class R6	—	—	16,211	—
Advisor Class	319,088	250,692	86,131,844	32,411,481
Total capital share transactions	24,027,287	(5,134,389)	149,558,994	(38,611,268)
Net increase (decrease) in net assets	49,994,821	1,951,249	715,888,143	75,074,753
Net assets:				
Beginning of year	79,432,188	77,480,939	1,682,819,621	1,607,744,868
End of year	\$129,427,009	\$79,432,188	\$2,398,707,764	\$1,682,819,621
Undistributed net investment income included in net assets:				
End of year	\$ 260,004	\$ 540,070	\$ 3,371,579	\$ 9,642,457

Franklin Value Investors Trust

Notes to Financial Statements

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Franklin Value Investors Trust (Trust) is registered under the Investment Company Act of 1940, as amended, (1940 Act) as an open-end investment company, consisting of six funds (Funds). The classes of shares offered within each of the Funds are indicated below. Each class of shares differs by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees primarily due to differing arrangements for distribution and transfer agent fees.

Class A Class R6 & Advisor Class	Class A, Class C, Class R & Advisor Class	Class A, Class C, Class R Class R6 & Advisor Class
Franklin MicroCap Value Fund ^a	Franklin All Cap Value Fund Franklin MidCap Value Fund	Franklin Balance Sheet Investment Fund ^{a,b} Franklin Large Cap Value Fund ^{a,b} Franklin Small Cap Value Fund ^{a,b}

^aEffective May 1, 2013, the funds began offering a new class of shares, Class R6.

^bEffective March 22, 2013, all Class B shares were converted to Class A.

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. Under procedures approved by the Trust's Board of Trustees (the Board), the Funds' administrator, investment manager and other affiliates have formed the Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Funds' valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Funds to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities and exchange traded funds 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 the NYSE, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the close of the NYSE 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 net asset value. Repurchase agreements are valued at cost, which approximates market value.

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 VLOC convenes on a

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a. Financial Instrument Valuation *(continued)*

regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily close of business on the NYSE. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE 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 the close of the NYSE. In order to minimize the potential for these differences, the VLOC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Funds. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

In addition, certain foreign markets may be open on days that the NYSE is closed, which could result in differences between the value of the Funds' portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Funds for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Funds may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b. Foreign Currency Translation *(continued)*

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 on 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. Repurchase Agreements

Certain funds enter into repurchase agreements, which are accounted for as a loan by the fund to the seller, collateralized by securities which are delivered to the fund's custodian. The market value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the fund, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the funds, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The funds may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the funds in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. All repurchase agreements held by the funds at year end, as indicated in the Statement of Investments, had been entered into on October 31, 2013.

d. Securities Lending

Certain funds participate in an agency based securities lending program. The fund receives cash collateral against the loaned securities in an amount equal to at least 102% of the market value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the market value of loaned securities, as determined at the close of fund business each day; any additional collateral required due to changes in security values is delivered to the fund on the next business day. The collateral is invested in repurchase agreements as indicated on the Statements of Investments. The fund receives income from the investment of cash collateral,

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d. Securities Lending *(continued)*

in addition to lending fees and rebates paid by the borrower. The fund bears the market risk with respect to the collateral investment, securities loaned, and the risk that the agent may default on its obligations to the fund. The securities lending agent has agreed to indemnify the fund in the event of default by a third party borrower.

e. Income and Deferred Taxes

It is 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 it invests. 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 the 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 recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of October 31, 2013, and for all open tax years, each fund has determined that no liability for unrecognized tax benefits is required in each fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction statute of limitation.

f. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income, is recorded on the ex-dividend date except that certain dividends from foreign securities are recognized as soon as the Funds are notified of the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date and are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with accounting principles generally accepted in the United States of America. 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.

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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. Fund specific expenses are charged directly to the fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, not including 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.

Distributions received by the funds from certain securities may be a return of capital (ROC). Such distributions reduce the cost basis of the securities, and any distributions in excess of the cost basis are recognized as capital gains.

g. Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

h. Guarantees and Indemnifications

Under the 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.

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

2. SHARES OF BENEFICIAL INTEREST

At October 31, 2013, there were an unlimited number of shares authorized (\$0.01 par value). Transactions in the Funds' shares were as follows:

	Franklin All Cap Value Fund		Franklin Balance Sheet Investment Fund	
	Shares	Amount	Shares	Amount
Class A Shares:				
Year ended October 31, 2013				
Shares sold	1,481,112	\$ 16,165,463	4,950,421	\$ 241,521,351
Shares issued in reinvestment of distributions	18,024	169,965	1,536,547	64,135,473
Shares redeemed	(653,280)	(6,732,272)	(8,309,064)	(392,146,728)
Net increase (decrease)	845,856	\$ 9,603,156	(1,822,096)	\$ (86,489,904)
Year ended October 31, 2012				
Shares sold	673,694	\$ 5,898,009	4,917,577	\$ 202,495,931
Shares issued in reinvestment of distributions	11,608	95,418	4,105,438	153,953,987
Shares redeemed in-kind (Note 12)	—	—	(4,792,457)	(203,296,040)
Shares redeemed	(689,014)	(6,066,810)	(11,860,300)	(493,258,874)
Net increase (decrease)	(3,712)	\$ (73,383)	(7,629,742)	\$ (340,104,996)
Class B Shares:				
Year ended October 31, 2013 ^a				
Shares sold			12	\$ 518
Shares issued in reinvestment of distributions			508	21,499
Shares redeemed			(15,159)	(679,670)
Net increase (decrease)			(14,639)	\$ (657,653)
Year ended October 31, 2012				
Shares sold			997	\$ 40,849
Shares issued in reinvestment of distributions			6,800	256,292
Shares redeemed			(54,049)	(2,242,221)
Net increase (decrease)			(46,252)	\$ (1,945,080)
Class C Shares:				
Year ended October 31, 2013				
Shares sold	202,130	\$ 2,181,111	454,786	\$ 21,514,788
Shares issued in reinvestment of distributions	658	6,151	101,311	4,160,845
Shares redeemed	(83,080)	(857,097)	(431,642)	(19,926,224)
Net increase (decrease)	119,708	\$ 1,330,165	124,455	\$ 5,749,409
Year ended October 31, 2012				
Shares sold	90,421	\$ 786,094	209,188	\$ 8,489,242
Shares issued in reinvestment of distributions	—	—	218,864	8,087,021
Shares redeemed	(112,144)	(981,199)	(458,402)	(18,620,319)
Net increase (decrease)	(21,723)	\$ (195,105)	(30,350)	\$ (2,044,056)

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

2. SHARES OF BENEFICIAL INTEREST *(continued)*

	Franklin All Cap Value Fund		Franklin Balance Sheet Investment Fund	
	Shares	Amount	Shares	Amount
Class R Shares:				
Year ended October 31, 2013				
Shares sold	561	\$ 5,880	97,799	\$ 4,516,310
Shares issued in reinvestment of distributions	13	126	23,987	1,001,691
Shares redeemed	(7)	(70)	(138,447)	(6,690,034)
Net increase (decrease)	567	\$ 5,936	(16,661)	\$ (1,172,033)
Year ended October 31, 2012				
Shares sold	12,119	\$ 108,374	62,391	\$ 2,580,724
Shares issued in reinvestment of distributions	18	148	51,732	1,941,511
Shares redeemed	(15,373)	(130,930)	(203,368)	(8,539,742)
Net increase (decrease)	(3,236)	\$ (22,408)	(89,245)	\$ (4,017,507)
Class R6 Shares^b:				
Year ended October 31, 2013				
Shares sold			105	\$ 5,000
Advisor Class Shares:				
Year ended October 31, 2013				
Shares sold	21,765	\$ 236,102	353,037	\$ 17,769,463
Shares issued in reinvestment of distributions	2,099	19,837	126,208	5,358,793
Shares redeemed	(7,537)	(81,687)	(1,160,657)	(53,694,841)
Net increase (decrease)	16,327	\$ 174,252	(681,412)	\$ (30,566,585)
Year ended October 31, 2012				
Shares sold	50,340	\$ 453,420	1,579,035	\$ 66,454,845
Shares issued in reinvestment of distributions	1,549	12,768	554,200	21,126,122
Shares redeemed	(65,578)	(577,326)	(3,851,644)	(164,801,532)
Net increase (decrease)	(13,689)	\$ (111,138)	(1,718,409)	\$ (77,220,565)
	Franklin Large Cap Value Fund		Franklin MicroCap Value Fund	
	Shares	Amount	Shares	Amount
Class A Shares:				
Year ended October 31, 2013				
Shares sold	2,606,511	\$ 38,896,001	3,612,735	\$ 126,740,252
Shares issued in reinvestment of distributions	73,979	974,297	359,311	11,239,236
Shares redeemed	(1,872,289)	(27,439,950)	(1,142,305)	(41,426,130)
Net increase (decrease)	808,201	\$ 12,430,348	2,829,741	\$ 96,553,358
Year ended October 31, 2012				
Shares sold	2,030,586	\$ 25,212,826	382,521	\$ 11,531,484
Shares issued in reinvestment of distributions	79,296	906,355	853,348	23,595,080
Shares redeemed	(3,215,651)	(40,704,042)	(1,649,137)	(49,733,057)
Net increase (decrease)	(1,105,769)	\$ (14,584,861)	(413,268)	\$ (14,606,493)

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

2. SHARES OF BENEFICIAL INTEREST *(continued)*

	Franklin Large Cap Value Fund		Franklin MicroCap Value Fund	
	Shares	Amount	Shares	Amount
Class B Shares:				
Year ended October 31, 2013 ^a				
Shares sold	1,335	\$ 18,170		
Shares redeemed	(34,356)	(470,243)		
Net increase (decrease)	(33,021)	\$ (452,073)		
Year ended October 31, 2012				
Shares sold	3,538	\$ 42,786		
Shares redeemed	(190,937)	(2,362,194)		
Net increase (decrease)	(187,399)	\$ (2,319,408)		
Class C Shares:				
Year ended October 31, 2013				
Shares sold	669,948	\$ 10,094,365		
Shares issued in reinvestment of distributions	6,632	86,877		
Shares redeemed	(433,458)	(6,288,840)		
Net increase (decrease)	243,122	\$ 3,892,402		
Year ended October 31, 2012				
Shares sold	362,961	\$ 4,541,221		
Shares issued in reinvestment of distributions	3,565	40,573		
Shares redeemed	(478,781)	(5,962,768)		
Net increase (decrease)	(112,255)	\$ (1,380,974)		
Class R Shares:				
Year ended October 31, 2013				
Shares sold	71,402	\$ 1,028,619		
Shares issued in reinvestment of distributions	2,468	32,283		
Shares redeemed	(84,292)	(1,245,500)		
Net increase (decrease)	(10,422)	\$ (184,598)		
Year ended October 31, 2012				
Shares sold	82,992	\$ 1,034,994		
Shares issued in reinvestment of distributions	2,499	28,360		
Shares redeemed	(110,784)	(1,376,379)		
Net increase (decrease)	(25,293)	\$ (313,025)		
Class R6 Shares^b:				
Year ended October 31, 2013				
Shares sold ^c	344	\$ 5,000	1,480,267	\$ 51,775,021
Shares redeemed	—	—	(27,701)	(1,064,092)
Net increase (decrease)	344	\$ 5,000	1,452,566	\$ 50,710,929

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

2. SHARES OF BENEFICIAL INTEREST *(continued)*

	Franklin Large Cap Value Fund		Franklin MicroCap Value Fund	
	Shares	Amount	Shares	Amount
Advisor Class Shares:				
Year ended October 31, 2013				
Shares sold	178,146	\$ 2,619,420	934,074	\$ 33,120,540
Shares issued in reinvestment of distributions	7,352	96,310	292,423	9,129,437
Shares redeemed ^c	(114,156)	(1,656,320)	(3,457,977)	(119,357,142)
Net increase (decrease)	71,342	\$ 1,059,410	(2,231,480)	\$ (77,107,165)
Year ended October 31, 2012				
Shares sold	141,442	\$ 1,758,931	555,909	\$ 16,587,937
Shares issued in reinvestment of distributions	6,821	77,552	588,658	16,246,967
Shares redeemed	(102,631)	(1,275,233)	(201,425)	(6,123,826)
Net increase (decrease)	45,632	\$ 561,250	943,142	\$ 26,711,078
	Franklin MidCap Value Fund		Franklin Small Cap Value Fund	
	Shares	Amount	Shares	Amount
Class A Shares:				
Year ended October 31, 2013				
Shares sold	2,984,325	\$ 39,169,559	6,167,822	\$ 320,130,339
Shares issued in reinvestment of distributions	74,103	857,377	742,104	33,691,516
Shares redeemed	(1,736,944)	(22,222,623)	(5,401,336)	(277,045,124)
Net increase (decrease)	1,321,484	\$ 17,804,313	1,508,590	\$ 76,776,731
Year ended October 31, 2012				
Shares sold	1,212,631	\$ 13,250,379	4,842,572	\$ 210,316,101
Shares issued in reinvestment of distributions	26,925	268,711	884,368	34,676,090
Shares redeemed	(1,581,555)	(17,205,244)	(6,379,757)	(276,327,271)
Net increase (decrease)	(341,999)	\$ (3,686,154)	(652,817)	\$ (31,335,080)
Class B Shares:				
Year ended October 31, 2013 ^a				
Shares sold			507	\$ 23,453
Shares issued in reinvestment of distributions			878	38,088
Shares redeemed			(46,166)	(2,082,729)
Net increase (decrease)			(44,781)	\$ (2,021,188)
Year ended October 31, 2012				
Shares sold			2,472	\$ 98,411
Shares issued in reinvestment of distributions			8,008	299,415
Shares redeemed			(168,306)	(6,907,753)
Net increase (decrease)			(157,826)	\$ (6,509,927)

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

2. SHARES OF BENEFICIAL INTEREST *(continued)*

	Franklin MidCap Value Fund		Franklin Small Cap Value Fund	
	Shares	Amount	Shares	Amount
Class C Shares:				
Year ended October 31, 2013				
Shares sold	718,194	\$ 9,377,583	887,397	\$ 43,143,200
Shares issued in reinvestment of distributions	6,223	71,375	151,082	6,422,486
Shares redeemed	(300,793)	(3,846,826)	(952,543)	(45,019,745)
Net increase (decrease)	423,624	\$ 5,602,132	85,936	\$ 4,545,941
Year ended October 31, 2012				
Shares sold	219,839	\$ 2,372,522	649,337	\$ 26,359,171
Shares issued in reinvestment of distributions	—	—	205,366	7,561,564
Shares redeemed	(371,519)	(4,002,788)	(1,259,380)	(50,922,911)
Net increase (decrease)	(151,680)	\$ (1,630,266)	(404,677)	\$ (17,002,176)
Class R Shares:				
Year ended October 31, 2013				
Shares sold	27,095	\$ 327,358	1,590,105	\$ 80,942,174
Shares issued in reinvestment of distributions	711	8,208	183,582	8,272,193
Shares redeemed	(2,578)	(33,812)	(2,100,586)	(105,104,912)
Net increase (decrease)	25,228	\$ 301,754	(326,899)	\$ (15,890,545)
Year ended October 31, 2012				
Shares sold	8,277	\$ 90,282	1,545,736	\$ 66,062,534
Shares issued in reinvestment of distributions	90	894	237,615	9,247,986
Shares redeemed	(14,580)	(159,837)	(2,140,531)	(91,486,086)
Net increase (decrease)	(6,213)	\$ (68,661)	(357,180)	\$ (16,175,566)
Class R6 Shares^b:				
Year ended October 31, 2013				
Shares sold			280	\$ 16,211
Advisor Class Shares:				
Year ended October 31, 2013				
Shares sold	58,011	\$ 771,104	3,733,125	\$ 201,535,491
Shares issued in reinvestment of distributions	3,566	41,331	355,086	16,603,831
Shares redeemed	(38,411)	(493,347)	(2,518,526)	(132,007,478)
Net increase (decrease)	23,166	\$ 319,088	1,569,685	\$ 86,131,844
Year ended October 31, 2012				
Shares sold	50,066	\$ 556,080	3,095,155	\$ 137,859,627
Shares issued in reinvestment of distributions	1,497	14,983	392,154	15,815,591
Shares redeemed	(28,860)	(320,371)	(2,713,269)	(121,263,737)
Net increase (decrease)	22,703	\$ 250,692	774,040	\$ 32,411,481

^aEffective March 22, 2013, all Class B shares were converted into Class A.

^bFor the period May 1, 2013 (effective date) to October 31, 2013.

^cEffective May 1, 2013, a portion of Advisor Class shares were exchanged into Class R6.

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

3. TRANSACTIONS WITH AFFILIATES

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

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

a. Management Fees

The Franklin All Cap Value Fund and the Franklin Large Cap Value Fund each pay an investment management fee to Advisory Services based on their respective average daily net assets as follows:

Annualized Fee Rate	Net Assets
0.750%	Up to and including \$500 million
0.650%	Over \$500 million, up to and including \$1 billion
0.600%	Over \$1 billion, up to and including \$1.5 billion
0.550%	Over \$1.5 billion, up to and including \$6.5 billion
0.525%	Over \$6.5 billion, up to and including \$11.5 billion
0.500%	Over \$11.5 billion, up to and including \$16.5 billion
0.490%	Over \$16.5 billion, up to and including \$19 billion
0.480%	Over \$19 billion, up to and including \$21.5 billion
0.470%	In excess of \$21.5 billion

Effective May 1, 2013, the Franklin All Cap Value Fund and the Franklin Large Cap Value Fund combined their investment management and administration agreements as approved by the Board. The fees paid under the combined agreement do not exceed the aggregate fees that were paid under the separate agreements.

Prior to May 1, 2013, the Franklin All Cap Value Fund and the Franklin Large Cap Value Fund paid an investment management fee to Advisory Services based on their respective average daily net assets as follows:

Annualized Fee Rate	Net Assets
0.550%	Up to and including \$500 million
0.450%	Over \$500 million, up to and including \$1 billion
0.400%	Over \$1 billion, up to and including \$1.5 billion
0.350%	Over \$1.5 billion, up to and including \$6.5 billion
0.325%	Over \$6.5 billion, up to and including \$11.5 billion
0.300%	Over \$11.5 billion, up to and including \$16.5 billion
0.290%	Over \$16.5 billion, up to and including \$19 billion
0.280%	Over \$19 billion, up to and including \$21.5 billion
0.270%	In excess of \$21.5 billion

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

3. TRANSACTIONS WITH AFFILIATES *(continued)*

a. Management Fees *(continued)*

The Franklin Balance Sheet Investment Fund pays an investment management fee to Advisory Services 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

The Franklin MicroCap Value Fund pays an investment management fee to Advisory Services of 0.75% per year of the average daily net assets of the fund.

The Franklin MidCap Value Fund pays an investment management fee to Advisory Services based on the average daily net assets of the fund as follows:

Annualized Fee Rate	Net Assets
0.950%	Up to and including \$500 million
0.850%	Over \$500 million, up to and including \$1 billion
0.800%	Over \$1 billion, up to and including \$1.5 billion
0.750%	Over \$1.5 billion, up to and including \$6.5 billion
0.725%	Over \$6.5 billion, up to and including \$11.5 billion
0.700%	Over \$11.5 billion, up to and including \$16.5 billion
0.690%	Over \$16.5 billion, up to and including \$19 billion
0.680%	Over \$19 billion, up to and including \$21.5 billion
0.670%	In excess of \$21.5 billion

Effective May 1, 2013, the Franklin MidCap Value Fund combined its investment management and administration agreements as approved by the Board. The fees paid under the combined agreement do not exceed the aggregate fees that were paid under the separate agreements.

Prior to May 1, 2013, the Franklin MidCap Value Fund paid an investment management fee to Advisory Services 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
0.650%	Over \$500 million, up to and including \$1 billion
0.600%	Over \$1 billion, up to and including \$1.5 billion
0.550%	Over \$1.5 billion, up to and including \$6.5 billion
0.525%	Over \$6.5 billion, up to and including \$11.5 billion
0.500%	Over \$11.5 billion, up to and including \$16.5 billion
0.490%	Over \$16.5 billion, up to and including \$19 billion
0.480%	Over \$19 billion, up to and including \$21.5 billion
0.470%	In excess of \$21.5 billion

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

3. TRANSACTIONS WITH AFFILIATES *(continued)*

a. Management Fees *(continued)*

The Franklin Small Cap Value Fund pays an investment management fee to Advisory Services 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%	In excess of \$1 billion

b. Administrative Fees

Effective May 1, 2013, under an agreement with Advisory Services, FT Services provides administrative services to the Franklin All Cap Value Fund, the Franklin Large Cap Value Fund and the Franklin MidCap Value Fund. The fee is paid by Advisory Services based on each fund's average daily net assets, and is not an additional expense of the fund. Prior to May 1, 2013, the Funds paid FT Services for administrative services. The Franklin All Cap Value Fund, the Franklin Large Cap Value Fund and the Franklin MidCap Value Fund paid administrative fees of 0.20% per year of their respective average daily net assets.

Under an agreement with Advisory Services, the administrative fee for the Franklin Balance Sheet Investment Fund, the Franklin MicroCap Value Fund and the Franklin Small Cap Value Fund is paid by Advisory Services based on each fund's 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. Distribution fees are not charged on shares held by affiliates. 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 B, 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 All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
Reimbursement Plans:						
Class A	0.35%	0.25%	0.35%	0.25%	0.35%	0.35%

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

3. TRANSACTIONS WITH AFFILIATES *(continued)*

c. Distribution Fees *(continued)*

	Franklin All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
Compensation Plans:						
Class B	—	1.00%	1.00%	—	—	1.00%
Class C	1.00%	1.00%	1.00%	—	1.00%	1.00%
Class R	0.50%	0.50%	0.50%	—	0.50%	0.50%

The Board has set the current rate at 0.30% per year for Class A shares for the Franklin All Cap Value Fund, the Franklin Large Cap Value Fund, the Franklin MidCap Value Fund, and the Franklin Small Cap Value Fund until further notice and approval by the Board.

d. Sales Charges/Underwriting Agreements

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Funds. These charges are deducted from the proceeds of sales of fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Funds of the following commission transactions related to the sales and redemptions of the Funds' shares for the year:

	Franklin All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund
Sales charges retained net of commissions paid to unaffiliated broker/dealers	\$ 36,231	\$253,764	\$ 73,558
CDSC retained	\$ 241	\$ 10,918	\$ 4,287

	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
Sales charges retained net of commissions paid to unaffiliated broker/dealers	\$439,627	\$ 81,067	\$431,037
CDSC retained	\$ 1,898	\$ 4,959	\$ 16,533

e. Transfer Agent Fees

Each class of shares, except for Class R6, pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations and reimburses Investor Services for out of pocket expenses incurred, including shareholding servicing fees paid to third parties. These fees are allocated daily based upon their relative proportion of such classes' aggregate net assets. Class R6 pays Investor Services transfer agent fees specific to that class.

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

3. TRANSACTIONS WITH AFFILIATES *(continued)*

e. Transfer Agent Fees *(continued)*

For the year ended October 31, 2013, the Funds paid transfer agent fees as noted in the Statements of Operations of which the following amounts were retained by Investor Services:

	Franklin All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
Transfer agent fees . .	\$43,816	\$1,072,710	\$180,212	\$213,404	\$133,327	\$2,139,882

f. Waiver and Expense Reimbursements

Advisory Services and FT Services have contractually agreed in advance to waive or limit their respective fees and to assume as their own expense certain expenses otherwise payable by the Franklin All Cap Value Fund and the Franklin MidCap Value Fund so that the expenses (excluding distribution fees and acquired fund fees and expenses) for Class A, Class C, Class R and Advisor Class of the funds do not exceed 0.95% and 1.05%, respectively (other than certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) until February 28, 2014. Prior to March 1, 2013, expenses were limited to 0.90% for the Franklin All Cap Value Fund.

Additionally, Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees for the Franklin Balance Sheet Investment Fund, the Franklin Large Cap Value Fund, the Franklin MicroCap Value Fund and the Franklin Small Cap Value Fund do not exceed 0.01% through February 28, 2014. For the Franklin MicroCap Value Fund, there were no expenses waived during the year ended October 31, 2013.

4. EXPENSE OFFSET ARRANGEMENT

The Funds have entered into an arrangement with their custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Funds' custodian expenses. During the year ended October 31, 2013, there were no credits earned.

5. INCOME TAXES

For tax purposes, capital losses may be carried over to offset future capital gains. Capital loss carryforwards with no expiration, if any, must be fully utilized before those losses with expiration dates.

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

5. INCOME TAXES *(continued)*

At October 31, 2013, the capital loss carryforwards were as follows:

	Franklin All Cap Value Fund	Franklin Large Cap Value Fund	Franklin MidCap Value Fund
Capital loss carryforwards subject to expiration:			
2017	\$1,583,149	\$ —	\$6,357,224
2018	—	1,356,593	—
Total capital loss carryforwards	<u>\$1,583,149</u>	<u>\$1,356,593</u>	<u>\$6,357,224</u>

During the year ended October 31, 2013, the funds utilized capital loss carryforwards as follows:

Franklin All Cap Value Fund	Franklin Large Cap Value Fund	Franklin MidCap Value Fund
\$1,527,539	\$3,703,497	\$3,534,552

The tax character of distributions paid during the years ended October 31, 2013 and 2012, was as follows:

	Franklin All Cap Value Fund		Franklin Balance Sheet Investment Fund	
	2013	2012	2013	2012
Distributions paid from:				
Ordinary income	\$210,374	\$112,265	\$19,038,562	\$ 11,284,726
Long term capital gain	—	—	60,291,357	184,261,484
	<u>\$210,374</u>	<u>\$112,265</u>	<u>\$79,329,919</u>	<u>\$195,546,210</u>

	Franklin Large Cap Value Fund		Franklin MicroCap Value Fund	
	2013	2012	2013	2012
Distributions paid from:				
Ordinary income	\$1,277,007	\$1,127,038	\$ 9,458,559	\$ 2,269,714
Long term capital gain	—	—	11,948,210	39,238,117
	<u>\$1,277,007</u>	<u>\$1,127,038</u>	<u>\$21,406,769</u>	<u>\$41,507,831</u>

	Franklin MidCap Value Fund		Franklin Small Cap Value Fund	
	2013	2012	2013	2012
Distributions paid from:				
Ordinary income	\$1,004,136	\$293,400	\$17,878,828	\$ 6,253,540
Long term capital gain	—	—	53,085,272	67,094,115
	<u>\$1,004,136</u>	<u>\$293,400</u>	<u>\$70,964,100</u>	<u>\$73,347,655</u>

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

5. INCOME TAXES *(continued)*

At October 31, 2013, 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 All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund
Cost of investments	\$ 33,764,213	\$904,031,370	\$ 135,220,110
Unrealized appreciation	\$ 11,077,170	\$579,382,537	\$ 59,671,475
Unrealized depreciation	(73,242)	(11,517,044)	(8,362,267)
Net unrealized appreciation (depreciation)	\$ 11,003,928	\$567,865,493	\$ 51,309,208
Undistributed ordinary income	\$ —	\$ 25,750,318	\$ 352,351
Undistributed long term capital gains . . .	—	126,842,092	—
Distributable earnings	\$ —	\$152,592,410	\$ 352,351

	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
Cost of investments	\$350,901,633	\$ 99,814,723	\$ 1,544,237,170
Unrealized appreciation	\$208,354,973	\$ 32,282,473	\$ 907,924,125
Unrealized depreciation	(10,792,900)	(1,923,480)	(53,839,963)
Net unrealized appreciation (depreciation)	\$197,562,073	\$ 30,358,993	\$ 854,084,162
Undistributed ordinary income	\$ 1,418,680	\$ 175,131	\$ 8,333,542
Undistributed long term capital gains . . .	31,082,557	—	108,252,510
Distributable earnings	\$ 32,501,237	\$ 175,131	\$ 116,586,052

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, pass-through entity income, passive foreign investment company shares and corporate actions.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short term securities) for the year ended October 31, 2013, were as follows:

	Franklin All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
Purchases	\$16,711,210	\$144,738,820	\$16,451,361	\$42,585,050	\$26,913,157	\$244,107,277
Sales	\$ 8,007,511	\$421,745,480	\$ 8,502,985	\$82,628,847	\$ 9,290,785	\$266,293,634

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

7. INVESTMENTS IN INSTITUTIONAL FIDUCIARY TRUST MONEY MARKET PORTFOLIO

The Funds invest in the Institutional Fiduciary Trust Money Market Portfolio (Sweep Money Fund), an open-end investment company managed by Franklin Advisers, Inc. (an affiliate of the investment manager). Management fees paid by the Funds are reduced on assets invested in the Sweep Money Fund, in an amount not to exceed the management and administrative fees paid by the Sweep Money Fund.

8. RESTRICTED SECURITIES

The Funds invest in securities that are restricted under the Securities Act of 1933 (1933 Act) or which are subject to legal, contractual, or other agreed upon restrictions on resale. Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Funds may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At October, 31, 2013, the Franklin MicroCap Value Fund held investments in restricted securities, excluding certain securities exempt from registration under the 1933 Act deemed to be liquid, as follows:

Shares	Issuer	Acquisition Dates	Cost	Value
94,800	Allen Organ Co. (LandCo. Holdings)	9/07/06	\$181,146	\$425,652
44,600	Smith Investment Co. LLC	1/20/09	—	29,101
Total Restricted Securities (Value is 0.08% of Net Assets) . . .			\$181,146	\$454,753

9. HOLDINGS OF 5% VOTING SECURITIES OF PORTFOLIO COMPANIES

The 1940 Act defines “affiliated companies” to include investments in portfolio companies in which a fund owns 5% or more of the outstanding voting securities. Investments in “affiliated companies” for the Franklin Balance Sheet Investment Fund, the Franklin MicroCap Value Fund and the Franklin Small Cap Value Fund for the year ended October 31, 2013, were as shown below.

Name of Issuer	Number of Shares Held at Beginning of Year	Gross Additions	Gross Reductions	Number of Shares Held at End of Year	Value at End of Year	Investment Income	Realized Capital Gain (Loss)
Franklin Balance Sheet Investment Fund							
Non-Controlled Affiliates							
KGen Power Corp., 144A	3,550,000	—	750,000	2,800,000	\$ 2,800,000	\$ —	\$ (290,645)
Trinity Place Holdings Inc.	1,200,000	—	—	1,200,000	6,060,000	—	—
Total Affiliated Securities (Value is 0.60% of Net Assets)					\$ 8,860,000	\$ —	\$ (290,645)

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

9. HOLDINGS OF 5% VOTING SECURITIES OF PORTFOLIO COMPANIES *(continued)*

Name of Issuer	Number of Shares Held at Beginning of Year	Gross Additions	Gross Reductions	Number of Shares Held at End of Year	Value at End of Year	Investment Income	Realized Capital Gain (Loss)
Franklin MicroCap Value Fund							
Non-Controlled Affiliates							
ACMAT Corp., A	353,500	—	39,300	314,200	\$ 7,163,760	\$ —	\$ 502,549
ALCO Stores Inc.	203,000	—	100,000	103,000	— ^a	—	15,689
American Pacific Corp.	604,455	—	404,655	199,800	— ^a	—	10,841,079
Cobra Electronics Corp.	455,000	—	—	455,000	1,324,050	—	—
Continental Materials Corp.	129,700	—	—	129,700	2,181,554	—	—
Delta Apparel Inc.	743,700	—	—	743,700	14,055,930	—	—
Full House Resorts Inc.	—	1,400,000	—	1,400,000	3,850,000	—	—
Hardinge Inc.	1,050,000	—	115,100	934,900	13,827,171	79,498	364,230
Hurco Cos. Inc.	379,000	—	—	379,000	9,281,710	37,900	—
Magellan Petroleum Corp.	—	2,377,980	—	2,377,980	2,473,099	—	—
Omega Protein Corp.	1,250,000	185,000	114,000	1,321,000	12,364,560	—	389,402
Origen Financial Inc.	1,900,000	—	—	1,900,000	2,299,000	266,000	121,500
P.A.M. Transportation Services Inc.	535,000	35,769	2,769	568,000	9,883,200	560,000	(1,747)
USA Truck Inc.	770,000	16,000	259,040	526,960	6,998,029	—	(225,327)
Total Affiliated Securities (Value is 15.68% of Net Assets)					\$85,702,063	\$ 943,398	\$ 12,007,375
Franklin Small Cap Value Fund							
Non-Controlled Affiliates							
Hooker Furniture Corp.	582,900	—	—	582,900	\$ 9,209,820	\$ 291,450	\$ —
Total Affiliated Securities (Value is 0.38% of Net Assets)					\$ 9,209,820	\$ 291,450	\$ —

^aAs of October 31, 2013, no longer an affiliate.

10. SPECIAL SERVICING AGREEMENT

The Franklin MicroCap Value Fund, which is an eligible underlying investment of one or more of the Franklin Templeton Fund Allocator Series Funds (Allocator Funds), participated in a Special Servicing Agreement (SSA) with the Allocator Funds and certain service providers of the fund and the Allocator Funds. Under the SSA, the fund may pay a portion of the Allocator Funds' expenses (other than any asset allocation, administrative and distribution fees), to the extent such payments are less than the amount of the benefits realized or expected to be realized by the fund (e.g., due to reduced costs associated with servicing accounts) from the investment in the fund by the Allocator Funds. The Allocator Funds are either managed by Franklin Advisers, Inc. or administered by FT Services, affiliates of Advisory Services. For the year ended October 31, 2013, the fund was held by one or more of the Allocator Funds and the amount of expenses borne by the fund is noted in the Statements of Operations. At October 31, 2013, 10.32% of the fund's outstanding shares were held by one or more of the Allocator Funds. Effective May 1, 2013, the SSA was discontinued until further notice.

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

11. CREDIT FACILITY

The Funds, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling \$1.5 billion (Global Credit Facility) which matures on January 17, 2014. 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 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses on the Statements of Operations. During the year ended October 31, 2013, the Funds did not use the Global Credit Facility.

12. REDEMPTION IN-KIND

During the year ended October 31, 2012, the Franklin Balance Sheet Investment Fund realized \$159,737,506 of net gains resulting from a redemption in-kind in which a shareholder redeemed fund shares for securities held by the Fund rather than for cash. Because such gains are not taxable to the Fund and are not netted with capital gains that are distributed to remaining shareholders, they have been reclassified from accumulated net realized gains to paid-in capital.

13. 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.

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

13. FAIR VALUE MEASUREMENTS *(continued)*

For movements between the levels within the fair value hierarchy, the Funds have adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

A summary of inputs used as of October 31, 2013, in valuing the Funds' assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin All Cap Value Fund				
Assets:				
Investments in Securities:				
Equity Investments ^a	\$ 41,837,622	\$ —	\$ —	\$ 41,837,622
Short Term Investments	2,930,519	—	—	2,930,519
Total Investments in Securities	\$ 44,768,141	\$ —	\$ —	\$ 44,768,141
Franklin Balance Sheet Investment Fund				
Assets:				
Investments in Securities:				
Equity Investments:				
Utilities	\$ 50,377,424	\$ 2,800,000	\$ —	\$ 53,177,424
All Other Equity Investments ^a	1,267,114,919	—	—	1,267,114,919
Short Term Investments	151,604,520	—	—	151,604,520
Total Investments in Securities	\$1,469,096,863	\$ 2,800,000	\$ —	\$1,471,896,863
Franklin Large Cap Value Fund				
Assets:				
Investments in Securities:				
Equity Investments ^a	\$ 174,118,574	\$ —	\$ —	\$ 174,118,574
Short Term Investments	12,410,744	—	—	12,410,744
Total Investments in Securities	\$ 186,529,318	\$ —	\$ —	\$ 186,529,318
Franklin MicroCap Value Fund				
Assets:				
Investments in Securities:				
Equity Investments:				
Capital Goods	\$ 87,887,861	\$ —	\$ 29,101	\$ 87,916,962
Insurance	13,125,551	7,163,760	—	20,289,311
Materials	28,706,778	5,247,800	—	33,954,578
Real Estate	4,217,705	—	425,652	4,643,357
All Other Equity Investments ^a	273,794,914	—	—	273,794,914
Short Term Investments	124,264,352	3,600,232	—	127,864,584
Total Investments in Securities	\$ 531,997,161	\$16,011,792	\$454,753	\$ 548,463,706
Franklin MidCap Value Fund				
Assets:				
Investments in Securities:				
Equity Investments ^a	\$ 120,793,608	\$ —	\$ —	\$ 120,793,608
Short Term Investments	9,380,108	—	—	9,380,108
Total Investments in Securities	\$ 130,173,716	\$ —	\$ —	\$ 130,173,716

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

13. FAIR VALUE MEASUREMENTS *(continued)*

	Level 1	Level 2	Level 3	Total
Franklin Small Cap Value Fund				
Assets:				
Investments in Securities:				
Equity Investments ^a	\$2,235,401,465	\$ —	\$ —	\$2,235,401,465
Short Term Investments	162,919,867	—	—	162,919,867
Total Investments in Securities	\$2,398,321,332	\$ —	\$ —	\$2,398,321,332

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

A reconciliation of assets in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 investments at the end of the period.

14. NEW ACCOUNTING PRONOUNCEMENTS

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities. The amendments in the ASU enhance disclosures about offsetting of financial assets and liabilities to enable investors to understand the effect of these arrangements on a fund's financial position. In January 2013, FASB issued ASU No. 2013-01, Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. The amendments in ASU No. 2013-01 clarify the intended scope of disclosures required by ASU No. 2011-11. These ASUs are effective for interim and annual reporting periods beginning on or after January 1, 2013. The Funds believe the adoption of these ASUs will not have a material impact on their financial statements.

In June 2013, FASB issued ASU No. 2013-08, Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. The ASU modifies the criteria used in defining an investment company under U.S. Generally Accepted Accounting Principles and also sets forth certain measurement and disclosure requirements. Under the ASU, an entity that is registered under the 1940 Act automatically qualifies as an investment company. The ASU is effective for interim and annual reporting periods beginning after December 15, 2013. The Funds are currently reviewing the requirements and believe the adoption of this ASU will not have a material impact on their financial statements.

Franklin Value Investors Trust

Notes to Financial Statements *(continued)*

15. SUBSEQUENT EVENTS

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

ABBREVIATIONS

Selected Portfolio

ADR - American Depositary Receipt

ETF - Exchange Traded Fund

Franklin Value Investors Trust

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Franklin Value Investors Trust

In our opinion, the accompanying statements of assets and liabilities, including the statements of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Franklin All Cap Value Fund, Franklin Balance Sheet Investment Fund, Franklin Large Cap Value Fund, Franklin MicroCap Value Fund, Franklin MidCap Value Fund and Franklin Small Cap Value Fund (separate portfolios of Franklin Value Investors Trust, hereafter referred to as the “Funds”) at October 31, 2013, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Funds’ management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2013 by correspondence with the custodian, transfer agent and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California

December 17, 2013

Franklin Value Investors Trust

Tax Information (unaudited)

Under Section 852(b)(3)(C) of the Internal Revenue Code (Code), the Funds hereby report the maximum amount allowable but no less than the following amounts as long term capital gain dividends for the fiscal year ended October 31, 2013:

Franklin All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
\$—	\$60,291,357	\$—	\$11,948,210	\$—	\$53,085,272

Under Section 871(k)(2)(C) of the Code, the Funds hereby report the maximum amount allowable but no less than the following amounts as short term capital gain dividends for purposes of the tax imposed under Section 871(a)(1)(A) of the Code for the fiscal year ended October 31, 2013:

Franklin All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
\$—	\$766,745	\$—	\$3,928,816	\$—	\$537,323

Under Section 854(b)(1)(A) of the Code, the Funds hereby report the following percentage amounts of the ordinary income dividends as income qualifying for the dividends received deduction for the fiscal year ended October 31, 2013:

Franklin All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
100%	100%	100%	67.83%	100%	100%

Under Section 854(b)(1)(B) of the Code, the Funds hereby report the maximum amount allowable but no less than the following amounts as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Code for the fiscal year ended October 31, 2013:

Franklin All Cap Value Fund	Franklin Balance Sheet Investment Fund	Franklin Large Cap Value Fund	Franklin MicroCap Value Fund	Franklin MidCap Value Fund	Franklin Small Cap Value Fund
\$497,171	\$30,035,621	\$3,178,751	\$6,516,057	\$1,864,890	\$34,519,850

Distributions, including qualified dividend income, paid during calendar year 2013 will be reported to shareholders on Form 1099-DIV by mid-February 2014. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

Franklin Value Investors Trust

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 portfolios overseen in the Franklin Templeton Investments fund complex are shown below. Generally, each board member serves until that person's successor is elected and qualified.

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Burton J. Greenwald (1929) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2001 and Lead Independent Trust since 2008	18	Franklin Templeton Emerging Markets Debt Opportunities Fund PLC and Fiduciary International Ireland Limited.

Principal Occupation During at Least the Past 5 Years:

Managing Director, B.J. Greenwald Associates (management consultants to the financial services industry); and **formerly**, Chairman, Fiduciary Trust International Funds; Executive Vice President, L.F. Rothschild Fund Management, Inc.; President and Director, Merit Mutual Funds; President, Underwriting Division and Director, National Securities & Research Corporation; Governor, Investment Company Institute; and Chairman, ICI Public Information Committee.

David W. Niemiec (1949) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2011	34	Emeritus Corporation (assisted living) (1999-2010) and OSI Pharmaceuticals, Inc. (pharmaceutical products) (2006-2010).
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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).

Charles Rubens II (1930) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1989	18	None
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Principal Occupation During at Least the Past 5 Years:

Private investor and president of non-profit organizations; and **formerly**, an executive of Time, Inc.; and Trustee of Colorado College.

Robert E. Wade (1946) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2004	45	El Oro Ltd (investments).
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Principal Occupation During at Least the Past 5 Years:

Attorney at law engaged in private practice (1972-2008) and member of various boards.

Gregory H. Williams (1943) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2008	7	None
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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).

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**William J. Lippman (1925) One Parker Plaza, 9th Floor Fort Lee, NJ 07024-2920	Trustee, President and Chief Executive Officer– Investment Management	Trustee and President since 1989 and Chief Executive Officer– Investment Management since 2002	7	None

Principal Occupation During at Least the Past 5 Years:

President, Franklin Advisory Services, LLC; Director, Templeton Worldwide, Inc.; and officer and/or director or trustee, as the case may be, of two of the investment companies in Franklin Templeton Investments.

Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Deputy General Counsel, Franklin Templeton Investments; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments.

Laura F. Ferguson (1962) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2009	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Senior Vice President, Franklin Templeton Services, LLC; officer of 46 of the investment companies in Franklin Templeton Investments.

Aliya S. Gordon (1973) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; officer of 46 of the investment companies in Franklin Templeton Investments; and **formerly**, Litigation Associate, Steefel, Levitt & Weiss, LLP (2000-2004).

Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Secretary and Vice President	Secretary since 2005 and Vice President since 2009	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; Vice President, Franklin Templeton Distributors, Inc.; and officer of 46 of the investment companies in Franklin Templeton Investments.

Selena L. Holmes (1965) 100 Fountain Parkway St. Petersburg, FL 33716-1205	Vice President – AML Compliance	Since 2012	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Director, Global Compliance Monitoring; and officer of 46 of the investment companies in Franklin Templeton Investments.

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
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: Vice Chairman, Member - Office of the Chairman and Director, Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton Investments.				
Robert Kubilis (1973) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Treasurer, Chief Financial Officer and Chief Accounting Officer	Since 2012	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Assistant Treasurer, Fund Accounting, Franklin Templeton Investments; and officer of five of the investment companies in Franklin Templeton Investments.				
Kimberly H. Novotny (1972) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since March 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel, Franklin Templeton Investments; Vice President and Secretary, Fiduciary Trust International of the South; Vice President, Templeton Investment Counsel, LLC; Assistant Secretary, Franklin Resources, Inc.; and officer of 46 of the investment companies in Franklin Templeton Investments.				
Robert C. Rosselot (1960) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Compliance Officer	Since March 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Global Compliance, Franklin Templeton Investments; officer of 46 of the investment companies in Franklin Templeton Investments; and formerly , Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				
Karen L. Skidmore (1952) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; and officer of 46 of the investment companies in Franklin Templeton Investments.				
Donald G. Taylor (1954) One Parker Plaza, 9th Floor Fort Lee, NJ 07024-2920	Chief Investment Officer	Since July 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Chief Investment Officer, Franklin Advisory Services, LLC; and officer of two of the investment companies in Franklin Templeton Investments.				

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:

General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments.

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

Senior Associate General Counsel, Franklin Templeton Investments; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; Vice President, Fiduciary Trust International of the South; and officer of 46 of the investment companies in Franklin Templeton Investments.

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

**William J. Lippman is considered to be an interested person of the Trust under the federal securities laws due to his position as an officer of some of the subsidiaries of Franklin Resources, Inc., which is the parent company of the Trust's investment manager and distributor.

Note 1: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

Note 3: Effective September 30, 2013, Frank T. Crohn ceased to be a trustee of the Trust.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated David W. Niemiec as an audit committee financial expert. The Board believes that Mr. Niemiec qualifies as such an expert in view of his extensive business background and experience. 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. 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 Mr. Niemiec has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Mr. Niemiec is an independent Board member 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.

Franklin Value Investors Trust

Shareholder Information

Proxy Voting Policies and Procedures

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

Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q 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 each Fund's financial reports every six months as well as an annual updated summary prospectus (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 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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Franklin Templeton Funds

Literature Request. To receive a summary prospectus and/or prospectus, please call us at (800) DIAL BEN/342-5236 or visit franklintempleton.com or etf.franklintempleton.com for Franklin Short Duration U.S. Government ETF. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information. Please carefully read a prospectus before investing.

VALUE

Franklin All Cap Value Fund
Franklin Balance Sheet Investment Fund
Franklin Large Cap Value Fund
Franklin MicroCap Value Fund¹
Franklin MidCap Value Fund
Franklin Small Cap Value Fund
Mutual Beacon Fund
Mutual Quest Fund
Mutual Recovery Fund²
Mutual Shares Fund

BLEND

Franklin Focused Core Equity Fund
Franklin Large Cap Equity Fund
Franklin Rising Dividends Fund

GROWTH

Franklin DynaTech Fund
Franklin Flex Cap Growth Fund
Franklin Growth Fund
Franklin Growth Opportunities Fund
Franklin Small Cap Growth Fund
Franklin Small-Mid Cap Growth Fund

SECTOR

Franklin Biotechnology Discovery Fund
Franklin Global Listed Infrastructure Fund
Franklin Global Real Estate Fund
Franklin Gold & Precious Metals Fund
Franklin Natural Resources Fund
Franklin Real Estate Securities Fund
Franklin Utilities Fund
Mutual Financial Services Fund

GLOBAL

Franklin World Perspectives Fund
Mutual Global Discovery Fund
Templeton Global Opportunities Trust
Templeton Global Smaller Companies Fund
Templeton Growth Fund
Templeton World Fund

INTERNATIONAL

Franklin India Growth Fund
Franklin International Growth Fund
Franklin International Small Cap Growth Fund³
Mutual European Fund
Mutual International Fund
Templeton Asian Growth Fund
Templeton BRIC Fund
Templeton China World Fund
Templeton Developing Markets Trust
Templeton Emerging Markets Small Cap Fund
Templeton Foreign Fund
Templeton Foreign Smaller Companies Fund⁴
Templeton Frontier Markets Fund⁵

HYBRID

Franklin Balanced Fund
Franklin Convertible Securities Fund
Franklin Equity Income Fund
Franklin Income Fund
Templeton Emerging Markets Balanced Fund
Templeton Global Balanced Fund

ALTERNATIVE

Franklin K2 Alternative Strategies Fund

ASSET ALLOCATION

Franklin LifeSmart™ Retirement Target Funds (2015-2050)⁶
Franklin Templeton Corefolio® Allocation Fund
Franklin Templeton Founding Funds Allocation Fund
Franklin Templeton Conservative Allocation Fund
Franklin Templeton Growth Allocation Fund
Franklin Templeton Moderate Allocation Fund
Franklin Templeton Global Allocation Fund
Franklin Templeton Multi-Asset Real Return Fund

FIXED INCOME

Franklin Adjustable U.S. Government Securities Fund⁷
Franklin Floating Rate Daily Access Fund
Franklin Global Government Bond Fund
Franklin High Income Fund

Franklin Limited Maturity U.S. Government Securities Fund⁷
Franklin Low Duration Total Return Fund
Franklin Real Return Fund
Franklin Short Duration U.S. Government ETF
Franklin Strategic Income Fund
Franklin Strategic Mortgage Portfolio
Franklin Templeton Hard Currency Fund
Franklin Total Return Fund
Franklin U.S. Government Securities Fund⁷
Templeton Constrained Bond Fund
Templeton Emerging Markets Bond Fund
Templeton Global Bond Fund
Templeton Global Total Return Fund
Templeton International Bond Fund

TAX-FREE INCOME⁸

National

Double Tax-Free Income Fund⁹
Federal Tax-Free Income Fund
High Yield Tax-Free Income Fund
Insured Tax-Free Income Fund^{10,11}

Limited-/Intermediate-Term

California Intermediate-Term Tax-Free Income Fund
Federal Intermediate-Term Tax-Free Income Fund
Federal Limited-Term Tax-Free Income Fund
New York Intermediate-Term Tax-Free Income Fund

State-Specific

Alabama	Kentucky	New York
Arizona	Louisiana	(2 funds)
California	Maryland	North Carolina
(4 funds) ¹¹	Massachusetts	Ohio
Colorado	Michigan	Oregon
Connecticut	Minnesota	Pennsylvania
Florida	Missouri	Tennessee
Georgia	New Jersey	Virginia

INSURANCE FUNDS

Franklin Templeton Variable Insurance Products Trust¹²

1. The fund is closed to new investors. Existing shareholders and select retirement plans may add to their accounts.

2. The fund is a continuously offered, closed-end fund. Shares may be purchased daily; there is no daily redemption. However, each quarter, pending board approval, the fund will authorize the repurchase of 5%–25% of the outstanding number of shares. Investors may tender all or a portion of their shares during the tender period.

3. Effective 6/3/13, the fund closed to new investors, with limited exceptions.

4. Effective 12/10/13, the fund closed to new investors, with limited exceptions.

5. Effective 6/28/13, the fund closed to new investors. Existing shareholders and select retirement plans may add to their accounts.

6. Effective 5/1/13, the Franklin Templeton Retirement Target Funds changed their names to Franklin LifeSmart Retirement Target Funds. The funds' investment goals and principal investment strategies remained unchanged. These funds' target dates are in five-year increments.

7. An investment in the fund is neither insured nor guaranteed by the U.S. government or by any other entity or institution.

8. For investors subject to the alternative minimum tax, a small portion of fund dividends may be taxable. Distributions of capital gains are generally taxable.

9. The fund is closed to all new investments (other than reinvestment of dividends and capital gains distributions).

10. The fund invests primarily in insured municipal securities.

11. Effective at the close of market on 3/1/13, Franklin Insured Tax-Free Income Fund and Franklin California Insured Tax-Free Income Fund closed to all new investments (other than reinvestment of dividends and capital gains distributions).

12. The funds of the Franklin Templeton Variable Insurance Products Trust are generally available only through insurance company variable contracts.

VALUE	BLEND	GROWTH	SECTOR	GLOBAL	INTERNATIONAL	HYBRID	ALTERNATIVE	ASSET ALLOCATION	FIXED INCOME	TAX-FREE INCOME
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FRANKLIN TEMPLETON
INVESTMENTS

< GAIN FROM OUR PERSPECTIVE® >

Annual Report and Shareholder Letter

FRANKLIN VALUE INVESTORS TRUST

Investment Manager

Franklin Advisory Services, LLC

Distributor

Franklin Templeton Distributors, Inc.
(800) DIAL BEN®/342-5236
franklintempleton.com

Shareholder Services

(800) 632-2301

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 ensure the highest quality of service, telephone calls to or from our service departments may be monitored, recorded and accessed. These calls can be identified by the presence of a regular beeping tone.