FRANKLIN TEMPLETON INVESTMENTS

Franklin Large Cap Value Fund—Class A

Product Profile Fourth Quarter 2014

FUND CHARACTERISTICS (AS OF 12/31/14)

NASDAQ Symbol	FLVAX
Fund Inception Date	6/1/00
Dividends	Annually in December
Investment Style	Value
Benchmark	Russell 1000 Value Index
Lipper Classification	Large-Cap Value Funds
Morningstar Category™	Large Value
Total Net Assets—All Share Classes	228 million
Number of Issuers	83
Maximum Initial Sales Charge	5.75%

FUND DESCRIPTION

The fund's managers seek long-term capital appreciation by investing at least 80% of the fund's net assets in large-capitalization companies, which are defined as those similar in size to companies in the Russell 1000® Index, at the time of purchase. They search for stocks trading at prices below what the managers believe is the true value of the underlying businesses or represent good value relative to the overall market or the companies' industry group.

PERFORMANCE DATA

Average Annual Total Returns for Periods Ended December 31, 2014 (%)

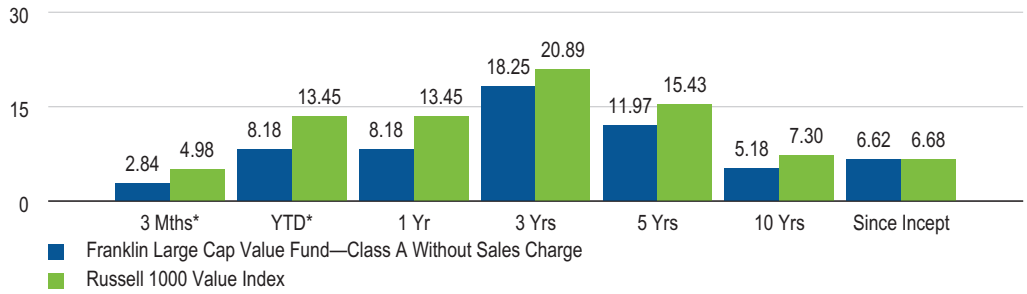
	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Incept (6/1/00)
With Sales Charge	-3.09	1.96	1.96	15.93	10.65	4.56	6.19
Without Sales Charge	2.84	8.18	8.18	18.25	11.97	5.18	6.62
Russell 1000 Value Index	4.98	13.45	13.45	20.89	15.43	7.30	6.68

Total Annual Operating Expenses—*With Waiver:*1.36% *Without Waiver:*1.37%

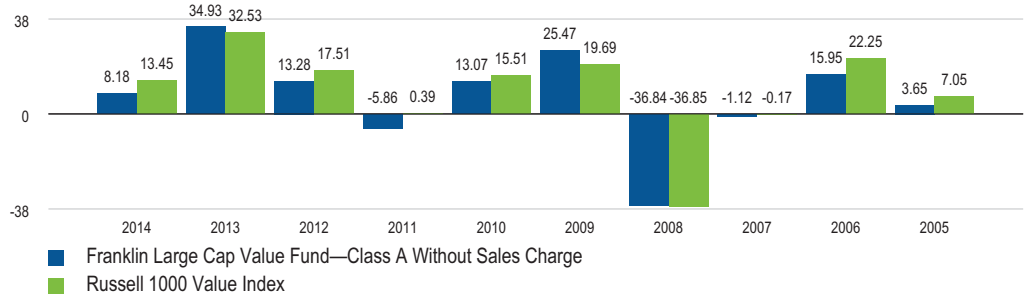
Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin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

The fund has 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; without this reduction, the results would have been lower.

Average Annual Total Returns for Periods Ended December 31, 2014 (%)



Calendar Year Returns As of December 31, 2014 (%)



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

*Cumulative Total Returns.

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

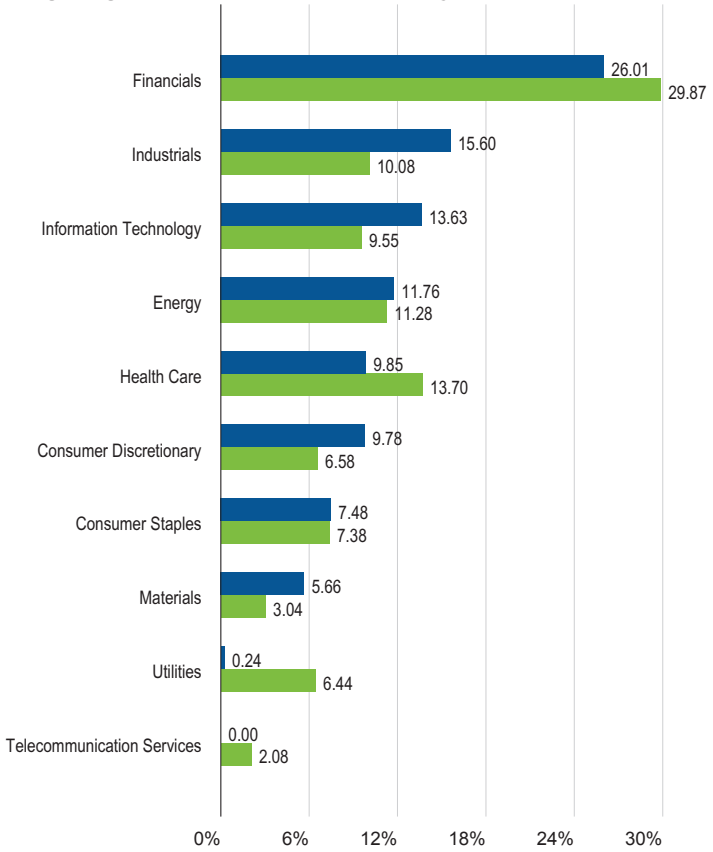
Not FDIC Insured | May Lose Value | No Bank Guarantee

PORTFOLIO DIVERSIFICATION (AS OF 12/31/14)

Top Ten Holdings

Issuer Name	Industry	% of Total
1. ALLSTATE CORP	Insurance	2.31
2. ALCOA INC	Materials	2.11
3. PRUDENTIAL FINANCIAL INC	Insurance	2.06
4. CORNING INC	Technology Hardware & Equipment	2.06
5. CITIGROUP INC	Banks	2.02
6. METLIFE INC	Insurance	1.90
7. STATE STREET CORP	Diversified Financials	1.90
8. BUNGE LTD	Food Beverage & Tobacco	1.82
9. XEROX CORP	Software & Services	1.79
10. HOME DEPOT INC	Retailing	1.77
Total		**19.75**

Sector Weightings vs. Benchmark (% of Equity)



Portfolio Allocation

	%
Equity	95.20
Cash & Cash Equivalents	4.80

Largest Sector Contributors vs. Russell 1000 Value Index

Sector	Total Effect (%)
Industrials	0.28
Consumer Discretionary	0.26
Telecommunication Services	0.19
Consumer Staples	0.17
Materials	-0.13

Smallest Sector Contributors vs. Russell 1000 Value Index

Sector	Total Effect (%)
Information Technology	-0.63
Energy	-0.56
Financials	-0.55
Utilities	-0.45
Health Care	-0.25

Contributor data shown is for the period 10/1/14 to 12/31/14

PORTFOLIO CHARACTERISTICS (AS OF 12/31/14)—Fund vs. Russell 1000 Value Index

	Fund	Benchmark
Weighted Average Market Capitalization (Millions USD)	71,527	112,550
Median Market Capitalization (Millions USD)	32,254	7,343

Price to Earnings	Fund	Benchmark
Weighted Average	17.58x	16.79x
Median	18.19x	19.80x

Price to Book Value	Fund	Benchmark
Weighted Average	1.95x	1.86x
Median	2.29x	2.17x

Price to Cash Flow	Fund	Benchmark
Weighted Average	9.17x	9.36x
Median	11.78x	12.07x

PERFORMANCE RISK STATISTICS - Class A

Modern Portfolio Theory (MPT) Statistics (As of 12/31/14)

Performance Risk Statistics	3 Years	5 Years	10 Years
Standard Deviation	9.98	14.38	15.91
Alpha	-3.06	-3.78	-1.97
Beta	1.05	1.06	1.01
Sharpe Ratio	1.82	0.83	0.24
Information Ratio	-1.02	-1.25	-0.68
Tracking Error	2.59	2.77	3.10
R-Squared	93.46	96.62	96.19

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GLOSSARY

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

MARKET REVIEW

Despite steep intermittent selloffs that sent volatility gauges to two-year highs, major US equity indexes rose solidly in the fourth quarter as investors were encouraged by rising corporate earnings and broadening US economic strength. Supportive domestic data helped US stocks overcome concerns about growth in China, Europe and Japan, intensifying geopolitical tensions with Russia, collapsing oil prices, and the Federal Reserve's (Fed's) plans for interest rates. The market also continued to be underpinned by elevated levels of merger-and-acquisition and initial public offering activity. As major US equity indexes advanced, seven out of 10 sectors traded higher, led by utilities, consumer discretionary and consumer staples, contrasting with modest declines for telecommunication services and materials as well as a pronounced selloff in the energy sector. Small-capitalization stocks generally outperformed their mid-cap peers by a wide margin, while both tiers topped the large-cap universe. By investment style, value-oriented equities slightly outperformed their growth counterparts among large- and mid-cap stocks, while the inverse was generally true for small caps. Across the world, the US stock market outpaced the vast majority of developed and emerging markets, many of which sold off in the fourth quarter.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

Performance Review

For the quarter ended December 31, 2014, the fund's relative performance benefited from stock selection in the industrials sector, as well as an overweighting in the consumer discretionary sector. In contrast, stock selection in the information technology and energy sectors hindered the fund's relative results, as did stock selection and an underweighting in the financials sector.

The fund's best-performing stocks on a contribution-to-return basis included Corning Inc. (+19%), a specialty glass and ceramics manufacturer, which performed well on better earnings due to higher LCD (liquid crystal display) glass demand and lower-than-expected pricing declines. Shares of Becton, Dickinson & Co. (+23%), a medical technology company, rose following an announcement by the company in November that it intended to finance a portion of its acquisition of CareFusion (not a fund holding) using overseas cash rather than by taking on debt. We believe this move is likely to increase the amount of cash accretion in the first year following the close of the deal. The Allstate Corp. (+15%), a property and casualty insurer, performed well on better earnings driven by a number of initiatives implemented in recent years to improve margins and reduce costs.

Detractors from absolute fund performance included Apache Corp. (-33%), an independent energy company. The stock's most recent weakness resulted largely from a significant drop in oil prices. First Solar Inc. (-32%), a manufacturer and designer of solar modules and solutions, performed poorly amid negative sentiment for alternative solar energy usage driven by a significant drop in oil prices. The company remains an industry leader and, in our view, is well positioned with a strong balance sheet. Ensco PLC (-26%), which operates offshore drilling rigs, suffered from weaker industry day rates due to concerns regarding an oversupplied market. In our opinion, Ensco has remained one of the healthiest companies in the offshore driller market.

Portfolio Positioning

At quarter-end, the fund's largest sector concentration was financials, followed by industrials and information technology. Its five largest holdings were The Allstate Corp. (financials), Alcoa Inc. (materials), Prudential Financial Inc. (financials), Corning Inc. (information technology) and Citigroup Inc. (financials).

We added three new positions to the fund during the quarter: a financial holding company, a diversified chemical company and a pharmaceutical company. Consistent with our value strategy, we added to positions in, Principal Financial Group, Regions Financial Corp., and Stanley Black & Decker Inc., among others.

During the period, we exited our positions in McDonald's Corp. and Wal-Mart Stores Inc. We reduced our positions in 3M Co., ConocoPhillips and Baker Hughes, among others. Baker Hughes was the subject of a takeover offer by Halliburton (not a fund holding) for a cash and stock deal during the quarter.

Outlook & Strategy

Looking into 2015 and beyond, we are generally positive on the prospects for US equity markets. By one measure, corporate balance sheets are the healthiest in decades, with high levels of cash as a percent of total assets, which we believe may give support for increased dividends and share buybacks, or, alternatively, for merger-and-acquisition activity. While we believe the Fed will likely remain accommodative in the near-to-medium term, we are not unduly concerned about any prospective rise in interest rates. Based on the historical record, equity markets should have the potential to advance in the face of incremental interest-rate hikes, in our view, as long as the US economy continues its positive growth trajectory and inflation remains muted, which is our base-case scenario. Corporate earnings growth has been robust in recent years--albeit on the back of efficiency gains and cost rationalization--and we expect this trend to continue, underpinning our cautiously optimistic outlook. We are alert to dislocations in the energy sector from the rapid decline in the global price of oil but believe the pain will be concentrated, while the benefits are likely to be diffuse but longer lasting. Lower commodity costs should underpin US economic growth generally and support the US consumer, who has seen job growth but anemic real wage growth in recent quarters.

Meanwhile, we think there will almost always be specific companies or sectors that are passing through periods of duress. At present, lower oil prices, a stronger US dollar, and economic malaise in the eurozone and select emerging markets bring particular challenges to energy, materials and commodities businesses, as well as companies with larger international exposures. But, as typically happens when a sector moves out of favor, the market can discount quality companies alongside the more marginal ones, which we believe can present fertile ground for value investors with long-term investment horizons, such as ourselves.

Geopolitical risks are ever present. While terror attacks in France, the Ebola pandemic in Africa, the ISIS insurgency in Syria and Iraq, and internecine warfare in Ukraine have garnered headlines in recent months, the threat from a nuclear North Korea or the danger of military miscalculation in the South China Sea between Japan and China are of equal concern to us. However, we would be apt to see any significant equity market pullbacks emanating from these and similar flashpoints as buying opportunities.

We seek to invest in companies with rational, sustainable business models that we believe are trading at a

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PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE (*CONTINUED)*

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

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

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

INVESTMENT PROCESS

INITIAL SCREEN

Screen initial universe of 8,000 stocks to search for large cap value companies with low long-term debt/equity ratio and one or more ratios such as:

- Low price/earnings ratio
- Low price/book ratio
- Low price/cash flow ratio

INDIVIDUAL COMPANY ANALYSIS

Identify companies with:

- Strong balance sheets
- Effective, shareholder-friendly management
- Viable products or services
- Valuable customer franchises and other intangibles
- Ownership of valuable trademarks, trade names, distribution networks
- Other special factors that suggest a company may be a takeover or turnaround candidate
- Set target sell price

ACCUMULATE SUBJECT TO PRICE

- Our value discipline makes us price-sensitive buyers
- Our ability to accumulate a full position is often subject to opportunistic purchases during times of market volatility

CONSTRUCT AND MONITOR PORTFOLIO

- Monitor fundamentals
- Review portfolio holdings
- Review target price

Continual screening of stock universe and monitoring of current portfolio

INVESTMENT AND MANAGEMENT TEAM (AS OF 12/31/14)

Franklin Large Cap Value Fund Management Team	Years with Firm	Years Experience
William J. Lippman	28	60
Jakov Stipanov, CFA	4	21
Donald G. Taylor, CPA	18	33
Bruce C. Baughman, CPA	27	31
Franklin U.S. Value Group	**Number of Members**	**Average Years Experience**
Portfolio Managers/Analysts	8	29
Research Analysts	7	10

WHAT ARE THE RISKS

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. These and other risks are described more fully in the fund's prospectus.

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EXPLANATORY NOTES

FUND CHARACTERISTICS

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

PERFORMANCE DATA

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

PORTFOLIO DIVERSIFICATION

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

PORTFOLIO CHARACTERISTICS

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

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

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