

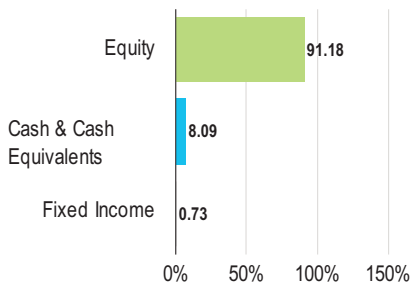
Product Profile

Product Details¹

Fund Assets	\$876,875,359.79
Fund Inception Date	04/02/1990
Number of Issuers	55
NASDAQ Symbol	FBSAX
Maximum Sales Charge	0.00
Investment Style	Value
Benchmark	Russell 3000 Value Index
Lipper Classification	Multi-Cap Value Funds
Morningstar Category™	Mid-Cap Value
Dividend Frequency	Annually in December

Asset Allocation²

Percent of Total



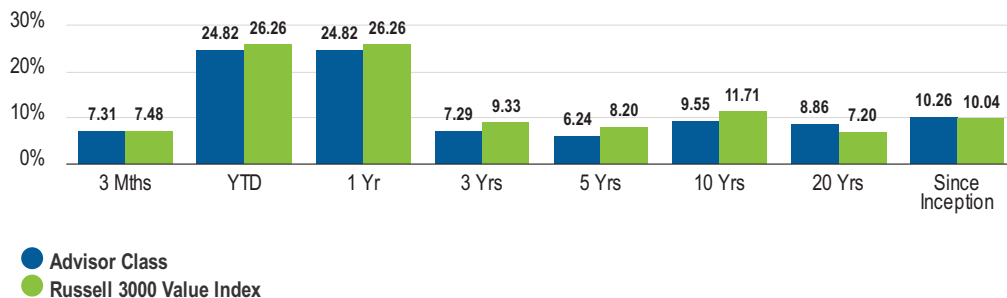
Fund Description

The fund seeks high total return by investing at least 80% of its assets in U.S. equity securities that the fund manager believes are available at market prices less than their value based on certain recognized or objective criteria.

Performance Data^{3,4}

Average Annual Total Returns⁵ (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception (04/02/1990)
Advisor Class	7.31	24.82	24.82	7.29	6.24	9.55	8.86	10.26
Russell 3000 Value Index	7.48	26.26	26.26	9.33	8.20	11.71	7.20	10.04



Total Annual Operating Expenses—With Waiver: 0.66% Without Waiver: 0.71%

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 at (800) DIAL BEN/342-5236 or visit franklintempleton.com for the most recent month-end performance.

Advisor Class shares are offered only to certain eligible investors as stated in the prospectus. They are offered without sales charges or Rule 12b-1 fees. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.

The fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 02/29/2020. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Advisor Class	24.82	-12.23	12.71	20.74	-9.23	1.01	36.93	15.96	-6.14	22.14
Russell 3000 Value Index	26.26	-8.58	13.19	18.40	-4.13	12.70	32.69	17.55	-0.10	16.23

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1. All holdings are subject to change. Holdings of the same issuers have been combined.
2. Information is historical and may not reflect current or future portfolio characteristics. Percentage may not equal 100% due to rounding. All holdings are subject to change.
4. Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.
5. Periods shorter than one year are shown as cumulative total returns.

Portfolio Manager Insight⁶

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
Helped	Bank of America Corp	Financials
	JPMorgan Chase & Co.	Industrials
	Discovery, Inc. Class C	Consumer Discretionary
Hurt	American International Group, Inc.	—
	Perrigo Co. Plc	—
	Mcdermott Escrow 1, Inc. 10.625% 01-may-2024	—

- JPMorgan Chase's stock price rose sharply after it reported third-quarter earnings that beat consensus estimates. The results were broad based, with stronger-than-expected revenues emanating from consumer and investment banking, respectively. A drop in net interest income, which declines when interest rates fall, was less than expected, mitigated by revenue from Chase's diversified banking operation.
- Shares of Discovery Communications rebounded in November, following the release of third-quarter results that exceed consensus estimates. Favorable returns on the company's investment in its direct-to-consumer (DTC) content platform also contributed to improved sentiment. Discovery's stock sold off earlier in 2019 on concerns of an acceleration in cord cutting and increased operating and capital expenditures related to DTC initiatives. However, free cash flow continues to grow, enabling management to invest in the business, improve the balance sheet, and return capital to shareholders.
- Shares of insurer American International Group sold off after its third-quarter profit fell short of consensus expectations. A difficult catastrophe-loss period and a review of actuarial assumptions used to underwrite life insurance policies contributed to poor investment sentiment. The company reported continued improvement in underlying commercial property and casualty metrics.

Outlook & Strategy

- As we enter 2020, the factors that lifted stocks to record highs in 2019 – accommodative central bank monetary policies and progress on a proposed trade deal between the United States and China – continue to be sources of optimism for growth. The near-term threat of recession has eased, with the US economy showing resilience as low unemployment and moderately rising wages have encouraged consumer spending, which has supported the expansion.
- In contrast, business investment and exports were weak in 2019, although there are nascent signs that an increase in industrial activity may be on the near-term horizon. A majority of senior loan officers, in a third-quarter survey of bank lending practices by The Federal Reserve Board (Fed), claimed that their institutions eased some commercial and industrial loan terms in the spring and summer of 2019. This suggests that there could be a rise in industrial activity in the first half of 2020.
- Last year, most major central banks demonstrated their willingness to support the 11 year-old expansion by pursuing accommodative monetary policies. However, some members of the Fed's Open Market Committee raised concerns that excessive risk taking could result, due to the extended low-rate environment.
- Tariffs, trade battles and geopolitical conflict may continue to dominate headlines in 2020 and account for a disproportionate source of market volatility. A re-escalation of the tariff dispute between the United States and China is not out of the question as negotiations on a phase-two trade agreement are scheduled to start after the anticipated phase-one signing ceremony in January. There was increasing clarity on Brexit as British voters delivered a resounding election victory to Prime Minister Boris Johnson and his Conservative Party, which should pave the way for a conclusive exit agreement. The terms of U.K. departure, however, must still be finalized. Late in the period, tensions in the Middle East were on the rise, following the death of an American contractor in Iraq in late December and a retaliatory US military strike two days later.
- At period end, equity market valuations in general were not as attractive as in early 2019. However, market volatility continues to present occasional opportunities in individual stocks, and in certain sectors, notably those considered to be economically sensitive. We continue to focus on situations in which company-specific actions are more important than macroeconomic improvement in driving shareholder value.
- Value investing often requires an investor to be contrarian in nature. We continue to maintain a bottom-up stock-picking process that is disciplined, driven by rigorous fundamental analysis, and attempts to limit downside risk. In our view, investing in underappreciated and misunderstood companies with identifiable catalysts for unlocking shareholder value can offer meaningful upside potential, and a degree of downside protection in periods of financial market turbulence.

6. The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

Portfolio Characteristics^{7,8,9}

	Portfolio	Russell 3000 Value Index
Price to Earnings (12-Month Trailing)	14.41x	18.22x
Price to Book	1.43x	2.08x
Price to Cash Flow	8.03x	9.85x
Market Capitalization (Millions in USD)	71,847	122,064

Portfolio Diversification

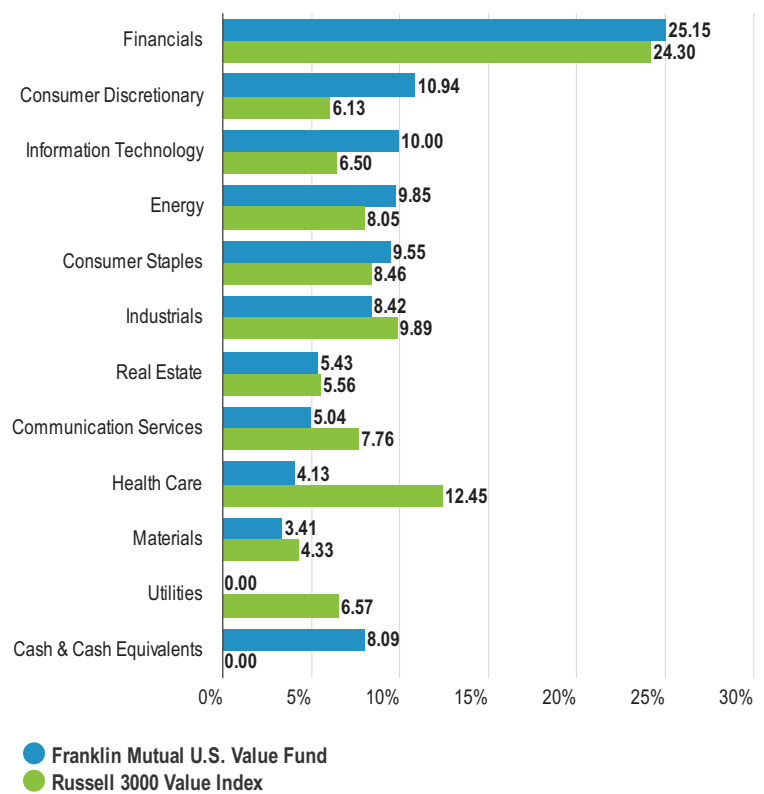
Top Ten Holdings¹⁰

Percent of Total

Top Holdings	Sector	%
NORTONLIFELOCK INC	Software & Services	4.31
BANK OF AMERICA CORP	Banks	4.27
JPMORGAN CHASE & CO	Banks	3.84
DISCOVERY INC	Media & Entertainment	3.25
KINDER MORGAN INC	Energy	2.85
GENERAL MOTORS CO	Automobiles & Components	2.70
BRIXMOR PROPERTY GROUP INC	Real Estate	2.67
ARCHER-DANIELS-MIDLAND CO	Food, Beverage & Tobacco	2.65
CAPITAL ONE FINANCIAL CORP	Diversified Financials	2.53
CORNING INC	Technology Hardware & Equipment	2.50

Sector Weightings vs. Russell 3000 Value Index¹¹

Percent of Total



7. 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. Source: Factset. Price ratio calculations for weighted average use harmonic means. Any exceptions to this are noted. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

8. Source: FactSet. Price ratio calculations for weighted average use harmonic means. Any exceptions to this are noted.

9. Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

10. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The information provided is not a recommendation to purchase, sell, or hold any particular security. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.

11. Information is historical and may not reflect current or future portfolio characteristics. Percentage may not equal 100% due to rounding. All holdings are subject to change.

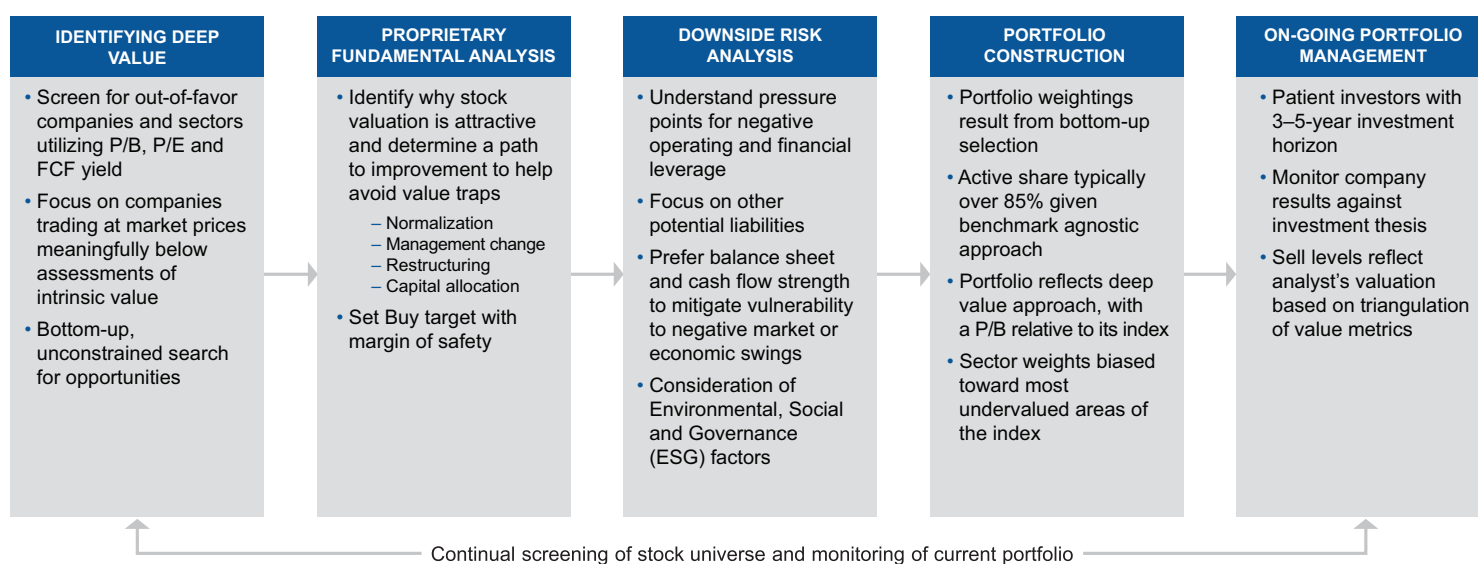
Supplemental Performance Statistics

Supplemental Risk Statistics^{12,13}

	3 Yrs	5 Yrs	10 Yrs
Standard Deviation (%)	14.03	14.22	14.98
Tracking Error (%)	3.50	4.57	4.54
Information Ratio	-0.58	-0.43	-0.48
Beta	1.14	1.13	1.12
Sharpe Ratio	0.40	0.37	0.60

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Investment Process



Investment Team

Portfolio Manager	Years with Firm	Years Experience
Grace Hoefig, Portfolio Manager/Research Analyst	11	37
Srini Vijay, CFA, Portfolio Manager/Research Analyst	0	16

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. Market capitalization is expressed in millions of USD.

Price to Book Value: The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the value represents a weighted average of the stocks it holds.

Price to Cash Flow: Supplements price/earnings ratio as a measure of relative value for a stock. For a portfolio, the value represents a weighted average of the stocks it holds.

12. Information Ratio and Tracking Error information are displayed for the product versus the Russell 3000 Value Index.

13. Information Ratio is a way to evaluate a manager's ability to outperform a benchmark in relation to the risk that manager is assuming, with risk defined as deviation from the benchmark. This measure is calculated by dividing the portfolio's excess return (portfolio return less the benchmark return) by the tracking error (derived by taking the standard deviation of the monthly differences between the portfolio return and the benchmark return over time).

Price to Earnings (12-mo Trailing): The share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the value represents a weighted average of the stocks it holds.

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 returns vary from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that performance will fluctuate from the average return.

Tracking Error: Measure of the deviation of the return of a product compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment is managed, the smaller the tracking error.

What Are The Risks?

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

Important Legal Information

Your clients should carefully consider a fund's investment goals, risks, charges and expenses before investing. They should read the summary prospectus and/or prospectus carefully before they invest or send money. To obtain a prospectus, which contains this and other information, please call Franklin Templeton at (800) DIAL BEN/(800) 342-5236.

Effective March 1, 2019, Franklin Balance Sheet Investment Fund changed its name to Franklin Mutual U.S. Value Fund and modified its principal investment strategies.

Source: FTSE. Important data provider notices and terms available at www.franklintempletondatasources.com.

3. Effective 03/01/2001, the fund began offering Advisor Class Shares. For periods prior to the fund's Advisor Class inception date, a restated figure is used based on the fund's oldest share class, 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 the fund's Advisor Class inception date, actual Advisor Class performance is used, reflecting all charges and fees applicable to that class.

**Franklin Templeton Distributors, Inc.**

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