

ANNUAL REPORT AND SHAREHOLDER LETTER

FRANKLIN MUTUAL SHARES FUND

A Series of Franklin Mutual Series Funds

December 31, 2020

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SHAREHOLDER LETTER

Dear Franklin Mutual Shares Fund Shareholder:

2020 was a year that felt like it contained several different years within it. There were periods of stability and dramatic moves down and up in financial markets. The year ended with surging stock prices despite an ongoing pandemic. If one had gone to sleep on December 31, 2019, and woke up on December 31, 2020, a quick glance at the MSCI World Index (USD), which was up +16.50% for the 12 months,

might cause one to think this was just another good year in a long bull market.¹ But for those of us who lived through it, 2020 was chaotic and memorable.

The year began with a continuation of trends from 2019. Accommodative central bank policy was supporting a resilient economy, which displayed modest growth. Then COVID-19 exploded from a regional issue into a global pandemic. The response to the spread of the virus was lockdown and physical distancing measures in attempts to flatten the curve of the contagion. Consumer and business spending fell, and manufacturing and other activity came to a virtual halt. This led to a dramatic share price plunge in equity markets.

In response, governments acted directly through fiscal policy and central banks, using a whatever-it-takes approach to

stabilize economies. The efforts worked and were reflected in prices. Markets continued to rally in the second half of the year on signs of global economic resilience despite widespread shutdowns. Investor sentiment was buoyed by hopes for continued stimulus measures, very positive developments on the vaccine front and U.S. presidential election results. Valuations were also supported by investors' willingness to look through the current situation to 2021 and beyond, when widespread vaccinations are expected to become available and reignite global economies.

During the year, there was significant market volatility and

continued variance between the performance of growth equities and value equities. Many growth stocks benefited from the changes in work and life caused by the pandemic and continued to grow during the year. As a result, the MSCI

World Growth Index (USD) ended the year up +34.19%. While the MSCI World Value Index (USD) recovered from the spring selloff, but trailed its growth counterpart, ending the year down -0.38% for the 12 months ended December 31, 2020.¹

1. Source: Morningstar.

See www.franklininvestments.com/data-sources for additional data provider information.

Market volatility and economic uncertainty can often present what we consider opportunities. During periods of market fluctuation, we used our bottom-up, fundamentally driven investment process to add select positions to the portfolio that historically had not met our investment criteria. However, given the decline in price, these stocks were now, in our opinion, attractively valued. We also moved capital

between existing positions to reflect market shifts. We were encouraged to see value equities do quite well in the fourth quarter on both an absolute and relative basis. Our expectation is that earnings will continue to improve for the

overall market as 2021 progresses and COVID vaccinations allow for accelerated reopening of the global economy.

We would expect many of our value holdings to benefit from such a scenario. It is important to remember that the market historically rewards investors who take a long-term perspective. To that end, we recognize the importance of financial advisors in today's markets and encourage investors to continue to seek their advice. Amid changing markets and economic conditions, we are confident investors with a well-diversified portfolio and a patient, long-term outlook should be well-positioned for the years ahead.

This is my first letter to you as president and chief

investment officer of Franklin Mutual Series. I have been director of research and a portfolio manager for Franklin Mutual Series since January 2010 and have worked with Peter Langerman, chairman and chief executive officer of

Franklin Mutual Series, to steward the platform. I want to thank Peter for his significant contributions and 30+ years of dedicated service and leadership. I look forward to working with Peter through mid-2021 to complete the leadership transition, and I wish him the very best in his well-deserved retirement.

On the following pages, the portfolio management team reviews investment decisions that pertain to performance

during the past 12 months considering the economic environment and other factors. Please remember all securities markets fluctuate, as do mutual fund share prices.

Not FDIC Insured May Lose Value No Bank Guarantee

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

Sincerely,

Christian Correa, CFA
President and Chief Investment Officer
Franklin Mutual Advisers, LLC

This letter reflects our analysis and opinions as of December 31, 2020, unless otherwise indicated. 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.

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ANNUAL REPORT

Franklin Mutual Shares Fund

This annual report for Franklin Mutual Shares Fund covers the fiscal year ended December 31, 2020.

Your Fund’s Goal and Main Investments

The Fund seeks capital appreciation, which may occasionally be short term. The secondary goal is income. Under normal market conditions, the Fund invests primarily in equity securities of U.S. and foreign companies that we believe are available at market prices less than their intrinsic value. The equity securities in which the Fund invests are primarily common stock, with a current focus on companies with market capitalizations greater than \$5 billion. To a lesser extent, the Fund also invests in merger arbitrage securities and the debt and equity of distressed companies. The Fund may invest up to 35% of its assets in foreign securities and participations in foreign government debt. The Geographic Composition table on this page lists the leading countries where the Fund invests.

Geographic Composition*
12/31/20

	% of Total
	Net Assets
United States	82.1%
United Kingdom	7.0%
Switzerland	3.4%
South Korea	2.8%
Other	0.6%
Short-Term Investments & Other Net Assets	4.1%

*The Fund held 13.8% of total net assets in foreign securities.

Performance Overview

The Fund’s Class Z shares posted a -4.34% cumulative total return for the 12 months ended December 31, 2020. For comparison, the Fund’s new benchmark, the Russell 1000® Value Index, which measures the performance of the large-cap value segment of the U.S. equity universe, posted a +2.80% total return for the period under review.^{1,2} Also for comparison, the Fund’s prior benchmark, the Standard & Poor’s® 500 Index (S&P 500®), which is a broad measure

of U.S. stock performance, posted a +18.40% total return for the same period.² The Russell 1000® Value Index is replacing the S&P 500 as the Fund’s benchmark. The investment manager believes the composition of the Russell 1000® Value Index more accurately reflects the Fund’s current investment strategy and portfolio characteristics. You can find more of the Fund’s performance data in the Performance Summary beginning on page 8.

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

Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI All Country World Index (USD), posted a +16.82% total return for the 12 months ended December 31, 2020.² Stocks fell sharply in early 2020 as many investors sold equities amid fears of a global economic slowdown due to the novel coronavirus (COVID-19) pandemic. Global equities began to rebound in late March 2020 amid optimism about economic stimulus measures, easing lockdown restrictions, and vaccine and treatment development. Despite declines in September and October due to geopolitical tensions and rising infection rates, markets rebounded in November and December, as positive sentiment about successful trials of COVID-19 vaccines, the beginning of vaccination programs in some countries and apparent resolution of political uncertainty supported markets.

In the U.S., pandemic-related restrictions caused stiff economic headwinds, including mass layoffs that drove the unemployment rate to 14.8% in April 2020.³ According to the National Bureau of Economic Research, the longest U.S. economic expansion in history ended in February, and the country slipped into a deep recession. Equities began to rebound in the spring amid the government’s fiscal and

1. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.
2. Source: Morningstar. The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund’s portfolio.
3. Source: U.S. Bureau of Labor Statistics. See www.franklintempletondatasources.com for additional data provider information.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund’s Statement of Investments (SOI). The SOI begins on page 17.

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monetary stimulus measures, declining jobless claims, rising retail sales and optimism about treatments and potential vaccines for COVID-19. Following a record annualized decline in second-quarter gross domestic product (GDP), resilient consumer spending helped drive third-quarter GDP to expand at a record annualized rate, although growth slowed in the fourth quarter. Equities continued to rise during the summer but declined in the fall due to concerns about possible new restrictions amid rising COVID-19 infection rates and uncertainties about additional fiscal stimulus and the U.S. presidential election. Despite signs that the economic recovery was stalling as the unemployment

rate remained relatively high (6.7% at period-end) and consumer spending declined, stocks rallied in November and December, buoyed by the outcome of the U.S. presidential election, the start of COVID-19 vaccination programs and the passage of a new U.S. stimulus bill.³

In an effort to support the economy, the U.S. Federal Reserve (Fed) lowered the federal funds target rate to a range of 0.00%–0.25% in March 2020. The Fed also enacted quantitative easing measures aimed at ensuring credit flows to borrowers and supporting credit markets with open-ended bond purchasing. Furthermore, the Fed signaled that interest rates would potentially remain low, even if inflation moderately exceeded its 2% target.

In the eurozone, the economy contracted again in the fourth quarter of 2020, following quarter-on-quarter

expansion in the third quarter and contractions in the first and second quarters. After several months of gains due to easing restrictions and robust stimulus measures, European developed market equities, as measured by

the MSCI Europe Index (USD), declined in September and October as rising infection rates heightened investor concerns that the nascent economic revival could stall. Nevertheless, successful vaccine development and a Brexit resolution supported European developed market equities, as measured by the MSCI Europe Index (USD), to post a +5.93% total return for the period.²

Asian developed and emerging market equities, as

measured by the MSCI All Country Asia Index (USD), posted a +21.30% total return for the 12 months under review.²

Although pandemic-related lockdowns derailed economic growth in early 2020, sharp market declines were followed

by rebounds as China's economy, a key driver of the region's economic activity, recovered from the contraction in the first quarter and expanded during the rest of 2020. Asian stocks rose as the region's economies reopened, aided by robust stimulus measures and optimism that economic revitalization would be further spurred by COVID-19 vaccines.

Global emerging market stocks, as measured by the MSCI Emerging Markets Index (USD), posted a +18.69% total return for the period, despite steep pandemic-related declines in early 2020, benefiting from improving economic activity, stabilizing oil prices and U.S. dollar weakness.² In spite of higher COVID-19 cases in some countries, emerging market stocks rallied near the end of 2020, bolstered by easing political uncertainty, commencement of COVID-19 vaccinations and rising commodity prices.

Investment Strategy

At Franklin Mutual Series, we are committed to our distinctive value approach to investing, which we believe can generate above-average risk-adjusted returns over time for our shareholders. Our major investment strategy is investing

in undervalued stocks. When selecting undervalued equities, we are attracted to what we believe are fundamentally

strong companies with healthy balance sheets, high-quality assets, substantial free cash flow and shareholder-oriented management teams and whose stocks are trading at discounts to our assessment of the companies' intrinsic or business value. We also look for asset-rich companies whose shares may be trading at depressed levels due to concerns over short-term earnings disappointments, litigation, management strategy or other perceived negatives. This strict value approach is not only intended to improve the likelihood of capital appreciation, but also reduces the risk of substantial declines, in our opinion. While

the vast majority of our undervalued equity investments are made in publicly traded companies globally, we may invest occasionally in privately held companies as well. Our portfolio selection process generally includes an assessment

of the potential impacts of any material environmental, social and governance (ESG) factors on the long-term risk and return profile of a company.

To a lesser extent, we complement this more traditional investment strategy with two others. One is distressed investing, a highly specialized field that has proven quite profitable during certain periods over the years. Distressed investing is complex and can take many forms. The most common distressed investment the Fund undertakes is the purchase of financially troubled or bankrupt companies' debt at a substantial discount to face value. After the financially distressed company is reorganized, often in bankruptcy

court, the old debt is typically replaced with new securities issued by the financially stronger company.

The other piece of our investment strategy is participating in arbitrage situations, another highly specialized field. When companies announce proposed mergers or takeovers, commonly referred to as deals, the target company may trade at a discount to the bid it ultimately accepts. One form of arbitrage involves purchasing the target company's stock when it is trading below the value we believe it would receive in a deal. In keeping with our commitment to a relatively conservative investment approach, we typically focus our arbitrage efforts on announced deals, and avoid rumored deals or other situations we consider relatively risky. In addition, it is our practice to hedge the Fund's currency exposure when we deem it advantageous for our shareholders.

Manager's Discussion

A year ago, we reflected on a decade of overall equity market strength and solid, but weaker, returns for our value equity investing strategy. 2020 turned out to be an amplification of this performance gap, rather than a correction. The year started with a continuation of strong performance from market-darling growth stocks. The gap exploded as COVID-19 led to lockdowns and people working from home. The market leaders often benefited from these changes, with technology tools being adopted more quickly than before. Meanwhile, the lockdowns and disruption severely impacted many companies thought of as value stocks.

Even as central banks and governments across the globe acted through fiscal and monetary stimulus measures, the recovery came slowly and only accelerated when the

prospects of an effective vaccine helped markets understand when the health crisis might be over.¹ By the end of 2020, the MSCI World Value Index (USD) had recovered to be almost flat, with a -0.38% return.² However, growth stocks advanced substantially further, as evidenced by the MSCI World Growth Index (USD), ending the year up +34.18%.²

Many signs of increased speculation in the market have appeared, with a surge in the number of IPOs not seen

since the tech bubble and a boom in special purpose acquisition companies (SPACs), a type of company which raises money in anticipation of finding profitable investment opportunities. There is no guarantee that some speculation

will not be profitable, but we try to look past the speculation and continue to see attractive values in various parts of the market.

Our traditional value equity investment approach is complemented with two other strategies, distressed investing and merger arbitrage. We were active in both during 2020.

Top 10 Industries

12/31/20

	% of Total Net Assets
Pharmaceuticals	10.0%
Banks	8.1%
Insurance	6.2%
Media	5.8%
Software	4.8%
Oil, Gas & Consumable Fuels	4.7%
Technology Hardware, Storage & Peripherals	4.3%
Food Products	4.2%
Health Care Providers & Services	3.8%
Health Care Equipment & Supplies	3.3%

Merger arbitrage activity has slowed in tandem with decreasing confidence about an end to the pandemic crisis. Significant new deals have been announced and some present attractive investment opportunities. In addition, the deals which were impacted by the emergence of the coronavirus have seen renegotiated terms and moved toward amicable resolution. This includes deals such as Tiffany's acquisition by LVMH Moët Hennessy Louis Vuitton and Taubman's acquisition by Simon Property Group. We expect an ongoing acceleration of merger and acquisition activity given a recovering economy, strong markets and the hope for increasing regulatory and trade predictability under the incoming U.S. administration.

Within our distressed credit strategy, we targeted companies and industries directly impacted by the coronavirus pandemic. The robust government fiscal and monetary

interventions have limited the number of attractive options, but we found opportunities in the energy sector and the retail and travel industries. As the vaccine news arrived and liquidity remained strong, the opportunities have become more limited. We expect to see fewer new distressed debt opportunities than the merger arbitrage opportunities discussed above.

Fund Performance

Turning to Fund performance, top positive contributors included Charter Communications, Samsung Electronics and Cognizant Technologies. Charter Communications and Samsung Electronics are listed among the Fund's largest

positions in the Top 10 Holdings table on page 6.

Shares of U.S.-based cable operator Charter Communications rallied throughout much of 2020's second half, lifted by second-quarter earnings that exceeded consensus expectations. The stay-at-home economy emerging in the wake of the coronavirus pandemic led to an

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increase in the number of high-speed data subscribers and lower turnover among the existing customer base. These factors drove higher margins and increased free cash flow, which management used to buy back stock. Third-quarter results were also strong, with high-speed data net subscriber additions and residential video growth soundly beating expectations. The company's financials also continued to improve.

After experiencing COVID-related volatility during the first few months of the year, the stock price of South Korea-based electronics and computer peripherals manufacturer

Samsung Electronics started to recover in April and continued an upward trajectory for the remainder of the year, making it a leading contributor to portfolio performance. The company posted strong first-quarter results, with revenue

and operating profit rising over the year, propelled by sales of its memory chips. Demand for memory chips increased during the lockdown, driven by hyperscale data center spending and spending to enable working from home and online learning. Investors are optimistic that strength in memory prices can continue and Samsung is expected to announce a new capital return program in early 2021, which may include a special dividend.

Shares of U.S.-based Cognizant Technology Solutions Group, a provider of information technology (IT), consulting and business process outsourcing services, rose in February largely due to fourth-quarter 2019 financial results that

beat expectations. After price fluctuation in March due to uncertainty around the impact of COVID-19, the stock

continued its rally after first-quarter 2020 results announced in May were also better than expected, despite softer-than-expected margins and pandemic-related expenses. Second-quarter financial results similarly beat expectations. Shares of Cognizant rallied as management's turnaround initiatives contributed to positive investor sentiment. The pandemic has also accelerated digital transformation across industries, which resulted in solid growth for IT services vendors such as Cognizant. Growth in the company's digital practice segments—which were up by half—drove second-quarter results. Cognizant continued to ramp up its digital strategy by acquiring seven companies that it merged into

existing divisions during 2020's first three quarters. A strong third-quarter announcement and broader recovery in IT services demand continued to support the stock price, which generally rose throughout the remainder of the period.

During the period under review, Fund investments that detracted from performance included American International Group (AIG), Wells Fargo and Citizens Financial Group.

The stock price of U.S.-based insurer AIG fell from mid-February through late March. The declining valuation was fueled by investor concerns regarding the coronavirus outbreak and operating shortfalls in fourth-quarter earnings.

An uncertain environment and changes in leadership and business strategy continued to affect the company throughout the remainder of the year, culminating in the announcement of the spinoff of its life insurance business

and a change in leadership. We have since exited the position.

The performance of U.S.-based diversified financial services company Wells Fargo was affected by the regulatory restrictions placed on it following the account opening scandal, particularly the ability to grow the size of its balance sheet freely. These limits negatively impacted the company in March when a flurry of companies rushed to draw on

their credit lines to strengthen their liquidity positions as the effects of the pandemic became more tangible. After the March downturn, COVID-related uncertainty and interest-rate declines continued to hinder the organization, leading

management to revise its forward guidance several times throughout the year. First-quarter earnings fell short of expectations, and Wells Fargo posted a second-quarter loss, although much of it was due to the bank's massive contribution to its loan loss reserves. The company also drastically cut its dividend. During the third quarter, headline earnings fell short of expectations, but many of the costs incurred during the quarter were associated with restructuring, which management expects will reduce costs

Top 10 Holdings 12/31/20

Issuer Industry, Country	% of Total Net Assets
Medtronic PLC Health Care Equipment & Supplies, United States	3.3%
Charter Communications Inc Media, United States	3.2%
Samsung Electronics Co Ltd Technology Hardware, Storage & Peripherals, South Korea	2.8%
Health Care Providers & Services, United States	2.5%
Merck & Co Inc Pharmaceuticals, United States	2.5%
Walt Disney Co/The Entertainment, United States	2.4%
Oracle Corp Software, United States	2.4%
Kraft Heinz Co/The Food Products, United States	2.3%
Eli Lilly and Co Pharmaceuticals, United States	2.3%
JPMorgan Chase & Co Banks, United States	2.3%

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in 2021. In addition to shedding its student loan business in 2020, the company looks forward to streamlining its business model further in the year ahead.

The stock price of U.S.-based banking services company Citizens Financial Group declined from mid-February through late March. The valuation reduction was fueled by investor concern regarding the coronavirus outbreak and

its economic effects, including increased borrower defaults and a falling interest-rate environment, which decreases the profitability of lending products. However, the price stabilized as the broader market calmed down. In April, the

bank posted decent first-quarter financial results amid a deteriorating economic environment. Management reported modest increases in revenue, loans and net interest margin, and broadly stable credit performance in the loan portfolio.

However, in bank stocks estimated based on concerns about potential dividend cuts resulting from the Federal Reserve Board's stress tests of large banks. The company's stock price was bolstered in July by favorable second-quarter earnings, but continued to experience volatility toward period-end as third-quarter results fell short of consensus, due in part to large payments into reserves. We have since exited the stock.

During the period, the Fund held currency forwards and futures seeking to hedge most of the currency risk of the portfolio's non-U.S. dollar investments. The hedges had a negative overall impact on the Fund's performance as the

U.S. dollar fell against most currencies during the period. As fellow shareholders, we found recent absolute and relative performance disappointing, but our strategy of seeking undervalued stocks can lag the growth equity markets at times. We remain committed to our disciplined, value investment approach as we seek to generate attractive, long-term, risk-adjusted returns for shareholders.

Thank you for your participation in Franklin Mutual Shares Fund. We look forward to continuing to serve your investment needs.

Peter A. Langerman
Co-Portfolio Manager

Christian Correa, CFA

Co-Portfolio Manager
Grace Hoefig
Co-Portfolio Manager

Debbie A. Turner, CFA
Co-Portfolio Manager

The foregoing information reflects our analysis, opinions

and portfolio holdings as of December 31, 2020, 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.

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Performance Summary as of December 31, 2020

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

Performance as of 12/31/20

Cumulative total return excludes sales charges. Average annual total return includes maximum sales charges. Sales charges will vary depending on the size of the investment and the class of share purchased. The maximum is 5.50% and the minimum is 0%. **Class A:** 5.50% maximum initial sales charge. For other share classes, visit franklintempleton.com.

Share Class	Cumulative Total Return	Average Annual Total Return
Z		
1-Year	-4.34%	-4.34%
5-Year	+34.84%	+6.16%
10-Year	+102.76%	+7.32%
A³		
1-Year	-4.60%	-9.86%
5-Year	+33.18%	+4.71%
10-Year	+97.30%	+6.43%

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

See page 10 for Performance Summary footnotes.

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

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 indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.

Class Z (1/1/11–12/31/20)

Class A (1/1/11–12/31/20)

See page 10 for Performance Summary footnotes.

FRANKLIN MUTUAL SHARES FUND
PERFORMANCE SUMMARY

Distributions (1/1/20–12/31/20)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
Z	\$0.5247	\$0.0853	\$0.3372	\$0.9472
A	\$0.4581	\$0.0853	\$0.3372	\$0.8806
C	\$0.2560	\$0.0853	\$0.3372	\$0.6785
R	\$0.3981	\$0.0853	\$0.3372	\$0.8206
R6	\$0.5437	\$0.0853	\$0.3372	\$0.9662

Total Annual Operating Expenses⁵

Share Class	
Z	0.79%
A	1.04%

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

All investments involve risks, including possible loss of principal. Value securities may not increase in price as anticipated or may decline further in value. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. The Fund's investments in companies engaged in mergers, reorganizations or liquidations also involve special risks as pending deals may not be completed on time or on favorable terms. The Fund may invest in lower rated bonds, which entail higher credit risk. Unexpected events and their aftermaths, such as the spread of deadly diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. The Fund's prospectus also includes a description of the main investment risks.

1. Cumulative total return represents the change in value of an investment over the periods indicated.
 2. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
 3. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 5.50%.
 4. Source: Morningstar. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected and historical growth rates.
 5. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
- See www.franklintempletondatasources.com for additional data provider information.

Your Fund’s Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including sales charges (loads) on Fund purchases and redemptions; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading “Actual.” In these columns the Fund’s actual return, which includes the effect of Fund expenses, is used to calculate the “Ending Account Value” for each class of shares. You can estimate the expenses you paid during the period by following these steps (of course, your account value and expenses will differ from those in this illustration): Divide your account value by \$1,000 (if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$). Then multiply the result by the number in the row for your class of shares under the headings “Actual” and “Expenses Paid During Period” (if Actual Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50). In this illustration, the actual expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Under the heading “Hypothetical” in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading “Hypothetical” is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

	Beginning	Actual (actual return after expenses)			Hypothetical (5% annual return before expenses)		
		Ending	Expenses Paid During	Expenses Paid During	Ending	Expenses Paid During	Net Annualized
Share	Value of 10/1/20	Value of 4/1/21	7/1/20 to 6/30/21 ^{1,2}	7/1/20 to 6/30/21 ^{1,2}	Value of 10/1/20	Value of 4/1/21	Expense
Z	\$1,000	\$1,207.71	\$4.29	\$3.93	\$1,021.25	\$3.93	0.77%
A	\$1,000	\$1,206.24	\$5.67	\$5.20	\$1,019.99	\$5.20	1.02%
C	\$1,000	\$1,201.91	\$9.81	\$8.99	\$1,016.22	\$8.99	1.77%
R6	\$1,000	\$1,206.78	\$3.93	\$3.46	\$1,019.58	\$3.46	0.71%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/366 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

FRANKLIN MUTUAL SERIES FUNDS

Financial Highlights

Franklin Mutual Shares Fund

	Year Ended December 31,				
^a	2020	2019	2018	2017	2016
Class Z					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$27.56	\$24.25	\$28.63	\$28.22	\$26.00
Income from investment operations ^a :					
Net investment income ^b	0.83 ^c	0.63	0.51	0.65 ^d	0.63 ^e
Net realized and unrealized gains (losses)	(2.11)	4.90	(3.11)	1.73	3.48
Total from investment operations	(1.28)	5.53	(2.60)	2.38	4.11
Less distributions from:					
Net investment income	(0.53)	(0.71)	(0.53)	(0.68)	(0.64)
Net realized gains	(0.42)	(1.51)	(1.25)	(1.29)	(1.25)
Total distributions	(0.95)	(2.22)	(1.78)	(1.97)	(1.89)
Net asset value, end of year	\$25.33	\$27.56	\$24.25	\$28.63	\$28.22
Total return	(4.34)%	23.13%	(8.95)%	8.49%	15.88%
Ratios to average net assets					
Expenses ^g	0.80% ^h	0.78% ^h	0.76% ^h	0.78%	0.80% ^h
Expenses - incurred in connection with securities sold short	0.02%	0.02%	—% ⁱ	—%	0.01%
Net investment income	3.56% ^c	2.32%	1.77%	2.23% ^d	2.33% ^e
Supplemental data					
Net assets, end of year (000's)	\$4,376,135	\$5,472,276	\$5,189,476	\$6,229,996	\$7,681,881
Portfolio turnover rate	21.35%	21.71%	20.72%	18.15%	20.56%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.29 per share related to income received in the form of special dividends and an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.30%.

^dNet investment income per share includes approximately \$0.16 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.69%.

^eNet investment income per share includes approximately \$0.10 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.96%.

^fIncludes dividend and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(d).

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

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

ⁱRounds to less than 0.01%.

FRANKLIN MUTUAL SERIES FUNDS
FINANCIAL HIGHLIGHTS

Franklin Mutual Shares Fund (continued)

a	Year Ended December 31,				
	2020	2019	2018	2017	2016
Class A					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$27.26	\$24.00	\$28.35	\$27.97	\$25.78
Income from investment operations ^a :					
Net investment income ^b	0.76 ^c	0.56	0.43	0.58 ^d	0.56 ^e
Net realized and unrealized gains (losses)	(2.10)	4.85	(3.07)	1.70	3.45
Total from investment operations	(1.34)	5.41	(2.64)	2.28	4.01
Less distributions from:					
Net investment income	(0.46)	(0.64)	(0.46)	(0.61)	(0.57)
Net realized gains	(0.42)	(1.51)	(1.25)	(1.29)	(1.25)
Total distributions	(0.88)	(2.15)	(1.71)	(1.90)	(1.82)
Net asset value, end of year	\$25.04	\$27.26	\$24.00	\$28.35	\$27.97
Total return ^f	(4.60)%	22.86%	(9.18)%	8.21%	15.61%
Ratios to average net assets					
Expenses ^{g,h}	1.05% ⁱ	1.03% ^j	1.01% ^k	1.03%	1.05% ^l
Expenses - incurred in connection with securities sold short	0.02%	0.02%	—% ^m	—%	0.01%
Net investment income	3.32% ^c	2.07%	1.52%	1.98% ^d	2.08% ^e
Supplemental data					
Net assets end of year (000's)	\$2,963,527	\$4,042,026	\$3,862,134	\$4,386,828	\$4,737,576

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.29 per share related to income received in the form of special dividends and an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.07%.

^dNet investment income per share includes approximately \$0.16 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.44%.

^e

^eNet investment income per share includes approximately \$0.10 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.71%.

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

^gIncludes dividend and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(d).

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

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

^jRounds to less than 0.01%.

FRANKLIN MUTUAL SERIES FUNDS
FINANCIAL HIGHLIGHTS

Franklin Mutual Shares Fund (continued)

a	Year Ended December 31,				
	2020	2019	2018	2017	2016
Class C					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$27.22	\$23.97	\$28.04	\$27.68	\$25.54
Income from investment operations ^a :					
Net investment income ^b	0.60 ^c	0.36	0.21	0.35 ^d	0.35 ^e
Net realized and unrealized gains (losses)	(2.12)	4.82	(3.90)	1.67	3.40
Total from investment operations	(1.52)	5.18	(2.79)	2.02	3.75
Less distributions from:					
Net investment income	(0.26)	(0.42)	(0.03)	(0.37)	(0.36)
Net realized gains	(0.42)	(1.51)	(1.25)	(1.29)	(1.25)
Total distributions	(0.68)	(1.93)	(1.28)	(1.66)	(1.61)
Net asset value, end of year	\$25.02	\$27.22	\$23.97	\$28.04	\$27.68
Total return ^f	(5.29)%	21.93%	(9.87)%	7.37%	14.77%
Ratios to average net assets					
Expenses ^{g,h}	1.80% ⁱ	1.78% ⁱ	1.76% ⁱ	1.78%	1.80% ⁱ
Expenses - incurred in connection with securities sold short	0.02%	0.02%	—% ^j	—%	0.01%
Net investment income	2.63% ^c	1.32%	0.77%	1.23% ^d	1.33% ^e
Supplemental data					
Net assets, end of year (000's)	\$206,196	\$302,296	\$309,756	\$995,665	\$1,114,760
Portfolio turnover rate	21.35%	21.71%	20.72%	18.15%	20.56%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.29 per share related to income received in the form of special dividends and an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.37%.

^dNet investment income per share includes approximately \$0.16 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.69%.

^e

^fNet investment income per share includes approximately \$0.10 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.96%.

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

^hIncludes dividend and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(d).

ⁱBenefit of expense reduction rounds to less than 0.01%.

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

^kRounds to less than 0.01%.

FRANKLIN MUTUAL SERIES FUNDS
FINANCIAL HIGHLIGHTS

Franklin Mutual Shares Fund (continued)

a	Year Ended December 31,				
	2020	2019	2018	2017	2016
Class R					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$27.17	\$23.91	\$28.21	\$27.83	\$25.66
Income from investment operations ^a :					
Net investment income ^b	0.70 ^c	0.49	0.36	0.50 ^d	0.49 ^e
Net realized and unrealized gains (losses)	(2.09)	4.83	(3.05)	1.70	3.42
Total from investment operations	(1.39)	5.32	(2.69)	2.20	3.91
Less distributions from:					
Net investment income	(0.40)	(0.55)	(0.36)	(0.53)	(0.49)
Net realized gains	(0.42)	(1.51)	(1.25)	(1.29)	(1.25)
Total distributions	(0.82)	(2.06)	(1.61)	(1.82)	(1.74)
Net asset value, end of year	\$24.96	\$27.17	\$23.91	\$28.21	\$27.83
Total return	(4.80)%	22.55%	(9.41)%	7.96%	15.31%
Ratios to average net assets					
Expenses ^{f,g}	1.30% ^h	1.28% ^h	1.26% ^h	1.28%	1.30% ^h
Expenses - incurred in connection with securities sold short	0.02%	0.02%	—% ⁱ	—%	0.01%
Net investment income	3.06% ^c	1.82%	1.27%	1.73% ^d	1.83% ^e
Supplemental data					
Net assets end of year (000's)	\$46,351	\$67,038	\$71,724	\$107,180	\$123,561

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.29 per share related to income received in the form of special dividends and an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.80%.

^dNet investment income per share includes approximately \$0.16 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.19%.

^eNet investment income per share includes approximately \$0.10 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.46%.

^fIncludes dividend and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(d).

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

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

ⁱRounds to less than 0.01%.

FRANKLIN MUTUAL SERIES FUNDS
FINANCIAL HIGHLIGHTS

Franklin Mutual Shares Fund (continued)

a	Year Ended December 31,				
	2020	2019	2018	2017	2016
Class R6					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$27.55	\$24.23	\$28.61	\$28.21	\$25.98
Income from investment operations ^a :					
Net investment income ^b	0.83 ^c	0.64	0.53	0.70 ^d	0.66 ^e
Net realized and unrealized gains (losses)	(2.09)	4.92	(3.11)	1.71	3.49
Total from investment operations	(1.26)	5.56	(2.58)	2.41	4.15
Less distributions from:					
Net investment income	(0.55)	(0.73)	(0.55)	(0.72)	(0.67)
Net realized gains	(0.42)	(1.51)	(1.25)	(1.29)	(1.25)
Total distributions	(0.97)	(2.24)	(1.80)	(2.01)	(1.92)
Net asset value, end of year	\$25.32	\$27.55	\$24.23	\$28.61	\$28.21
Total return	(4.27)%	23.26%	(8.88)%	8.61%	16.05%
Ratios to average net assets					
Expenses ^g	0.72% ^h	0.70% ^h	0.69% ^h	0.67%	0.68% ^h
Expenses - incurred in connection with securities sold short	0.02%	0.02%	—% ⁱ	—%	0.01%
Net investment income	3.57% ^c	2.40%	1.84%	2.34% ^d	2.45% ^e
Supplemental data					
Net assets, end of year (000's)	\$1,449,696	\$1,680,600	\$3,160,186	\$3,741,430	\$1,896,497
Portfolio turnover rate	21.35%	21.71%	20.72%	18.15%	20.56%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.29 per share related to income received in the form of special dividends and an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.31%.

^dNet investment income per share includes approximately \$0.16 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.80%.

^eNet investment income per share includes approximately \$0.10 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.06%.

^fIncludes dividend and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(d).

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

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

ⁱRounds to less than 0.01%.

Statement of Investments, December 31, 2020

Franklin Mutual Shares Fund

	Country	Shares	Value
Common Stocks 93.6%			
Aerospace & Defense 2.3%			
BAE Systems plc	United Kingdom	15,590,883	\$169,974,340
Burlington Industries, Inc.	United States	632,084	169,757,680
			211,732,020
Auto Components 0.0%[†]			
^{a,b,c,d} International Automotive Components Group Brazil LLC	Belgium	7,234,813	153,856
Automobiles 0.9%			
General Motors Co.	United States	1,926,706	80,228,038
Banks 8.1%			
Bank of America Corp.	United States	3,751,300	113,701,903
Citigroup, Inc.	United States	3,077,706	189,771,352
JPMorgan Chase & Co.	United States	1,644,490	208,965,344
Synovus Financial Corp.	United States	2,934,440	94,987,823
Wells Fargo & Co.	United States	4,234,603	127,800,319
			735,226,741
Beverages 0.6%			
Heineken NV	Netherlands	495,798	55,253,450
Biotechnology 0.3%			
^b Alexion Pharmaceuticals, Inc.	United States	186,960	29,210,630
Building Products 1.7%			
Johnson Controls International plc.	United States	3,293,400	153,439,506
Capital Markets 1.2%			
Credit Suisse Group AG	Switzerland	8,506,542	109,826,933
Communications Equipment 1.0%			
Cisco Systems, Inc.	United States	2,020,910	90,435,722
Consumer Finance 1.9%			
Capital One Financial Corp.	United States	1,731,205	171,129,614
Containers & Packaging 1.5%			
International Paper Co.	United States	2,647,937	131,655,428
Diversified Financial Services 2.4%			
^b Keyshare Holdings, Inc. B.	United States	2,497,900	145,982,678
Keyshare Financial, Inc.	United States	137,900	218,619,688
Diversified Telecommunication Services 0.3%			
^{a,c} Windstream Holdings, Inc.	United States	2,123,740	28,116,194
Electric Utilities 1.0%			
Pinnacle West Capital Corp.	United States	1,141,200	91,238,940
Electrical Equipment 2.2%			
^b Sensata Technologies Holding plc	United States	3,755,370	198,058,214
Electronic Equipment, Instruments & Components 0.7%			
Corning, Inc.	United States	1,760,788	63,388,368
Energy Equipment & Services 0.8%			
Schlumberger NV	United States	3,224,000	70,379,920
Entertainment 2.4%			
^b Walt Disney Co. (The)	United States	1,186,274	214,929,123

FRANKLIN MUTUAL SERIES FUNDS
STATEMENT OF INVESTMENTS

Franklin Mutual Shares Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Equity Real Estate Investment Trusts (REITs) 1.7%			
Alexander's, Inc.	United States	1,881,896	\$64,147,424
Unit Group, Inc.	United States	1,752,422	65,435,438
Vornado Realty Trust.			150,753,031
Food & Staples Retailing 1.7%			
Kroger Co. (The)	United States	4,854,578	154,181,397
Food Products 4.2%			
Archer-Daniels-Midland Co.	United States	2,004,447	101,044,173
Conagra Brands, Inc.	United States	1,929,383	69,959,428
Kraft Heinz Co. (The)	United States	6,008,600	208,258,076
			379,261,677
Health Care Equipment & Supplies 3.3%			
Medtronic plc	United States	2,533,754	296,803,944
Health Care Providers & Services 3.8%			
Anthem, Inc.	United States	391,272	125,633,526
CVS Health Corp.	United States	3,247,315	221,791,615
			347,425,141
Household Durables 2.6%			
Lennar Corp., A.	United States	1,219,786	92,984,287
Newell Brands, Inc.	United States	6,793,795	144,232,268
			237,216,555
Household Products 0.7%			
Energizer Holdings, Inc.	United States	1,538,433	64,891,104
Industrial Conglomerates 1.4%			
General Electric Co.	United States	11,699,600	126,355,680
Insurance 6.9%			
Alliarity Corp.	United States	325,189	196,313,347
Everest Re Group Ltd.	United States	444,994	104,168,645
Hartford Financial Services Group, Inc. (The)	United States	3,214,299	157,436,365
MetLife, Inc.	United States	2,277,830	106,944,119
Willis Towers Watson plc.	United States	298,039	62,790,857
			627,653,333
IT Services 2.1%			
Cognizant Technology Solutions Corp., A.	United States	2,285,650	187,309,018
Media 5.8%			
^b Charter Communications, Inc., A.	United States	440,129	291,167,340
Comcast Corp., A.	United States	3,958,800	207,441,120
^b iHeartMedia, Inc., A.	United States	1,795,072	23,300,035
^{a,b} iHeartMedia, Inc., B.	United States	35,201	424,925
			522,333,420
Oil, Gas & Consumable Fuels 4.7%			
BP plc.	United Kingdom	43,649,147	150,632,989
Kinder Morgan, Inc.	United States	5,693,740	77,833,426
Williams Cos., Inc. (The)	United States	9,628,984	193,061,129
			421,527,544
Pharmaceuticals 10.2%			
^b Elanco Animal Health, Inc.	United States	1,054,483	32,340,994

FRANKLIN MUTUAL SERIES FUNDS
STATEMENT OF INVESTMENTS

Franklin Mutual Shares Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Pharmaceuticals (continued)			
Eli Lilly and Co.	United States	1,396,410	\$282,639,612
GlaxoSmithKline plc	United Kingdom	1,979,574	148,619,217
Merck & Co., Inc.	United States	2,797,172	228,808,669
Novartis AG, ADR	Switzerland	2,151,041	203,122,802
Perrigo Co. plc	United States	1,643,800	73,510,736
			924,042,050
Semiconductors & Semiconductor Equipment 1.0%			
^b Inphi Corp.	United States	149,300	23,958,171
Xilinx, Inc.	United States	458,600	65,015,722
			88,973,893
Software 3.2%			
^b Avaya Holdings Corp.	United States	364	6,970
NortonLifeLock, Inc.	United States	3,170,681	65,886,751
Oracle Corp.	United States	3,378,327	218,543,974
			284,437,695
Specialty Retail 1.1%			
Tiffany & Co.	United States	651,800	85,679,110
^{a,b,d} TRU Kids Parent LLC	United States	7,469	17,051,583
^{a,b,d} Wayne Services Legacy, Inc.	United States	7,469	—
			102,730,693
Technology Hardware, Storage & Peripherals 4.3%			
Samsung Electronics Co. Ltd.	South Korea	3,420,571	255,046,698
Western Digital Corp.	United States	2,461,412	136,337,611
			391,384,309
Textiles, Apparel & Luxury Goods 1.3%			
PVH Corp.	United States	1,285,900	120,733,151
Tobacco 3.0%			
Altria Group, Inc.	United States	2,023,360	82,957,760
British American Tobacco plc.	United Kingdom	3,767,740	139,932,291
British American Tobacco plc, ADR	United Kingdom	1,176,079	44,091,202
			266,981,253
Wireless Telecommunication Services 1.3%			
^b T-Mobile US, Inc.	United States	689,100	92,925,135
Vodafone Group plc	United Kingdom	16,374,202	26,896,395
			119,821,530
Total Common Stocks (Cost \$6,260,056,190)			8,467,838,803
Warrants			
Warrants 0.1%			
^{a,c} Diversified Telecommunication Services 0.1%			
Windstream Holdings, Inc., 9/21/33	United States	119,757	1,585,463
Media 0.0%†			
^b iHeartMedia, Inc., 5/01/39	United States	1,786	23,180
Software 0.0%†			
^b Avaya Holdings Corp., 12/15/22	United States	276,741	899,408
Total Warrants (Cost \$1,561,519)			2,508,051

FRANKLIN MUTUAL SERIES FUNDS
STATEMENT OF INVESTMENTS

Franklin Mutual Shares Fund (continued)

	Country	Principal Amount	Value
Corporate Bonds 3.8%			
^a American Airlines, Inc., Senior Secured Note, 144A, 11.75%, 7/15/25	United States	64,192,000	\$74,125,712
^a Mileage Plus Holdings LLC / Mileage Plus Intellectual Property Assets Ltd., Senior Secured Note, 144A, 6.5%, 6/20/27	United States	39,492,000	42,527,948
			116,653,660
Diversified Telecommunication Services 0.9%			
^f Frontier Communications Corp., Senior Note, 10.5%, 9/15/22	United States	72,365,000	37,884,163
Senior Note, 11%, 9/15/25	United States	81,506,000	42,943,474
			80,827,637
Machinery 0.2%			
^a Navistar International Corp., Senior Secured Note, 144A, 9.5%, 5/01/25	United States	18,060,400	20,306,662
Multiline Retail 0.2%			
^a Macy's, Inc., Senior Secured Note, 144A, 8.375%, 6/15/25	United States	16,039,000	17,828,952
Software 1.2%			
^a Veritas US, Inc. / Veritas Bermuda Ltd., Senior Note, 144A, 10.5%, 2/01/24	United States	76,705,000	78,290,109
Senior Secured Note, 144A, 7.5%, 2/01/23	United States	9,656,000	9,697,279
Senior Secured Note, 144A, 7.5%, 9/01/25	United States	22,622,000	23,244,105
			111,231,493
Total Corporate Bonds (Cost \$380,600,017)			346,848,404
Senior Floating Rate Interests 0.4%			
^a Software 0.4%			
^b Veritas US, Inc., Term Loan, B, 6.5%, (3-month USD LIBOR + 5.5%), 9/01/25	United States	35,102,025	35,053,760
Total Senior Floating Rate Interests (Cost \$34,450,067)			35,053,760
Shares			
Companies in Liquidation 0.0%†			
^{a,b} Bosgen Liquidating Trust c/o Verdolino and Lowey P.C., Contingent Distribution	Netherlands	555,154	—
^{a,b} Tribune Media, Litigation Trust, Contingent Distribution	United States	1,005,034	—
^{a,b} Vistra Energy Corp., Litigation Trust, Contingent Distribution	United States	194,177,556	291,266
^{a,b} Walter Energy, Inc., Litigation Trust, Contingent Distribution	United States	20,046,000	—
Total Companies in Liquidation (Cost \$6,071,371)			291,266
Total Long Term Investments (Cost \$6,682,739,164)			8,852,540,284
Short Term Investments 1.7%			
	Country	Principal Amount	Value
U.S. Government and Agency Securities 1.7%			
^j FHLB, 1/04/21	United States	5,000,000	5,000,000
ⁱ U.S. Treasury Bills, 1/05/21	United States	34,500,000	34,500,005
^k 1/14/21	United States	5,000,000	4,999,952

FRANKLIN MUTUAL SERIES FUNDS
STATEMENT OF INVESTMENTS

Franklin Mutual Shares Fund (continued)

Short Term Investments (continued)

	Country	Principal Amount [*]	Value
U.S. Government and Agency Securities (continued)			
U.S. Treasury Bills (continued)			
^k 1/21/21	United States	25,000,000	\$24,999,587
^k 2/04/21	United States	25,000,000	24,999,031
^k 2/11/21	United States	10,000,000	9,999,472
^k 6/19/21	United States	25,000,000	24,999,069
^k 6/24/21	United States	10,000,000	9,996,556
^k 7/01/21	United States	2,000,000	1,999,257
			146,482,625
Total U.S. Government and Agency Securities (Cost \$151,475,336)			151,482,625
Total Short Term Investments (Cost \$151,475,336)			151,482,625
Total Investments (Cost \$6,834,214,500) 99.6%			\$9,004,022,909
Securities Sold Short (2.0)%			(176,829,022)
Other Assets, less Liabilities 2.4%			218,175,776
Net Assets 100.0%			\$9,045,369,663
	Shares		
Securities Sold Short (2.0)%			
Common Stocks (2.0)%			
Insurance (0.8)%			
^l Aon plc, A	United States	321,881	(68,003,799)
Pharmaceuticals (0.2)%			
^l AstraZeneca plc, ADR	United Kingdom	397,160	(19,854,028)
Semiconductors & Semiconductor Equipment (1.0)%			
^l Advanced Micro Devices, Inc.	United States	398,352	(72,483,183)
^l Marvell Technology Group Ltd.		348,824	(88,971,195)
Total Common Stocks (Proceeds \$174,857,095)			(176,829,022)
Total Securities Sold Short (Proceeds \$174,857,095)			\$(176,829,022)

^{*} The principal amount is stated in U.S. dollars unless otherwise indicated.[†] Rounds to less than 0.1% of net assets.^a Fair valued using significant unobservable inputs. See Note 14 regarding fair value measurements.^b Non-income producing.^c See Note 10 regarding restricted securities.^d See Note 12 regarding holdings of 5% voting securities.^e Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At December 31, 2020, the aggregate value of these securities was \$266,020,767, representing 2.9% of net assets.^f See Note 8 regarding credit risk and defaulted securities.^g See Note 1(f) regarding senior floating rate interests.^h The coupon rate shown represents the rate at period end.ⁱ Contingent distributions represent the right to receive additional distributions, if any, during the reorganization of the underlying company. Shares represent total underlying principal of debt securities.^j The security was issued on a discount basis with no stated coupon rate.

FRANKLIN MUTUAL SERIES FUNDS
STATEMENT OF INVESTMENTS

Franklin Mutual Shares Fund (continued)

^kA portion or all of the security has been segregated as collateral for securities sold short and/or open forward exchange contracts. At December 31, 2020, the aggregate value of these securities pledged amounted to \$99,326,979, representing 1.1% of net assets.

^lSee Note 1(d) regarding securities sold short.

FRANKLIN MUTUAL SERIES FUNDS
STATEMENT OF INVESTMENTS

Franklin Mutual Shares Fund (continued)

At December 31, 2020, the Fund had the following futures contracts outstanding. See Note 1(c).

Futures Contracts

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
Foreign exchange contracts					
Foreign Exchange EUR/USD	Short	1,359	136,959,909	3/15/21	(137,46,999)
Total Futures Contracts					\$(1,782,597)

*As of period end.

At December 31, 2020, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counter-party*	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Euro	HSBK	Buy	345,149	402,900	1/15/21	\$18,874	\$—
Euro	HSBK	Sell	9,345,239	10,389,593	1/15/21	—	(746,893)
Euro	UBSW	Buy	679,456	794,174	1/15/21	36,123	—
Euro	UBSW	Sell	9,172,257	10,462,335	1/15/21	—	(746,193)
British Pound	BNY	Buy	2,285,330	3,108,332	1/19/21	17,485	—
British Pound	HSBK	Buy	11,662,208	15,767,021	1/19/21	184,257	—
British Pound	SSBT	Sell	38,533,728	48,267,810	1/19/21	—	(4,437,660)
British Pound	UBSW	Buy	8,062,625	10,898,815	1/19/21	129,042	—
British Pound	BOFA	Sell	500,000	663,455	2/16/21	—	(20,571)
British Pound	HSBK	Sell	15,626,880	20,466,389	2/16/21	—	(911,980)
British Pound	SSBT	Sell	1,307,152	1,733,950	2/16/21	—	(54,300)
Swiss Franc	HSBK	Sell	46,155,423	52,008,044	2/16/21	—	(193,706)
Swiss Franc	UBSW	Sell	46,155,423	51,992,929	2/16/21	—	(208,821)
Euro	BOFA	Sell	295,000	358,425	2/23/21	—	(2,385)
Euro	HSBK	Sell	875,000	1,064,123	2/23/21	—	(6,077)
Euro	HSBK	Sell	620,554	735,983	4/07/21	—	(23,751)
Euro	SSBT	Sell	1,854,354	2,189,899	4/07/21	—	(79,384)
British Pound	BOFA	Sell	3,347,709	4,452,018	4/23/21	—	(129,432)
British Pound	HSBK	Sell	23,363,074	31,141,852	4/23/21	—	(831,286)
British Pound	SSBT	Sell	577,853	774,243	4/23/21	—	(16,569)
British Pound	UBSW	Sell	2,750,000	3,693,248	4/23/21	—	(70,218)
South Korean Won ..	HSBK	Buy	5,412,101,211	4,987,192	5/14/21	—	(14,061)
South Korean Won ..	HSBK	Sell	123,344,857,123	110,260,523	5/14/21	—	(3,079,954)
South Korean Won ..	UBSW	Buy	59,314,683,600	53,617,793	5/14/21	885,936	—
South Korean Won ..	UBSW	Sell	61,526,168,481	54,948,574	5/14/21	—	(1,587,269)
South Korean Won ..	HSBK	Sell	117,096,677,745	106,015,066	6/18/21	—	(1,577,812)
South Korean Won ..	UBSW	Sell	25,972,019,912	23,456,061	6/18/21	—	(408,018)
Total Forward Exchange Contracts						\$1,271,717	\$(15,187,894)
Net unrealized appreciation (depreciation)							\$(13,916,177)

FRANKLIN MUTUAL SERIES FUNDS
STATEMENT OF INVESTMENTS

Franklin Mutual Shares Fund (continued)

[†]In U.S. dollars unless otherwise indicated.
[¶]May be comprised of multiple contracts with the same counterparty, currency and settlement date.

See Note 11 regarding other derivative information.

See Abbreviations on page 44.

FRANKLIN MUTUAL SERIES FUNDS
FINANCIAL STATEMENTS

Statement of Assets and Liabilities

December 31, 2020

	Franklin Mutual Shares Fund
Assets:	
Investment securities	\$6,792,812,392
Cost - Non-controlled affiliates (Note 3f and 12)	41,402,108
Value - Unaffiliated issuers	\$8,986,817,470
Value - Non-controlled affiliates (Note 3f and 12)	17,205,439
Cash	331,466
Receivables:	
Investment securities sold	24,601,055
Capital shares sold	1,085,861
Dividends and interest	29,205,256
European Union tax refunds (Note 1g)	19,599,198
Securities sold short	178,751,131
Futures contracts	4,054,799
Unrealized appreciation on OTC forward exchange contracts	1,271,717
Other assets	2,192,140
Total assets	9,265,115,532
Liabilities:	
Payables:	
Investment securities purchased	8,106,908
Capital shares redeemed	19,842,848
Distribution fees	817,690
Transfer agent fees	767,388
Trustees' fees and expenses	1,026,314
Variation margin on futures contracts	310,181
Securities sold short, at value (proceeds \$174,857,095)	176,829,022
Unrealized depreciation on OTC forward exchange contracts	15,187,894
Accrued expenses and other liabilities	835,253
Total liabilities	219,745,869
Net assets, at value	\$9,045,369,663
Net assets consist of:	
Paid-in capital	\$6,989,478,995
Total distributable earnings (losses)	2,055,890,668
Net assets, at value	\$9,045,369,663

FRANKLIN MUTUAL SERIES FUNDS
FINANCIAL STATEMENTS

Statement of Assets and Liabilities (continued)

December 31, 2020

	Franklin Mutual Shares Fund
Class Z:	
Net assets, at value	\$4,372,134,730
Shares outstanding	118,419,686
Net asset value and maximum offering price per share	\$25.33
Class A:	
Net assets, at value	\$2,965,127,375
Shares outstanding	118,419,686
Net asset value per share*	\$25.04
Maximum offering price per share (net asset value per share + 94.50%)	\$26.50
Class C:	
Net assets, at value	\$206,195,944
Shares outstanding	8,242,354
Net asset value and maximum offering price per share*	\$25.02
Class R:	
Net assets, at value	\$48,215,971
Shares outstanding	1,932,042
Net asset value and maximum offering price per share	\$24.96
Class R6:	
Net assets, at value	\$1,449,695,635
Shares outstanding	57,265,441
Net asset value and maximum offering price per share	\$25.32

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

FRANKLIN MUTUAL SERIES FUNDS
FINANCIAL STATEMENTS

Statement of Operations

for the year ended December 31, 2020

	Franklin Mutual Shares Fund
Investment income:	
Dividend income, net of foreign taxes of \$1,480,745	\$338,179,488
Interest:	
Unaffiliated issuers	44,999,482
Adjustment for uncollectible interest (Note 8)	(8,097,948)
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	6,687
Non-controlled affiliates (Note 3f)	62
Other income (Note 1g)	15,174,814
Total investment income	390,262,585
Expenses:	
Management fees (Note 3a)	59,382,443
Distribution fees: (Note 3c)	
Class A	7,686,245
Class C	2,176,565
Class R	241,121
Transfer agent fees: (Note 3e)	
Class Z	3,946,006
Class A	2,848,252
Class C	201,482
Class R	44,998
Class R6	305,425
Custodian fees (Note 4)	143,570
Reports to shareholders	664,113
Registration and filing fees	146,437
Professional fees	301,120
Trustees' fees and expenses	620,659
Dividends on securities sold short	1,456,867
Other	375,136
Total expenses	80,540,439
Expense reductions (Note 4)	(46,526)
Expenses waived/paid by affiliates (Note 3f and 3g)	(796)
Net expenses	80,493,117
Net investment income	309,769,468

FRANKLIN MUTUAL SERIES FUNDS
FINANCIAL STATEMENTS

Statement of Operations (continued)
for the year ended December 31, 2020

**Franklin Mutual
Shares Fund**

Realized and unrealized gains (losses):

Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	(230,933,220)
Non-controlled affiliates (Note 3f and 12)	718,391
Written options	(959,764)
Foreign currency transactions	79,518
Forward exchange contracts	(19,764,704)
Futures contracts	(2,898,805)
Securities sold short	(5,239,621)
Net realized gain (loss)	(258,998,205)
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(794,004,855)
Non-controlled affiliates (Note 3f and 12)	(10,925,013)
Translation of other assets and liabilities denominated in foreign currencies	1,446,047
Forward exchange contracts	(4,877,272)
Futures contracts	375,243
Securities sold short	5,373,100
Net change in unrealized appreciation (depreciation)	(802,612,748)
Net realized and unrealized gain (loss)	(1,061,610,953)
Net increase (decrease) in net assets resulting from operations	\$(751,841,485)

FRANKLIN MUTUAL SERIES FUNDS
FINANCIAL STATEMENTS

Statements of Changes in Net Assets

	Franklin Mutual Shares Fund	
	Year Ended December 31, 2020	Year Ended December 31, 2019
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$309,769,468	\$286,473,860
Net realized gain (loss)	(258,998,205)	589,248,324
Net change in unrealized appreciation (depreciation)	(802,612,748)	1,737,821,368
Net increase (decrease) in net assets resulting from operations	(751,841,485)	2,613,543,552
Distributions to shareholders:		
Class Z	(164,290,286)	(424,957,060)
Class A	(107,633,936)	(310,738,396)
Class C	(5,681,043)	(20,683,973)
Class R6	(5,114,182)	(5,167,516)
Total distributions to shareholders	(334,636,848)	(942,070,316)
Capital share transactions: (Note 2)		
Class Z	(581,646,646)	(407,966,163)
Class A	(679,006,313)	(326,358,495)
Class C	(63,162,723)	(49,007,989)
Class R	(11,810,447)	(18,388,105)
Class R6	(96,361,914)	(1,891,813,271)
Total capital share transactions	(1,431,988,043)	(2,693,534,023)
Net increase (decrease) in net assets	(2,518,466,376)	(1,022,060,787)
Net assets:		
Beginning of year	11,563,836,039	12,585,896,826
End of year	\$9,045,369,663	\$11,563,836,039

Notes to Financial Statements

Franklin Mutual Shares Fund

1. Organization and Significant Accounting Policies

Franklin Mutual Series Funds (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of six separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Franklin Mutual Shares Fund (Fund) is

included in this report. The Fund offers five classes of shares: Class Z, Class A, Class C, Class R and Class R6. Class C shares automatically convert to Class A shares after they have been held for 10 years. Each class of shares

may differ by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees due to differing arrangements for distribution and transfer agent fees.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance

policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Fund

may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities and derivative financial instruments listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple

exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to

similar securities.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In

instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not

exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility,

coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

Investments in open-end mutual funds are valued at the closing NAV.

Certain derivative financial instruments trade in the OTC

market. The Fund's pricing services use various techniques including industry standard option pricing models and proprietary discounted cash flow models to determine the fair value of those instruments. The Fund's net benefit or

obligation under the derivative contract, as measured by the fair value of the contract, is included in net assets.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund 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.

Franklin Mutual Shares Fund (continued)**1. Organization and Significant Accounting Policies**
(continued)**a. Financial Instrument Valuation** (continued)

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At December 31, 2020, certain securities may have been fair valued using these procedures, in which case the securities

were categorized as Level 2 inputs within the fair value hierarchy. See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund 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 Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items

denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will

decline in value relative to the U.S. dollar. Occasionally events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent

value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement 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. Derivative Financial Instruments

The Fund invested in derivative financial instruments in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for

an illiquid secondary market, and/or the potential for market movements which expose the Fund to gains or losses in excess of the amounts shown in the Statement of Assets and Liabilities. Realized gain and loss and unrealized

appreciation and depreciation on these contracts for the period are included in the Statement of Operations.

Derivative counterparty credit risk is managed through a formal evaluation of the creditworthiness of all potential counterparties. The Fund attempts to reduce its exposure to counterparty credit risk on OTC derivatives, whenever possible, by entering into International Swaps and Derivatives Association (ISDA) master agreements with certain counterparties. These agreements contain various provisions, including but not limited to collateral requirements, events of default, or early termination.

FRANKLIN MUTUAL SERIES FUNDS
NOTES TO FINANCIAL STATEMENTS

Franklin Mutual Shares Fund (continued)

1. Organization and Significant Accounting Policies
(continued)

c. Derivative Financial Instruments (continued)

Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. However, absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the

Statement of Assets and Liabilities. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under the ISDA agreement. At December 31, 2020, the Fund had OTC

derivatives in a net liability position of \$13,933,662 and the aggregate value of collateral pledged for such contracts was \$13,733,767.

Collateral requirements differ by type of derivative.

Collateral or initial margin requirements are set by the broker or exchange clearing house for exchange traded and centrally cleared derivatives. Initial margin deposited is held at the exchange and can be in the form of cash and/or securities. For OTC derivatives traded under an ISDA master agreement, posting of collateral is required by either the Fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty

exceeds the minimum transfer amount, which typically ranges from \$100,000 to \$250,000, and can vary depending on the counterparty and the type of the agreement. Generally, collateral is determined at the close of Fund

business each day and any additional collateral required due to changes in derivative values may be delivered by the Fund or the counterparty the next business day, or within a few business days. Collateral pledged and/or received by

the Fund for OTC derivatives, if any, is held in segregated accounts with the Fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Fund's investment objectives. To the extent that the amounts due to the Fund from its counterparties are not subject to collateralization or are not fully collateralized, the Fund bears the risk of loss from counterparty non-performance.

The Fund entered into exchange traded futures contracts primarily to manage exposure to certain foreign currencies. A futures contract is an agreement between the Fund and a

counterparty to buy or sell an asset at a specified price on a future date. Required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statement of Assets and Liabilities.

The Fund entered into OTC forward exchange contracts primarily to manage exposure to certain foreign currencies. A forward exchange contract is an agreement between the

Fund and a counterparty to buy or sell a foreign currency at a specific exchange rate on a future date.

The Fund purchased or wrote exchange traded and/or OTC option contracts primarily to manage exposure to equity price risk. An option is a contract entitling the holder to purchase or sell a specific amount of shares or units of an asset or notional amount of a swap (swaption), at a specified price. When an option is purchased or written, an amount equal to the premium paid or received is recorded as an asset or liability, respectively. Upon exercise of an option, the acquisition cost or sales proceeds of the underlying investment is adjusted by any premium received or paid.

Upon expiration of an option, any premium received or paid is recorded as a realized gain or loss. Upon closing an option other than through expiration or exercise, the difference between the premium received or paid and the cost to close the position is recorded as a realized gain or loss.

See Note 11 regarding other derivative information.

d. Securities Sold Short

The Fund is engaged in selling securities short, which obligates the Fund to replace a borrowed security with the same security at current fair value. The Fund incurs a loss

if the price of the security increases between the date of the short sale and the date on which the Fund replaces the borrowed security. The Fund realizes a gain if the price of the security declines between those dates. Gains are limited to the price at which the Fund sold the security short, while losses are potentially unlimited in size.

The Fund is required to establish a margin account with the broker lending the security sold short. While the short sale is outstanding, the broker retains the proceeds of the short sale to the extent necessary to meet margin requirements until the short position is closed out. A deposit must also be

Franklin Mutual Shares Fund (continued)**1. Organization and Significant Accounting Policies**
(continued)**d. Securities Sold Short** (continued)

maintained with the Fund's custodian/counterparty broker consisting of cash and/or securities having a value equal to a specified percentage of the value of the securities sold short. The Fund is obligated to pay fees for borrowing the securities sold short and is required to pay the counterparty any dividends and/or interest due on securities sold short. Such dividends and/or interest and any security borrowing fees are recorded as an expense to the Fund.

e. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair 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. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund, and/or a joint repurchase agreement.

The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor,

is reported separately in the Statement of Operations.

The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower. At December 31, 2020, the Fund had no securities on loan.

f. Senior Floating Rate Interests

The Fund invests in senior secured corporate loans that pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated

U.S. bank or the London InterBank Offered Rate (LIBOR). Senior secured corporate loans often require prepayment of principal from excess cash flows or at the discretion of the

borrower. As a result, actual maturity may be substantially less than the stated maturity. Senior secured corporate loans in which the Fund invests are generally readily marketable, but may be subject to certain restrictions on resale.

g. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The 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 Fund 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 Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be

payable if the securities were disposed of on the valuation date.

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). These additional filings are subject to various administrative proceedings by the local jurisdictions' tax authorities within the European

Union, as well as a number of related judicial proceedings. Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union

tax reclaims in the Statement of Assets and Liabilities. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts

are reflected in the financial statements. For U.S. income tax purposes, EU reclaims received by the Fund, if any, reduce the amounts of foreign taxes Fund shareholders can use as tax credits in their individual income tax returns.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be

FRANKLIN MUTUAL SERIES FUNDS
NOTES TO FINANCIAL STATEMENTS

Franklin Mutual Shares Fund (continued)

1. Organization and Significant Accounting Policies
(continued)

g. Income and Deferred Taxes (continued)

sustained upon examination by the tax authorities based on its technical merits. As of December 31, 2020, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

h. 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. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income and dividends declared on securities sold short are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust or based on the ratio of number of shareholders of each Fund to the combined number of shareholders of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated evenly 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.

i. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

j. 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 Fund, 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 MUTUAL SERIES FUNDS
NOTES TO FINANCIAL STATEMENTS**Franklin Mutual Shares Fund** (continued)**2. Shares of Beneficial Interest**

At December 31, 2020, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
Class Z Shares:				
Shares sold	6,418,611	\$148,599,302	5,703,921	\$154,451,161
Shares issued in reinvestment of distributions	6,211,305	145,377,724	13,821,998	375,962,807
Shares redeemed	(38,414,016)	(875,623,672)	(35,007,575)	(938,380,131)
Net increase (decrease)	(25,784,100)	\$(581,646,646)	(15,481,656)	\$(407,966,163)
Class A Shares:				
Shares sold ^a	8,640,892	\$191,690,060	9,660,276	\$258,457,935
Shares issued in reinvestment of distributions	4,451,003	102,359,470	10,821,922	290,798,586
Shares redeemed	(42,999,827)	(973,055,843)	(32,673,689)	(875,615,016)
Net increase (decrease)	(29,907,932)	\$(679,006,313)	(12,191,491)	\$(326,358,495)
Class C Shares:				
Shares sold	1,584,225	\$36,733,855	1,854,760	\$49,227,044
Shares issued in reinvestment of distributions	252,555	5,661,915	765,482	20,460,413
Shares redeemed ^a	(4,700,207)	(105,558,493)	(4,437,754)	(118,695,446)
Net increase (decrease)	(2,863,427)	\$(63,162,723)	(1,817,512)	\$(49,007,989)
Class R Shares:				
Shares sold	342,269	\$7,791,511	246,671	\$6,553,429
Shares issued in reinvestment of distributions	71,017	1,617,370	193,343	5,163,831
Shares redeemed	(911,706)	(21,219,328)	(1,118,911)	(30,105,365)
Net increase (decrease)	(498,420)	\$(11,810,447)	(678,897)	\$(18,388,105)
Class R6 Shares:				
Shares sold	2,685,472	\$57,438,893	7,406,299	\$199,310,809
Shares issued in reinvestment of distributions	2,365,014	55,401,352	6,673,123	180,428,324
Shares redeemed	(8,794,233)	(209,202,159)	(83,508,648)	(2,271,552,404)
Net increase (decrease)	(3,743,747)	\$(96,361,914)	(69,429,226)	\$(1,891,813,271)

^aMay include a portion of Class C shares that were automatically converted to Class A.

3. Transactions with Affiliates

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

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

Franklin Mutual Shares Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees

The Fund pays an investment management fee to Franklin Mutual based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.675%	Up to and including \$5 billion
0.645%	Over \$5 billion, up to and including \$10 billion
0.625%	Over \$10 billion, up to and including \$15 billion
0.595%	Over \$15 billion, up to and including \$20 billion
0.585%	Over \$20 billion, up to and including \$25 billion
0.565%	Over \$25 billion, up to and including \$30 billion
0.555%	Over \$30 billion, up to and including \$35 billion
0.545%	In excess of \$35 billion

For the year ended December 31, 2020, the gross effective investment management fee rate was 0.662% of the Fund's average daily net assets.

b. Administrative Fees

Under an agreement with Franklin Mutual, FT Services provides administrative services to the Fund. The fee is paid by Franklin Mutual based on the Fund's average daily net assets, and is not an additional expense of the Fund.

c. Distribution Fees

The Board has adopted distribution plans for each share class, with the exception of Class Z and Class R6 shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's Class A reimbursement distribution plan, the Fund reimburses Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate. Under the Class A reimbursement distribution plan, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Fund's Class C and R compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the 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.

The maximum annual plan rates, based on the average daily net assets, for each class, are as follows:

Class A	0.35%
Class C	1.00%
Class R	0.50%

The Board has set the current rate at 0.25% per year for Class A shares 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 Fund. 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 Fund of the following commission transactions related to the sales and redemptions of the Fund's shares for the year:

Sales charges retained net of commissions paid to unaffiliated brokers/dealers	\$148,955
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FRANKLIN MUTUAL SERIES FUNDS
NOTES TO FINANCIAL STATEMENTS**Franklin Mutual Shares Fund** (continued)**3. Transactions with Affiliates** (continued)**d. Sales Charges/Underwriting Agreements** (continued)

CDSC retained \$9,269

e. Transfer Agent Fees

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing

obligations. The fees are based on an annualized asset based fee of 0.02% plus a transaction based fee. In addition, each class reimburses Investor Services for out of pocket expenses incurred and, except for Class R6, reimburses shareholder servicing fees paid to third parties. These fees 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.

For the year ended December 31, 2020, the Fund paid transfer agent fees of \$7,346,163, of which \$3,777,580 was retained by Investor Services.

f. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended December 31, 2020, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
Franklin Mutual Shares Fund								
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0%	\$—	\$15,926,000	\$(15,926,000)	\$—	\$—	\$— ^a	—	\$62
Total Affiliated Securities	\$—	\$15,926,000	\$(15,926,000)	\$—	\$—	\$—		\$62

^aAs of December 31, 2020, no longer held by the Fund.

g. Waiver and Expense Reimbursements

Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.03% based on the average net assets of the class until April 30, 2021. Prior to May 1, 2020, the Class R6 transfer agent fees were limited to 0.02%.

h. Other Affiliated Transactions

At December 31, 2020, the Franklin Founding Funds Allocation Fund (Allocation Fund) owned 14.7% of the Fund's outstanding shares. On January 21, 2021, the Allocation Fund repositioned to a direct investment fund and subsequently fully redeemed out of the Fund. As a result, on January 29, 2021, the Fund delivered portfolio securities and cash that were transferred in-kind to the Allocation Fund (valued at \$1,065,296,437).

FRANKLIN MUTUAL SERIES FUNDS
NOTES TO FINANCIAL STATEMENTS

Franklin Mutual Shares Fund (continued)

3. Transactions with Affiliates (continued)

i. Interfund Transactions

The Fund engaged in purchases and sales of investments with funds or other accounts that have common investment managers (or affiliated investment managers), directors, trustees or officers. During the year ended December 31, 2020, these purchase and sale transactions aggregated \$0 and \$6,515,609, respectively.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended December 31, 2020, the custodian fees were reduced as noted in the Statement of Operations.

5. Independent Trustees' Retirement Plan

On January 1, 1993, the Trust adopted an Independent Trustees' Retirement Plan (Plan). The Plan is an unfunded defined benefit plan that provides benefit payments to Trustees whose length of service and retirement age meets the eligibility requirements of the Plan. Benefits under the Plan are based on years of service and fees paid to each trustee at the time of retirement. Effective in December 1996, the Plan was closed to new participants.

During the year ended December 31, 2020, the Fund's projected benefit obligation and benefit payments under the Plan were as follows:

*Projected benefit obligation at December 31, 2020	\$1,026,314
*Decrease in projected benefit obligation	\$(725)
Benefit payments made to retired trustees	\$(8,835)

*The projected benefit obligation is included in trustees' fees and expenses in the Statement of Assets and Liabilities.

*The decrease in projected benefit obligation is included in trustees' fees and expenses in the Statement of Operations.

6. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains.

At December 31, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	\$52,919,948
Long term	193,093,674
Total capital loss carryforwards	\$246,013,622

The tax character of distributions paid during the years ended December 31, 2020 and 2019, was as follows:

	2020	2019
Distributions paid from:		
Ordinary income	\$209,885,626	\$304,453,606
Long term capital gain	124,751,222	637,616,710
	\$334,636,848	\$942,070,316

At December 31, 2020, the cost of investments, net unrealized appreciation (depreciation) and undistributed ordinary income for income tax purposes were as follows:

FRANKLIN MUTUAL SERIES FUNDS
NOTES TO FINANCIAL STATEMENTS**Franklin Mutual Shares Fund** (continued)**6. Income Taxes** (continued)

Cost of investments	\$6,663,275,421
Unrealized appreciation	\$2,676,153,377
Unrealized depreciation	(527,933,685)
Net unrealized appreciation (depreciation)	\$2,148,219,692
Distributable earnings:	
Undistributed ordinary income	\$134,687,729

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of defaulted securities, foreign currency transactions, EU reclaims and pass-through entity income.

7. Investment Transactions

Purchases and sales of investments (excluding short term securities and securities sold short) for the year ended December 31, 2020, aggregated \$1,847,823,285 and \$2,844,821,056, respectively.

8. Credit Risk and Defaulted Securities

The Fund may purchase the pre-default or defaulted debt of distressed companies. Distressed companies are financially troubled and could be or are already involved in financial restructuring or bankruptcy. Risks associated with purchasing these securities include the possibility that the bankruptcy or other restructuring process takes longer than expected, or that distributions in restructuring are less than anticipated, either or both of which may result in unfavorable consequences to the Fund. If it becomes probable that the income on debt securities, including those of distressed companies, will not be collected, the Fund discontinues accruing income and recognizes an adjustment for uncollectible interest. For the year ended December 31, 2020, the Fund recorded an adjustment for uncollectible interest of \$8,097,948, as noted in the Statement of Operations.

At December 31, 2020, the aggregate long value of distressed company securities for which interest recognition has been discontinued was \$80,827,637, representing 0.9% of the Fund's net assets. For information as to specific securities, see the accompanying Statement of Investments.

9. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

10. Restricted Securities

The Fund invests in securities that are restricted under the Securities Act of 1933 (1933 Act). 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 Fund may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At December 31, 2020, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

FRANKLIN MUTUAL SERIES FUNDS
NOTES TO FINANCIAL STATEMENTS

Franklin Mutual Shares Fund (continued)

10. Restricted Securities (continued)

Shares	Issuer	Acquisition Date	Cost	Value
Franklin Mutual Shares Fund				
7,234,813	International Automotive Components Group Brazil LLC	4/13/06 - 12/26/08	\$4,804,678	\$153,856
2,123,740	^a Windstream Holdings, Inc.	9/21/20	16,822,436	28,116,194
	Total Restricted Securities (Value is 0.31% of Net Assets).		\$21,627,114	\$28,270,050

^aThe Fund also invests in unrestricted securities of the issuer, valued at \$1,585,463 as of December 31, 2020.

11. Other Derivative Information

At December 31, 2020, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Franklin Mutual Shares Fund				
Foreign exchange contracts . .				
	Variation margin on futures contracts	\$—	Variation margin on futures contracts	\$1,782,597 ^a
	Unrealized appreciation on OTC forward exchange contracts	1,271,717	Unrealized depreciation on OTC forward exchange contracts	15,187,894
Total		\$1,271,717		\$16,970,491

^aThis amount reflects the cumulative appreciation (depreciation) of futures contracts as reported in the Statement of Investments. Only the variation margin receivable/ payable at year end is separately reported within the Statement of Assets and Liabilities. Prior variation margin movements were recorded to cash upon receipt or payment.

For the year ended December 31, 2020, the effect of derivative contracts in the Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Year	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Year
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Franklin Mutual Shares Fund				
Foreign exchange contracts . .				
	Futures contracts	\$(2,898,805)	Futures contracts	\$375,245
	Forward exchange contracts	(19,764,704)	Forward exchange contracts	(4,877,272)
Equity Contracts				
	Written options	(959,764)	Written options	—
Total		\$(23,623,273)		\$(4,502,027)

For the year ended December 31, 2020, the average month end notional amount of futures contracts and options represented \$162,646,931 and 3,231 shares, respectively. The average month end contract value of forward exchange contracts was \$611,504,319.

FRANKLIN MUTUAL SERIES FUNDS
NOTES TO FINANCIAL STATEMENTS**Franklin Mutual Shares Fund** (continued)**11. Other Derivative Information** (continued)

See Note 1(c) regarding derivative financial instruments.

12. 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. During the year ended December 31, 2020, investments in "affiliated companies" were as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
Franklin Mutual Shares Fund								
Non-Controlled Affiliates								
								Dividends
International Alternative Corporate Private Brazil LLC	\$262,624	\$—	\$—	\$—	\$(108,768)	\$153,856	7,234,813	\$—
Tru Kids Parent LLC	27,867,828	—	—	—	(10,816,245)	17,051,583	7,469	—
Wayne Services Legacy, Inc.	—	—	(718,391) ^a	718,391	—	—	7,469	—
Total Affiliated Securities (Value is 0.2% of Net Assets)	\$28,130,452	\$—	\$(718,391)	\$718,391	\$(10,925,013)	\$17,205,439		\$—

^a May include accretion, amortization, partnership adjustments, and/or corporate actions.

13. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2 billion (Global Credit Facility) which matured on February 5, 2021. 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. Effective February 5, 2021, the Borrowers renewed the Global Credit Facility for a one year term, maturing February 4, 2022, for a total of \$2.675 billion.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers,

including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended December 31, 2020, the Fund did not use the Global Credit Facility.

14. Fair Value Measurements

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

Level 1 – quoted prices in active markets for identical financial instruments

FRANKLIN MUTUAL SERIES FUNDS
NOTES TO FINANCIAL STATEMENTS

Franklin Mutual Shares Fund (continued)

14. Fair Value Measurements (continued)

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 Fund's own assumptions in determining the fair value of financial instruments)

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

A summary of inputs used as of December 31, 2020, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Mutual Shares Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	\$107,757,680	\$103,974,340	\$—	\$211,732,020
Auto Components	—	—	153,856	153,856
Automobiles	80,228,038	—	—	80,228,038
Banks	735,226,741	—	—	735,226,741
Beverages	55,253,450	—	—	55,253,450
Biotechnology	189,439,898	—	—	189,439,898
Capital Markets	—	109,826,933	—	109,826,933
Communications Equipment	90,435,722	—	—	90,435,722
Consumer Finance	171,129,614	—	—	171,129,614
Containers & Packaging	131,655,428	—	—	131,655,428
Diversified Financial Services	218,619,688	—	—	218,619,688
Diversified Telecommunication Services	—	—	28,116,194	28,116,194
Electric Utilities	91,238,940	—	—	91,238,940
Electrical Equipment	198,058,214	—	—	198,058,214
Electronic Equipment, Instruments & Components	63,388,368	—	—	63,388,368
Energy Equipment & Services	70,379,920	—	—	70,379,920
Entertainment	214,929,123	—	—	214,929,123
Equity Real Estate Investment Trusts (REITs)	150,753,031	—	—	150,753,031
Food & Staples Retailing	154,181,397	—	—	154,181,397
Health Care Equipment & Supplies	347,425,141	—	—	347,425,141
Health Care Providers & Services	237,216,555	—	—	237,216,555
Household Durables	64,891,104	—	—	64,891,104
Household Products	126,355,680	—	—	126,355,680
Industrial Conglomerates	627,653,333	—	—	627,653,333
Insurance	187,309,018	—	—	187,309,018
IT Services	521,908,495	—	424,925	522,333,420
Media	270,894,555	150,632,989	—	421,527,544
Oil, Gas & Consumable Fuels	741,422,813	182,619,237	—	924,042,050
Pharmaceuticals	88,973,893	—	—	88,973,893
Semiconductors & Semiconductor Equipment	284,437,695	—	—	284,437,695
Software	85,679,110	—	17,051,583 ^a	102,730,693
Specialty Retail	136,337,611	255,046,698	—	391,384,309
Technology Hardware, Storage & Peripherals	120,733,151	—	—	120,733,151
Textiles, Apparel & Luxury Goods	182,028,968	128,836,895	—	310,865,863
Wireless Telecommunication Services	—	—	—	—
Warrants:				
Diversified Telecommunication Services	—	—	1,585,463	1,585,463

FRANKLIN MUTUAL SERIES FUNDS
NOTES TO FINANCIAL STATEMENTS**Franklin Mutual Shares Fund** (continued)**14. Fair Value Measurements** (continued)

	Level 1	Level 2	Level 3	Total
Franklin Mutual Shares Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Warrants:				
Media	\$23,180	\$—	\$—	\$23,180
Software	—	899,408	—	899,408
Corporate Bonds	—	346,848,404	—	346,848,404
Senior Floating Rate Interests	—	35,053,760	—	35,053,760
Companies in Liquidation	—	—	291,266 ^a	291,266
Short Term Investments	146,482,625	5,000,000	—	151,482,625
Total Investments in Securities	\$7,599,669,167	\$1,356,730,455	\$47,623,287	\$9,004,022,909
Other Financial Instruments:				
Forward exchange contracts	\$—	\$1,271,717	\$—	\$1,271,717
Total Other Financial Instruments	\$—	\$1,271,717	\$—	\$1,271,717
Liabilities:				
Other Financial Instruments:				
Securities sold short	\$176,829,022	\$—	\$—	\$176,829,022
Forward exchange contracts	—	15,187,894	—	15,187,894
Futures contracts	1,782,597	—	—	1,782,597
Total Other Financial Instruments	\$178,611,619	\$15,187,894	\$—	\$193,799,513

^a Includes securities determined to have no value at December 31, 2020.

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the year.

15. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in the ASU provides optional temporary financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the LIBOR and other interbank-offered based reference rates as of the end of 2021. The ASU is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

16. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure other than those already disclosed in the financial statements.

FRANKLIN MUTUAL SERIES FUNDS
NOTES TO FINANCIAL STATEMENTS

Franklin Mutual Shares Fund (continued)

Abbreviations

Counterparty

BNY	Bank of New York
BOFA	Bank of America Corp.
HSBK	HSBC Bank plc
SSBT	State Street Bank and Trust Co.
UBSW	UBS AG

Currency

EUR	Euro
GBP	British Pound
USD	United States Dollar

Selected Portfolio

ADR	American Depositary Receipt
FHLB	Federal Home Loan Banks
LIBOR	London Inter-Bank Offered Rate

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Mutual Series Funds and Shareholders of Franklin Mutual Shares Fund:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Franklin Mutual Shares Fund (the "Fund") (one of the funds constituting Franklin Mutual Series Funds), including the schedule of investments, as of December 31, 2020, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes

(collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Franklin Mutual Shares Fund (one of the funds constituting Franklin Mutual Series Funds) at December 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with

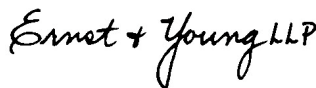
U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund's internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2020, by correspondence with the custodian or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.



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

Boston, Massachusetts

February 23, 2021

FRANKLIN MUTUAL SERIES FUNDS

Tax Information (unaudited)

Franklin Mutual Shares Fund

Under Section 852(b)(3)(C) of the Internal Revenue Code, the Fund hereby reports the maximum amount allowable but no less than \$124,751,222 as a long term capital gain dividend for the fiscal year ended December 31, 2020.

Under Section 871(k)(2)(C) of the Internal Revenue Code, the Fund hereby reports the maximum amount allowable but no less than \$31,531,950 as a short term capital gain dividend for purposes of the tax imposed under Section 871(a)(1)(A) of the Internal Revenue Code for the fiscal year ended December 31, 2020.

Under Section 854(b)(1)(A) of the Internal Revenue Code, the Fund hereby reports 100.00% of the ordinary income dividends as income qualifying for the dividends received deduction for the fiscal year ended December 31, 2020.

Under Section 854(b)(1)(B) of the Internal Revenue Code, the Fund hereby reports the maximum amount allowable but no less than \$327,008,980 as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Internal Revenue Code for the fiscal year ended December 31, 2020. Distributions, including qualified dividend income, paid during calendar year 2020 will be reported to shareholders on Form 1099-DIV by mid-February 2021. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton 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
Edward I. Altman, Ph.D. (1941) c/o Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078-2716	Trustee	Since 1987	11	None
Principal Occupation During at Least the Past 5 Years: Max L. Heine Professor of Finance, Emeritus and Director of The Credit and Debt Markets Research Program, Salomon Center, Stern School of Business, New York University; editor and author of numerous financial publications; financial consultant; an adviser to numerous financial and publishing organizations; and formerly , Vice Director, Salomon Center, Stern School of Business, New York University.				
Ann Torre Bates (1958) c/o Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078-2716	Trustee and Chairperson	Trustee since 1995 and 30 Chairperson since 2020		Ares Capital Corporation (specialty finance company) (2010-present), United Natural Foods, Inc. (distributor of natural, organic and specialty foods) (2013-present), formerly , Allied Capital Corporation (financial services) (2003-2010), SLM Corporation (Sallie Krawcheck (2014-present), servicing and asset recovery) (2014-2016).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Executive Vice President and Chief Financial Officer, NHP Incorporated (manager of multifamily housing) (1995-1997); and Vice President and Treasurer, US Airways, Inc. (until 1995).				
Burton J. Greenwald (1929) c/o Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078-2716	Trustee	Since 2002	11	Franklin Templeton Emerging Markets Debt Opportunities Fund PLC (1999-present) and formerly , Fiduciary International Ireland Limited (1999-2015).
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.E. 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.				

FRANKLIN MUTUAL SERIES FUNDS

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Jan Hopkins Trachtman (1947) c/o Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078-2716	Trustee	Since 2009	11	FinTech Acquisition Corp. III (special purpose fintech acquisition company) (2018-present) and FTAC Olympus Acquisition Corp. (special purpose fintech acquisition company) (August 2020-present).
Principal Occupation During at Least the Past 5 Years: President and Founder, The Jan Hopkins Group (communications consulting firm); serves on Alumni Advisory Board of Knight Bagehot				
Relationships: Formerly, President, CBS News, New York (2001-2015); and former, President, CBS News, New York (2001-2015); and Editor, CBS Network News.				
Keith Mitchell (1954) c/o Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078-2716	Trustee	Since 2009	11	None
Principal Occupation During at Least the Past 5 Years: Director, Advisory boards of asset management firms; and formerly , Managing Member, Mitchell, Hartley & Bechtel Advisers, LLC (formerly , Mitchell Advisers, LLC) (asset manager) (2009-2017) and Managing Director, PwC (1998-2009).				
David W. Niemiec (1949) c/o Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078-2716	Trustee	Since 2015	30	Hess Midstream LP (oil and gas midstream infrastructure) (2017-present).
Principal Occupation During at Least the Past 5 Years: Advisor, Saratoga Partners (private equity fund); and formerly , Managing Director, Saratoga Partners (1998-2001) and SBC Warburg Dillon Read (investment banking) (1997-1998); Vice Chairman, Dillon, Read & Co. Inc. (investment banking) (1991-1997); and Chief Financial Officer, Dillon, Read & Co. Inc. (1982-1997).				
Robert E. Wade (1946) c/o Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078-2716	Trustee	Since 1991	30	El Oro Ltd (investments) (2003-2019).
Principal Occupation During at Least the Past 5 Years: Attorney at law engaged in private practice as a sole practitioner (1972-2008) and member of various boards.				
Gregory H. Williams (1943) c/o Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078-2716	Trustee	Since 2015	11	None
Principal Occupation During at Least the Past 5 Years: Private investor; Consultant; and formerly , President, University of Cincinnati (2009-2012); President, The City College of New York (2001-2009); Dean, College of Law, Ohio State University (1993-2001); and Associate Vice President, Academic Affairs and Professor of Law, University of Iowa (1977-1993).				

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
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	136	None

Principal Occupation During at Least the Past 5 Years:

Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 39 of the investment companies in Franklin Templeton; Vice Chairman, Investment Company Institute; and **formerly**, Chief Executive Officer (2013-2020) and President (1994-2015), Franklin Resources, Inc.

**Peter A. Langerman (1955) c/o Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078-2716	Trustee, President, and Chief Executive Officer – Management	Trustee since 2007, President, and Chief Executive Officer – Management since 2005	6	None
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Principal Occupation During at Least the Past 5 Years:

Executive Vice President, Franklin Mutual Advisers, LLC; and officer and/or director, as the case may be, of three of the investment companies in Franklin Templeton.

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; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.

Brodie M. Beckerle (1958) One Franklin Parkway New York, NY 10017	Chief Compliance Officer	Since October 2020	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Advisory Services, LLC, Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of 41 of the investment companies in Franklin Templeton.

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

Senior Associate General Counsel, Franklin Templeton; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 41 of the investment companies in Franklin Templeton.

Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	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 41 of the investment companies in Franklin Templeton; and **formerly**, Vice President, Global Text (2002-April 2007) and Treasurer, Assistant Treasurer, Franklin Templeton (2009-2017).

FRANKLIN MUTUAL SERIES FUNDS

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Robert G. Kubilis (1973) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2012	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:

Treasurer, U.S. Fund Administration & Reporting and officer of 39 of the investment companies in Franklin Templeton.

Robert Lim (1948) One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 41 of the investment companies in Franklin Templeton.

Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Associate General Counsel and officer of 41 of the investment companies in Franklin Templeton.

Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
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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 41 of the investment companies in Franklin Templeton.

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; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 41 of the investment companies in Franklin Templeton.

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

**Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Peter A. Langerman is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer of Franklin Mutual Advisers, LLC which is the Fund's investment manager.

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 2: Effective October 17, 2020, Charles Rubens, II ceased to be a trustee of the Trust.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the U.S. Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated each of Ann Torre Bates and David W. Niemiec as an audit committee financial expert. The Board believes that Ms. Bates and Mr. Niemiec qualify as such an expert in view of their extensive business background and experience. Ms. Bates has served as a member of the Fund Audit Committee since 1995. She currently serves as a director of Ares Capital Corporation (2010-present) and United Natural Foods, Inc. (2013-present) and was formerly a director of Navient Corporation from 2014 to 2016, SLM Corporation from 1997 to 2014 and Allied Capital Corporation from 2003 to 2010, Executive Vice President and Chief Financial Officer of NHP Incorporated from 1995 to 1997 and Vice President and Treasurer of US Airways, Inc. until 1995. Mr. Niemiec has served as a member of the Fund Audit Committee since 2015, currently serves as an Advisor to Saratoga Partners and was formerly its Managing Director from 1998 to 2001 and serves as a director of Hess Midstream Partners LP (2017-present). Mr. Niemiec was formerly a director of Emeritus Corporation from 1999 to 2010 and OSI Pharmaceuticals, Inc. from 2006 to 2010, Managing Director of SBC Warburg Dillon Read from 1997 to 1998, and was Vice Chairman from 1991 to 1997 and Chief Financial Officer from 1982 to 1997 of Dillon, Read & Co. Inc. As a result of such background and experience, the Board believes that Ms. Bates and Mr. Niemiec have each acquired an understanding of generally accepted accounting principles and financial

Interested Board Members and Officers (continued)

statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Bates and Mr. Niemiec are independent Board members as that term is defined under the applicable U.S. Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.

FRANKLIN MUTUAL SERIES FUNDS

Shareholder Information

Proxy Voting Policies and Procedures

The Fund's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Fund

uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Fund'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) 527-7878 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 Fund'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, on behalf of the Fund, files a complete statement of investments with the U.S. Securities and Exchange

Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT.

Shareholders may view the filed Form N-PORT by visiting the Commission's website at sec.gov. The filed form may

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

Householding of Reports and Prospectuses

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

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

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

Annual Report and Shareholder Letter
Franklin Mutual Shares Fund

Investment Manager
Franklin Mutual Advisers,
LLC

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

Shareholder Services
(800) 632-2301 - (Class
A, C, R & R6)
(800) 448-FUND -
(Class Z)