

Franklin MicroCap Value Fund



Value | Fact Sheet as of September 30, 2022

Investment Overview

The fund seeks high total return by investing at least 80% of its net assets in microcap companies.

Average Annual Total Returns (%)

	Without Sales Charges					With Sales Charges					Inception Date
	1-Yr	3-Yr	5-Yr	10-Yr	Inception	1-Yr	3-Yr	5-Yr	10-Yr	Inception	
Advisor Class	-9.43	7.87	3.56	7.24	10.00	-9.43	7.87	3.56	7.24	10.00	12/12/1995
Class A	-9.66	7.62	3.31	6.98	9.83	-14.63	5.60	2.14	6.38	9.60	12/12/1995
Class R6	-9.28	8.01	3.67	7.38	10.14	-9.28	8.01	3.67	7.38	10.14	12/12/1995
Benchmark	-17.69	4.72	2.87	7.95	—	-17.69	4.72	2.87	7.95	—	—

Cumulative Total Returns (% Without Sales Charge)

	3-Mo	YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Advisor Class	-1.53	-11.41	26.91	3.81	18.40	-17.52	8.48	29.22	-7.10	-3.55	35.99	20.83
Class A	-1.59	-11.57	26.63	3.54	18.16	-17.73	8.22	28.86	-7.33	-3.77	35.67	20.54
Class R6	-1.48	-11.32	27.07	3.95	18.52	-17.45	8.60	29.37	-6.94	-3.38	36.15	20.93
Benchmark	-4.61	-21.12	28.27	4.63	22.39	-12.86	7.84	31.74	-7.47	4.22	34.52	18.05

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit www.franklintempleton.com.

The fund began offering Advisor Class shares on 11/1/2005, and the fund began offering R6 Class shares on 5/1/2013. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 11/1/2005, a restated figure is used based on the fund's Class A performance; for R6 Class periods prior to 5/1/2013, a restated figure is used based on the fund's Class Advisor performance. The performance was adjusted to take into account differences in class-specific operating expenses and maximum sales charges. (b) For periods after share class offering, performance for the specific share class is used, reflecting the expenses and maximum sales charges applicable to that class.

Share Class Details

	CUSIP	Ticker	Sales Charges (%)		Expenses (%)	
			Max	CDSC	Gross	Net
Advisor Class	355 148 750	FVRMX	0.00	—	0.98	0.98
Class A	355 148 206	FRMCX	5.50	—	1.23	1.23
Class R6	355 148 677	FMCVX	0.00	—	0.91	0.88

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual fees may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to without Board consent.

Morningstar Rating™

Overall Rating as of September 30, 2022

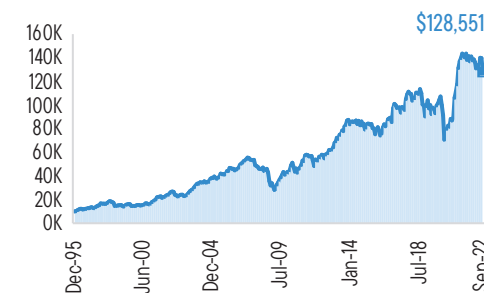
★★★★ Advisor Class

★★★★ Class A

As of 09/30/2022 the fund's Advisor Class shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 443, 417 and 316 Small Value funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Growth of \$10,000

Advisor Class Shares—Inception through September 30, 2022
Excluding Effects of Sales Charges



Fund Overview

Dividend Frequency, if any	Annually
Morningstar Category	Small Value
Lipper Classification	Small-Cap Value Funds
Turnover (fiscal yr)	32%

Benchmark(s)

Russell 2000 Value Index

Fund Characteristics

	Fund
Total Net Assets	\$190.52 Million
Number of Issuers	78
Average Market Cap (Millions)	\$429
Price to Book	1.06x
Price to Earnings (12-Month Trailing)	10.66x

Risk Statistics (3-Year—Advisor Class)

	Fund	Benchmark
Beta	0.87	—
R-Squared	0.93	—
Sharpe Ratio	0.31	0.16
Standard Deviation (%)	23.43	26.11
Alpha (%)	3.32	—
Information Ratio	0.44	—
Tracking Error	7.13	—

Top Equity Issuers (% of Total)

	Fund
FIRST BUSINESS FINANCIAL SERVICES INC	2.21
DIGI INTERNATIONAL INC	2.06
SOUTHERN MISSOURI BANCORP INC	2.06
PEAPACK-GLADSTONE FINANCIAL CORP	2.03
NORTHEAST BANK	1.96
INVESTAR HOLDING CORP	1.93
UTAH MEDICAL PRODUCTS INC	1.87
CTO REALTY GROWTH INC	1.80
RESOURCES CONNECTION INC	1.78
INDUS REALTY TRUST INC	1.77

Sector Allocation (% of Total)

	Fund	Benchmark
Financials	27.50	29.10
Industrials	17.69	12.23
Health Care	11.51	12.11
Information Technology	8.63	5.81
Consumer Discretionary	7.59	9.64
Real Estate	5.21	10.77
Energy	4.67	5.80
Utilities	1.97	5.14
Other	7.50	9.40
Cash & Cash Equivalents	7.73	0.00

Portfolio Management

	Years with Firm	Years of Experience
Oliver H. Wong, CFA	10	17

What should I know before investing?

All investments involve risks, including possible loss of principal. The fund's ability to invest in smaller-company securities that may have limited liquidity involves additional risks, such as relatively small revenues, limited product lines and small market share. Historically, these stocks have exhibited greater price volatility than larger-company stocks, especially over the short term. In addition, the fund may invest up to 25% of its total assets in foreign securities, which involve special risks, including currency fluctuations and economic and political uncertainty. Value securities may not increase in price as anticipated or may decline further in value. The manager's portfolio selection strategy is not solely based on ESG considerations, and therefore the issuers in which the fund invests may not be considered ESG-focused companies. Integrating ESG considerations into the investment process is not a guarantee that better performance will be achieved. These and other risks are detailed in the fund's prospectus.

Glossary

Beta A measure of the fund's volatility relative to the market, as represented by the stated Index. A beta greater than 1.00 indicates volatility greater than the market. **R-squared** measures the strength of the linear relationship between the fund and its benchmark. R-squared at 1 implies perfect linear relationship and zero implies no relationship exists. **Sharpe Ratio** refers to a risk-adjusted measure calculated using standard deviation and excess returns to determine reward per unit of risk. The higher the ratio, the greater the risk-adjusted performance. **Standard Deviation** measure of the degree to which a fund's return varies from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that a fund's performance will fluctuate from the average return. **Alpha** is the annualized percentage difference between a portfolio's actual returns and its expected performance given its level of market risk, as measured by beta. **Information Ratio** In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark. **Tracking Error** measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error. **Turnover** is a measure of the fund's trading activity which represents the portion of the fund's holdings that has changed over a twelve-month period through the fiscal year end. There is no assurance that the fund will maintain its current level of turnover. **Price to Book** The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the value represents a weighted average of the stocks it holds. **Price to Earnings (12-Month Trailing)** is the share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the value represents a weighted average of the stocks it holds.

Important Information

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The **Russell 2000 Value Index** measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values. Source: FTSE Russell. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. Important data provider notices and terms available at www.franklintempletondatasources.com.

Morningstar Rating™. Source: Morningstar®, 09/30/2022. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Advisor Class shares received a Morningstar Rating of 5, 4 and 3 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Advisor Class share only. Other shareclasses may have different Morningstar ratings.

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Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.