



August 21, 2017

Reminder: Franklin MidCap Value Fund Proposed Reorganization

At Franklin Templeton we continually evaluate our solutions to ensure they remain competitive for your clients and our investors. Given that the funds' share similar investment goals and strategies, as well as other considerations, we are proposing to reorganize **Franklin MidCap Value Fund** (the "Fund") into **Franklin Small Cap Value Fund**, effective at the close of market on or about **December 1, 2017** (reorganization effective date), subject to shareholder approval. Please see the enclosed prospectus supplement for more information.

Fund Name	Share Class	Fund #	CUSIP	NASDAQ
Franklin MidCap Value Fund	Advisor	622	355 148 776	FMVZX
	A	422	355 148 818	FMVAX
	C	522	355 148 792	FMVCX
	R	822	355 148 784	FMVRX

Fund Name	Share Class	Fund #	CUSIP	NASDAQ
Franklin Small Cap Value Fund	Advisor	682	355 148 503	FVADX
	A	482	355 148 305	FRVLX
	C	582	355 148 404	FRVFX
	R	882	355 148 826	FVFRX
	R6	382	355 148 669	FRCSX

In preparation for the proposed reorganization, the Fund closed to **new** investors at the close of market on July 7, 2017. Existing shareholders may continue to make investments in the Fund as well as:

- Clients of discretionary investment allocation programs where such programs had investments in the Fund prior to the Fund closing to new investors.
- Employer sponsored retirement plans or benefit plans and their participants where the Fund was available to participants prior to the Fund closing to new investors.

If the reorganization is approved by shareholders at a meeting expected to be held on or about October 27, 2017, Franklin MidCap Value Fund is expected to close to all investments on or about November 24, 2017, shortly before the completion of the reorganization on or about December 1, 2017. Shares of Franklin MidCap Value Fund share classes A, C, R and Advisor will be exchanged for shares of Franklin Small Cap Value Fund shares classes A, C, R and Advisor respectively.

Franklin Templeton Investor Services, LLC.
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If you have questions, please contact your Dedicated Service Team at 1-800/266-6768.

Operational Details

- Shareholders will receive shares of Franklin Small Cap Value Fund, which will have the same aggregate net asset value as their investment in Franklin MidCap Value Fund. The exchange of shares will be based on each fund's net asset value per share on December 1, 2017, and processed on or about December 4, 2017.
- Shareholders' account options will be carried over from the Franklin MidCap Value Fund account to their new Franklin Small Cap Value Fund.
- Shareholders who have an existing account in the Franklin Small Cap Value Fund that matches the registration on their Franklin MidCap Value Fund account will have their shares exchanged into their existing account.

Tax implications

While the proposed Fund reorganization is intended to qualify as a tax-free reorganization for federal income tax purposes, please note that redemptions made before the reorganization effective date may be taxable. Shareholders should consult their tax advisor about the effect, if any, of the transaction in light of their individual circumstances.

How will financial advisors and shareholders be notified?

- A message has been posted to the Fund's main page on franklintempleton.com.
- Financial advisors were sent an email along with the prospectus supplement with details regarding the proposed Fund reorganization on about June 20, 2017. For financial advisors without an email address on file, a letter was mailed to them on about the same date.
- For shareholders who receive quarterly asset summary statements from Franklin Templeton, a prospectus supplement detailing the proposed Fund reorganization was included with statement which mailed in early July 2017. Shareholders of record will be mailed or emailed (if registered for e-delivery) a combined prospectus/proxy statement on or about August 22, 2017. Customer service representatives will begin to call shareholders who have not responded to the proxy/statement beginning the week of September 11, 2017, to remind them to respond.

Franklin MidCap Value Fund

All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Historically, mid-size company securities have been more volatile in price than larger company securities, especially over the short term. Mid-size companies may be more susceptible to particular economic events or competitive factors than are larger, more broadly diversified companies. In addition, the fund may invest up to 25% of its total assets in foreign securities, which involve special risks, including currency fluctuations and economic and political uncertainty. These and other risks are discussed in the Fund's prospectus.

Franklin Small Cap Value Fund

All investments involve risks, including possible loss of principal. The fund's investments in smaller-company stocks carry special risks as such stocks have historically exhibited greater price volatility than larger-company stocks, particularly over the short term. Additionally, smaller companies often have relatively small revenues, limited product lines and a small market share. In addition, the fund may invest up to 25% of its total assets in foreign securities, which involve special risks, including currency fluctuations and economic and political uncertainty. These and other risks are detailed in the fund's prospectus.

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