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responsibility is to express an opinion on management's assertion about the Funds' compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Funds' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Included among our procedures were the following tests performed as of October 31, 2002, and with respect to agreement of security purchases and sales, for the periods indicated:

- o Inspection of the records of Franklin/Templeton Investors Services, Inc. as they pertain to the security positions owned by the Funds and held in book entry form.
- o Reconciliation of such security positions to the books and records of the Funds.
- o Agreement of a sample of security purchases and sales since our last report to the books and records of the Funds.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the Funds' compliance with specified requirements.

In our opinion, management's assertion that the Funds were in compliance with the requirements of subsections (b) and (c) of Rule 17f-2 of the Investment Company Act of 1940 as of October 31, 2002 with respect to securities reflected in the investment accounts of the Funds are fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Board of Directors and the Securities and Exchange Commission and is not intended to be and should not be used by anyone other than these specified parties.

/S/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
San Francisco, California
January 23, 2003

Management Statement Regarding Compliance With Certain Provisions of the Investment Company Act of 1940

We, as members of management of Franklin Templeton Funds indicated in Attachment I (the "Funds"), are responsible for complying with the requirements of subsections (b) and (c) of Rule 17f-2, "Custody of Investments by Registered Management Investment Companies," of the Investment Company Act of 1940. We are also responsible for establishing and maintaining effective internal controls over compliance with those requirements. We have performed an evaluation of the Funds' compliance with the requirements of subsections (b) and (c) of Rule 17f-2 as of October 31, 2002 and for the periods indicated.

Based on this evaluation, we assert that the Funds were in compliance with the

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requirements of subsection (b) and (c) of Rule 17f-2 of the Investment Company Act of 1940 as of October 31, 2002 and for the periods indicated with respect to securities reflected in the investment accounts of the Funds.

By:

/S/ KIMBERLY H. MONASTERIO

 Kimberley H. Monasterio
 Principal Accounting Officer

Attachment I

Fund	Period Covered

Franklin Templeton Variable Insurance Products Trust	
FTVIPT - Strategic Income Investments Fund	August 1, 2002 - October 31, 2002
FTVIPT - S&P 500 Index Fund	August 1, 2002 - October 31, 2002
FTVIPT - Value Securities Fund	August 1, 2002 - October 31, 2002
FTVIPT - Rising Dividends Fund	August 1, 2002 - October 31, 2002
FTVIPT - Small Cap Fund	August 1, 2002 - October 31, 2002
FTVIPT - Aggressive Growth Fund	August 1, 2002 - October 31, 2002
FTVIPT - Technology Fund	August 1, 2002 - October 31, 2002
FTVIPT - Templeton Global Asset Allocation Fund	August 1, 2002 - October 31, 2002
FTVIPT - Templeton Foreign Securities Fund	August 1, 2002 - October 31, 2002
FTVIPT - Mutual Discovery Fund	August 1, 2002 - October 31, 2002
FTVIPT - Mutual Shares Securities Fund	August 1, 2002 - October 31, 2002
Franklin Value Investors Trust	
Franklin MicroCap Value Fund	February 1, 2002 - October 31, 2002
Franklin Value Fund	February 1, 2002 - October 31, 2002
Franklin Large Cap Growth Fund	February 1, 2002 - October 31, 2002
Franklin Balance Sheet Investment Fund	October 1, 2002 - October 31, 2002
Franklin Investors Securities Trust	
Franklin Convertible Securities Fund	October 1, 2002 - October 31, 2002
Franklin Equity Income Fund	October 1, 2002 - October 31, 2002
Franklin AGE High Income Fund	
Franklin Universal Trust	October 1, 2002 - October 31, 2002
Franklin Strategic Mortgage Portfolio	October 1, 2002 - October 31, 2002