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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 |