



4. Address of principal executive office: (number, street, city, state, zip code)

One Franklin Parkway, San Mateo, CA 94403

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**Report of Independent Registered Public  
Accounting Firm**

To the Board of Trustees of

Franklin Templeton Limited Duration Income Trust  
Templeton Global Investment Trust  
Franklin Real Estate Securities Trust  
Franklin Strategic Series  
Franklin High Income Trust  
Franklin Money Fund  
Franklin Templeton Money Fund Trust  
Institutional Fiduciary Trust  
Franklin Global Trust  
Franklin Gold and Precious Metals Fund  
Franklin Universal Trust  
Templeton China World Fund  
Templeton Emerging Markets Fund  
Templeton Emerging Markets Income Fund  
Templeton Global Income Fund  
Templeton Income Trust  
Franklin Custodian Funds  
Franklin Strategic Mortgage Portfolio  
Franklin Investors Securities Trust  
Franklin Templeton Global Trust  
Franklin Templeton International Trust  
Franklin Value Investors Trust  
Templeton Developing Markets Trust  
Franklin Templeton Fund Allocator Series  
Franklin Templeton Variable Insurance Products Trust  
Templeton Institutional Funds

and the Board of Directors of

Templeton Russia and East European Fund, Inc.  
Templeton Dragon Fund, Inc.

PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, NY 10017

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We have examined management's assertion, included in the accompanying Management Statement Regarding Compliance with Certain Provisions of the Investment Company Act of 1940, that the funds (see Attachment I), (hereafter referred to as the "Funds") complied with the requirements of subsections (b) and (c) of Rule 17f-2 under the Investment Company Act of 1940 ("the Act") as of December 31, 2011. Management is responsible for the Funds' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Funds' compliance based on our examination.

Our examination was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) 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 December 31, 2011 and with respect to agreement of security purchases and sales, for the periods indicated in Attachment I:

- Without prior notice to management, confirmation of all securities held by Franklin Templeton Investors Services, Inc., transfer agent, as they pertain to the security positions owned by the Funds and held in book entry form.
- Reconciliation of such security positions to the books and records of the Funds.
- Agreement of 100 security purchases and 100 security sales, since our last report, from the books and records of the Funds to the records of the transfer agent.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on 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 December 31, 2011 with respect to securities reflected in the investment accounts of the Funds is fairly stated, in all material respects.

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This report is intended solely for the information and use of, management, the Board of Trustees and 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

March 15, 2012

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

We, as members of management of the 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 subsection (b) of Rule 17f-2, as interpreted in Franklin Investors Securities Trust SEC No-Action Letter (publicly available September 24, 1992), and subsection (c) of Rule 17f-2 of the Investment Company Act of 1940, as of December 31, 2011, and for the periods indicated in Attachment I.

Based on this evaluation, we assert that the Funds were in compliance with the requirements of subsection (b) of Rule 17f-2, as interpreted in Franklin Investors Securities Trust SEC No-Action Letter (publicly available September 24, 1992), and subsection (c) of Rule 17f-2 of the Investment Company Act of 1940, as of December 31, 2011, and for the periods indicated in Attachment I, with respect to securities reflected in the investment accounts of the Funds.

By:

/s/GASTON GARDEY

**Gaston Gardey**

*Chief Financial Officer and Chief Accounting Officer*



*Franklin Funds Board*

Date March 15, 2012

/s/MARK H. OTANI

**Mark H. Otani**

*Chief Financial Officer and Chief Accounting Officer*

*Templeton Funds Board*

Date March 15, 2012

/s/MATTHEW T. HINKLE

**Matthew T. Hinkle**

*Chief Financial Officer and Chief Accounting Officer*

*Franklin New Jersey Funds Board*

Date March 15, 2012

/s/LAURA F. FERGERSON

**Laura F. Ferguson**

*Chief Executive Officer - Finance and Administration*

Date March 15, 2012

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<i>Fund</i>	<i>Period</i>
<b>Franklin Templeton Limited Duration Income Trust</b>	September 1, 2011 - December 31, 2011
<b>Templeton Global Investment Trust:</b>	
Templeton BRIC Fund	September 1, 2011 - December 31, 2011
Templeton Emerging Markets Balanced Fund	October 3, 2011 - December 31, 2011
Templeton Emerging Markets Small Cap Fund	September 1, 2011 - December 31, 2011
Templeton Frontier Markets Fund	September 1, 2011 - December 31, 2011
Templeton Global Balanced Fund	September 1, 2011 - December 31, 2011
<b>Templeton Russia and East European Fund, Inc.</b>	September 1, 2011 - December 31, 2011
<b>Franklin Real Estate Securities Trust:</b>	
Franklin Real Estate Securities Fund	September 1, 2011 - December 31, 2011
<b>Franklin Strategic Series:</b>	
Franklin Biotechnology Discovery Fund	September 1, 2011 - December 31, 2011
Franklin Flex Cap Growth Fund	September 1, 2011 - December 31, 2011
Franklin Focused Core Equity Fund	September 1, 2011 - December 31, 2011
Franklin Growth Opportunities Fund	September 1, 2011 - December 31, 2011
Franklin Natural Resources Fund	September 1, 2011 - December 31, 2011
Franklin Small Cap Growth Fund	September 1, 2011 - December 31, 2011
Franklin Small-Mid Cap Growth Fund	September 1, 2011 - December 31, 2011
Franklin Strategic Income Fund	September 1, 2011 - December 31, 2011
<b>Franklin High Income Trust:</b>	
Franklin High Income Fund	September 1, 2011 - December 31, 2011
<b>Franklin Money Fund</b>	September 1, 2011 - December 31, 2011
<b>Franklin Templeton Money Fund Trust:</b>	
Franklin Templeton Money Fund	September 1, 2011 - December 31, 2011
<b>Institutional Fiduciary Trust:</b>	
Money Market Portfolio	September 1, 2011 - December 31, 2011
<b>Franklin Global Trust:</b>	September 1, 2011 - December 31, 2011

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Franklin International Growth Fund	
Franklin Large Cap Equity Fund	September 1, 2011 - December 31, 2011
Franklin Templeton Emerging Market Debt Opportunities Fund	September 1, 2011 - December 31, 2011
<b>Franklin Gold and Precious Metals Fund</b>	September 1, 2011 - December 31, 2011
<b>Franklin Universal Trust</b>	September 1, 2011 - December 31, 2011
<b>Templeton China World Fund</b>	September 1, 2011 - December 31, 2011
<b>Templeton Emerging Markets Fund</b>	September 1, 2011 - December 31, 2011
<b>Templeton Emerging Markets Income Fund</b>	September 1, 2011 - December 31, 2011
<b>Templeton Global Income Fund</b>	September 1, 2011 - December 31, 2011
<b>Templeton Income Trust:</b>	
Templeton Global Bond Fund	September 1, 2011 - December 31, 2011
Templeton Global Total Return Fund	September 1, 2011 - December 31, 2011
Templeton International Bond Fund	September 1, 2011 - December 31, 2011
<b>Franklin Custodian Funds:</b>	
Franklin DynaTech Fund	September 1, 2011 - December 31, 2011
Franklin Growth Fund	September 1, 2011 - December 31, 2011
Franklin Income Fund	September 1, 2011 - December 31, 2011
Franklin U.S. Government Securities Fund	September 1, 2011 - December 31, 2011
Franklin Utilities Fund	September 1, 2011 - December 31, 2011
<b>Franklin Strategic Mortgage Portfolio</b>	September 1, 2011 - December 31, 2011
<b>Franklin Investors Securities Trust:</b>	
Franklin Adjustable U.S. Government Securities Fund	September 1, 2011 - December 31, 2011
Franklin Balanced Fund	September 1, 2011 - December 31, 2011
Franklin Convertible Securities Fund	September 1, 2011 - December 31, 2011
Franklin Equity Income Fund	September 1, 2011 - December 31, 2011
Franklin Floating Rate Daily Access Fund	September 1, 2011 - December 31, 2011
Franklin Limited Maturity U.S. Government Securities Fund	September 1, 2011 - December 31, 2011
Franklin Low Duration Total Return Fund	September 1, 2011 - December 31, 2011
Franklin Total Return Fund	September 1, 2011 - December 31, 2011

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**Franklin Templeton Global Trust:**

Franklin Templeton Hard  
Currency September 1, 2011 - December 31, 2011

**Franklin Templeton International Trust:**

Franklin India Growth Fund September 1, 2011 - December 31, 2011  
Franklin Templeton Global  
Allocation Fund September 1, 2011 - December 31, 2011

**Franklin Value Investors Trust:**

Franklin All Cap Value Fund September 1, 2011 - December 31, 2011  
Franklin Balance Sheet  
Investment Fund September 1, 2011 - December 31, 2011  
Franklin Large Cap Value Fund September 1, 2011 - December 31, 2011  
Franklin MicroCap Value Fund September 1, 2011 - December 31, 2011  
Franklin MidCap Value Fund September 1, 2011 - December 31, 2011  
Franklin Small Cap Value Fund September 1, 2011 - December 31, 2011

**Templeton Developing Markets Trust**

September 1, 2011 - December 31, 2011

**Franklin Templeton Fund Allocator Series:**

Franklin Templeton 2015  
Retirement Target Fund September 1, 2011 - December 31, 2011  
Franklin Templeton 2025  
Retirement Target Fund September 1, 2011 - December 31, 2011  
Franklin Templeton 2035  
Retirement Target Fund September 1, 2011 - December 31, 2011  
Franklin Templeton 2045  
Retirement Target Fund September 1, 2011 - December 31, 2011  
Franklin Templeton Conservative  
Allocation Fund September 1, 2011 - December 31, 2011  
Franklin Templeton Corefolio  
Allocation Fund September 1, 2011 - December 31, 2011  
Franklin Templeton Founding  
Funds Allocation Fund September 1, 2011 - December 31, 2011  
Franklin Templeton Growth  
Allocation Fund September 1, 2011 - December 31, 2011  
Franklin Templeton Moderate  
Allocation Fund September 1, 2011 - December 31, 2011  
Franklin Templeton Multi-Asset  
Real Return Fund December 19, 2011 - December 31, 2011

**Franklin Templeton Variable Insurance Products Trust:**

Franklin Flex Cap Growth  
Securities Fund September 1, 2011 - December 31, 2011  
Franklin Large Cap Value  
Securities Fund September 1, 2011 - December 31, 2011  
September 1, 2011 - December 31, 2011

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Franklin Rising Dividends Securities Fund	
Franklin Small Cap Value Securities Fund	September 1, 2011 - December 31, 2011
Franklin Small-Mid Cap Growth Securities Fund	September 1, 2011 - December 31, 2011
Franklin Strategic Income Securities Fund	September 1, 2011 - December 31, 2011
Franklin Templeton VIP Founding Funds Allocation Fund	September 1, 2011 - December 31, 2011
Templeton Developing Markets Securities Fund	September 1, 2011 - December 31, 2011
Templeton Foreign Securities Fund	September 1, 2011 - December 31, 2011

***Templeton Dragon Fund, Inc.*** September 1, 2011 - December 31, 2011

***Templeton Institutional Funds:***

Foreign Equity Series	September 1, 2011 - December 31, 2011
Emerging Markets Series	September 1, 2011 - December 31, 2011

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