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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.

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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, 2012. 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, 2012 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, 2012 with respect to securities reflected in the investment accounts of the Funds is fairly stated, in all material respects.

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.

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/s/PRICEWATERHOUSECOOPERS, LLP

PricewaterhouseCoopers, LLP

March 8, 2013

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**Attachment I**

**Fund**

**Period**

**Franklin Templeton Limited Duration Income Trust**

August 1, 2012-December 31, 2012

**Templeton Global Investment Trust:**

Templeton BRIC Fund

August 1, 2012-December 31, 2012

Templeton Emerging Markets Balanced Fund

August 1, 2012-December 31, 2012

Templeton Emerging Markets Small Cap Fund

August 1, 2012-December 31, 2012

Templeton Frontier Markets Fund

August 1, 2012-December 31, 2012

Templeton Global Balanced Fund

August 1, 2012-December 31, 2012

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

August 1, 2012-December 31, 2012

**Franklin Real Estate Securities Trust:**

Franklin Real Estate Securities Fund

August 1, 2012-December 31, 2012

**Franklin Strategic Series:**

Franklin Biotechnology Discovery Fund

August 1, 2012-December 31, 2012

Franklin Flex Cap Growth Fund

August 1, 2012-December 31, 2012

Franklin Focused Core Equity Fund

August 1, 2012-December 31, 2012

Franklin Growth Opportunities Fund

August 1, 2012-December 31, 2012

Franklin Natural Resources Fund

August 1, 2012-December 31, 2012

Franklin Small Cap Growth Fund

August 1, 2012-December 31, 2012

Franklin Small-Mid Cap Growth Fund

August 1, 2012-December 31, 2012

Franklin Strategic Income Fund

August 1, 2012-December 31, 2012

**Franklin High Income Trust:**

Franklin High Income Fund

August 1, 2012-December 31, 2012

**Franklin Money Fund**

August 1, 2012-December 31, 2012

**Franklin Templeton Money Fund Trust:**

Franklin Templeton Money Fund

August 1, 2012-December 31, 2012

**Institutional Fiduciary Trust:**

Money Market Portfolio

August 1, 2012-December 31, 2012

**Franklin Global Trust:**

Franklin International Growth Fund

August 1, 2012-December 31, 2012

Franklin Large Cap Equity Fund

August 1, 2012-December 31, 2012

Franklin Templeton Emerging Market Debt

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Opportunities Fund	August 1, 2012-December 31, 2012
<b><i>Franklin Gold and Precious Metals Fund</i></b>	August 1, 2012-December 31, 2012
<b><i>Franklin Universal Trust</i></b>	August 1, 2012-December 31, 2012
<b><i>Templeton China World Fund</i></b>	August 1, 2012-December 31, 2012

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**Attachment I**

<b>Templeton Emerging Markets Fund</b>	August 1, 2012–December 31, 2012
<b>Templeton Emerging Markets Income Fund</b>	August 1, 2012–December 31, 2012
<b>Templeton Global Income Fund</b>	August 1, 2012–December 31, 2012
<b>Templeton Income Trust:</b>	
Templeton Global Bond Fund	August 1, 2012–December 31, 2012
Templeton Global Total Return Fund	August 1, 2012–December 31, 2012
Templeton International Bond Fund	August 1, 2012–December 31, 2012
<b>Franklin Custodian Funds:</b>	
Franklin DynaTech Fund	August 1, 2012–December 31, 2012
Franklin Growth Fund	August 1, 2012–December 31, 2012
Franklin Income Fund	August 1, 2012–December 31, 2012
Franklin U.S. Government Securities Fund	August 1, 2012–December 31, 2012
Franklin Utilities Fund	August 1, 2012–December 31, 2012
<b>Franklin Strategic Mortgage Portfolio</b>	August 1, 2012–December 31, 2012
<b>Franklin Investors Securities Trust:</b>	
Franklin Adjustable U.S. Government Securities Fund	August 1, 2012–December 31, 2012
Franklin Balanced Fund	August 1, 2012–December 31, 2012
Franklin Convertible Securities Fund	August 1, 2012–December 31, 2012
Franklin Equity Income Fund	August 1, 2012–December 31, 2012
Franklin Floating Rate Daily Access Fund	August 1, 2012–December 31, 2012
Franklin Limited Maturity U.S. Government Securities Fund	August 1, 2012–December 31, 2012
Franklin Low Duration Total Return Fund	August 1, 2012–December 31, 2012
Franklin Total Return Fund	August 1, 2012–December 31, 2012
<b>Franklin Templeton Global Trust:</b>	
Franklin Templeton Hard Currency	August 1, 2012–December 31, 2012
<b>Franklin Templeton International Trust:</b>	
Franklin India Growth Fund	August 1, 2012–December 31, 2012
Franklin Templeton Global Allocation Fund	August 1, 2012–December 31, 2012
Franklin World Perspectives Fund	August 1, 2012–December 31, 2012
<b>Franklin Value Investors Trust:</b>	
Franklin All Cap Value Fund	August 1, 2012–December 31, 2012



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Franklin Balance Sheet Investment Fund	August 1, 2012-December 31, 2012
Franklin Large Cap Value Fund	August 1, 2012-December 31, 2012
Franklin MicroCap Value Fund	August 1, 2012-December 31, 2012
Franklin MidCap Value Fund	August 1, 2012-December 31, 2012
Franklin Small Cap Value Fund	August 1, 2012-December 31, 2012

<b><i>Templeton Developing Markets Trust</i></b>	August 1, 2012-December 31, 2012
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**Attachment I**

**Franklin Templeton Fund Allocator Series:**

Franklin Templeton 2015 Retirement Target Fund	August 1, 2012–December 31, 2012
Franklin Templeton 2025 Retirement Target Fund	August 1, 2012–December 31, 2012
Franklin Templeton 2035 Retirement Target Fund	August 1, 2012–December 31, 2012
Franklin Templeton 2045 Retirement Target Fund	August 1, 2012–December 31, 2012
Franklin Templeton Conservative Allocation Fund	August 1, 2012–December 31, 2012
Franklin Templeton Corefolio Allocation Fund	August 1, 2012–December 31, 2012
Franklin Templeton Founding Funds Allocation Fund	August 1, 2012–December 31, 2012
Franklin Templeton Growth Allocation Fund	August 1, 2012–December 31, 2012
Franklin Templeton Moderate Allocation Fund	August 1, 2012–December 31, 2012
Franklin Templeton Multi-Asset Real Return Fund	August 1, 2012–December 31, 2012

**Franklin Templeton Variable Insurance Products**

**Trust:**

Franklin Flex Cap Growth Securities Fund	August 1, 2012–December 31, 2012
Franklin Large Cap Value Securities Fund	August 1, 2012–December 31, 2012
Franklin Rising Dividends Securities Fund	August 1, 2012–December 31, 2012
Franklin Small Cap Value Securities Fund	August 1, 2012–December 31, 2012
Franklin Small-Mid Cap Growth Securities	August 1, 2012–December 31, 2012
Franklin Strategic Income Securities Fund	August 1, 2012–December 31, 2012
Franklin Templeton VIP Founding Funds Allocation Fund	August 1, 2012–December 31, 2012
Templeton Developing Markets Securities Fund	August 1, 2012–December 31, 2012
Templeton Foreign Securities Fund	August 1, 2012–December 31, 2012

**Templeton Dragon Fund, Inc.**

August 1, 2012–December 31, 2012

**Templeton Institutional Funds:**

Foreign Equity Series	August 1, 2012–December 31, 2012
Emerging Markets Series	August 1, 2012–December 31, 2012