

FRANKLIN TEMPLETON LTD DURATION INCOME TRUST
Form N-Q
February 28, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21357

Franklin Templeton Limited Duration Income Trust

(Exact name of registrant as specified in charter)

One Franklin Parkway, San Mateo, CA 94403-1906

(Address of principal executive offices) (Zip code)

**Craig S. Tyle, One Franklin Parkway, San
Mateo, CA 94403-1906**

(Name and address of agent for service)

Registrant's telephone number, including area code: (650) 312-2000

Craig S. Tyle, One Franklin Parkway, San Mateo, CA 94403-1906

Date of fiscal year end: 03/31

Date of reporting period: 12/31/13

Item 1. Schedule of Investments.

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited)

| | Country | Shares | Value |
|--|----------------|---------------|--------------------------|
| Common Stocks and Other Equity Interests 0.2% | | | |
| Materials 0.2% | | | |
| a,bNewPage Holdings Inc. | United States | 6,000 | 540,000 |
| Transportation 0.0%† | | | |
| aCEVA Holdings LLC | United Kingdom | 112 | 106,533 |
| Total Common Stocks and Other Equity Interests (Cost \$1,513,315) | | | 646,533 |
| Convertible Preferred Stocks 0.1% | | | |
| Transportation 0.1% | | | |
| aCEVA Holdings LLC, cvt. pfd., A-1 | United Kingdom | 6 | 7,800 |
| aCEVA Holdings LLC, cvt. pfd., A-2 | United Kingdom | 243 | 230,613 |
| Total Convertible Preferred Stocks (Cost \$369,948) | | | 238,413 |
| | | | Principal Amount* |
| Corporate Bonds 50.7% | | | |
| Automobiles & Components 0.4% | | | |
| The Goodyear Tire & Rubber Co., senior note, 6.50%, 3/01/21 | United States | 1,300,000 | 1,384,500 |
| Banks 1.6% | | | |
| CIT Group Inc., 4.25%, 8/15/17 | United States | 1,500,000 | 1,567,500 |
| senior note, 5.00%, 5/15/17 | United States | 1,200,000 | 1,287,000 |
| ^C senior note, 144A, 6.625%, 4/01/18 | United States | 500,000 | 564,375 |
| Royal Bank of Scotland Group PLC, sub. note, 6.125%, 12/15/22 | United Kingdom | 1,000,000 | 1,025,625 |
| The Royal Bank of Scotland PLC, sub. note, 6.934%, 4/09/18 | United Kingdom | 1,100,000 EUR | 1,721,094 |
| | | | 6,165,594 |
| Capital Goods 0.9% | | | |
| cAbengoa Finance SAU, senior note, 144A, 8.875%, 11/01/17 | Spain | 2,000,000 | 2,160,000 |
| Meritor Inc., senior note, 10.625%, 3/15/18 | United States | 1,200,000 | 1,281,000 |
| | | | 3,441,000 |
| Commercial & Professional Services 0.9% | | | |
| ADS Waste Holdings Inc., senior note, 8.25%, 10/01/20 | United States | 1,500,000 | 1,635,000 |
| cAlgeco Scotsman Global Finance PLC, senior secured note, first lien, 144A, 8.50%, 10/15/18 | United Kingdom | 1,300,000 | 1,399,125 |

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

| | | | |
|--|---------------|-----------|-----------|
| c,dDarling Escrow Corp., senior note, 144A, 5.375%, 1/15/22 | United States | 300,000 | 302,625 |
| | | | 3,336,750 |
| Consumer Durables & Apparel 1.5% | | | |
| KB Home, senior note, 7.00%, 12/15/21 | United States | 1,100,000 | 1,149,500 |
| cSIWF Merger Sub Inc./Springs Industries Inc., senior secured note, 144A, 6.25%, 6/01/21 | United States | 400,000 | 404,500 |
| Standard Pacific Corp., senior note, 6.25%, 12/15/21 | United States | 900,000 | 939,375 |
| cTaylor Morrison Communities Inc./Monarch Communities Inc., senior note, 144A, 7.75%, 4/15/20 | United States | 722,000 | 797,810 |
| 5.25%, 4/15/21 | United States | 500,000 | 487,500 |
| Toll Brothers Finance Corp., senior bond, 5.625%, 1/15/24 | United States | 700,000 | 707,000 |
| Visant Corp., senior note, 10.00%, 10/01/17 | United States | 1,500,000 | 1,462,500 |
| | | | 5,948,185 |
| Consumer Services 2.0% | | | |
| Caesars Entertainment Operating Co. Inc., senior secured note, 11.25%, 6/01/17 | United States | 2,500,000 | 2,550,000 |
| cLandry's Inc., senior note, 144A, 9.375%, 5/01/20 | United States | 900,000 | 985,500 |
| MGM Resorts International, senior note, 8.625%, 2/01/19 | United States | 2,500,000 | 2,943,750 |
| cParis Las Vegas Holding LLC, senior secured note, first lien, 144A, 8.00%, 10/01/20 | United States | 500,000 | 522,500 |
| cPNK Finance Corp., senior note, 144A, 6.375%, 8/01/21 | United States | 500,000 | 513,750 |
| | | | 7,515,500 |
| Diversified Financials 3.9% | | | |
| Ally Financial Inc., senior note, 6.25%, 12/01/17 | United States | 2,000,000 | 2,237,500 |
| 4.75%, 9/10/18 | United States | 1,000,000 | 1,050,000 |
| eBank of America Corp., pfd., sub. bond, M, 8.125% to 5/15/18, FRN thereafter, Perpetual | United States | 3,000,000 | 3,371,859 |
| E*TRADE Financial Corp., senior note, 6.375%, 11/15/19 | United States | 800,000 | 863,000 |
| cGeneral Motors Financial Co. Inc., senior note, 144A, 3.25%, 5/15/18 | United States | 500,000 | 501,250 |

Quarterly Statement of Investments | See Notes to Statements of Investments.

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited) *(continued)*

| | | | |
|---|----------------|-----------|------------|
| eJPMorgan Chase & Co., junior sub. bond, 6.00% to 8/01/23, FRN thereafter, Perpetual | United States | 1,500,000 | 1,441,875 |
| cNeuberger Berman Group LLC/Finance Corp., senior note, 144A, 5.625%, 3/15/20 | United States | 700,000 | 738,500 |
| cNuveen Investments Inc., senior note, 144A, 9.125%, 10/15/17 | United States | 1,500,000 | 1,507,500 |
| cProvident Fund Associates LP/Finance Corp., senior note, 144A, 6.75%, 6/15/21 | United States | 400,000 | 400,000 |
| SLM Corp., senior note, 8.45%, 6/15/18 | United States | 1,400,000 | 1,636,250 |
| 5.50%, 1/15/19 | United States | 1,100,000 | 1,142,199 |
| | | | 14,889,933 |
| Energy 11.4% | | | |
| BreitBurn Energy Partners LP/Finance Corp., senior bond, 7.875%, 4/15/22 | United States | 600,000 | 627,000 |
| CHC Helicopter SA, senior secured note, first lien, 9.25%, 10/15/20 | Canada | 2,000,000 | 2,157,500 |
| Chesapeake Energy Corp., senior note, 6.625%, 8/15/20 | United States | 2,500,000 | 2,806,250 |
| 6.125%, 2/15/21 | United States | 1,000,000 | 1,077,500 |
| cClayton Williams Energy Inc., senior note, 144A, 7.75%, 4/01/19 | United States | 1,000,000 | 1,032,500 |
| CONSOL Energy Inc., senior note, 8.00%, 4/01/17 | United States | 1,200,000 | 1,269,000 |
| Crosstex Energy LP/Crosstex Energy Finance Corp., senior note, 8.875%, 2/15/18 | United States | 1,000,000 | 1,052,500 |
| cDrill Rigs Holdings Inc., secured note, 144A, 6.50%, 10/01/17 | United States | 1,000,000 | 1,085,000 |
| Energy Transfer Equity LP, senior note, 7.50%, 10/15/20 | United States | 2,500,000 | 2,818,750 |
| EPL Oil & Gas Inc., senior note, 8.25%, 2/15/18 | United States | 1,000,000 | 1,080,000 |
| cExpro Finance Luxembourg, senior secured note, 144A, 8.50%, 12/15/16 | United Kingdom | 2,000,000 | 2,095,000 |
| Halcon Resources Corp., senior note, 9.75%, 7/15/20 | United States | 100,000 | 104,750 |
| 8.875%, 5/15/21 | United States | 1,000,000 | 1,015,000 |
| © 144A, 9.25%, 2/15/22 | United States | 500,000 | 511,250 |
| cKinder Morgan Inc., senior secured note, 144A, 5.00%, 2/15/21 | United States | 600,000 | 593,275 |
| Kodiak Oil & Gas Corp., senior note, 8.125%, 12/01/19 | United States | 900,000 | 1,003,500 |
| 5.50%, 1/15/21 | United States | 300,000 | 300,750 |
| Linn Energy LLC/Finance Corp., senior note, 8.625%, 4/15/20 | United States | 1,500,000 | 1,627,500 |
| 7.75%, 2/01/21 | United States | 1,000,000 | 1,062,500 |
| Martin Midstream Partners LP/Martin Midstream Finance Corp., senior note, 8.875%, 4/01/18 | United States | 878,000 | 930,680 |
| 7.25%, 2/15/21 | United States | 800,000 | 820,000 |

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

| | | | |
|--|---------------|-----------|------------|
| Midstates Petroleum Co. Inc./LLC, senior note, 9.25%, 6/01/21 | United States | 1,000,000 | 1,050,000 |
| cMurray Energy Corp., senior secured note, 144A, 8.625%, 6/15/21 | United States | 800,000 | 832,000 |
| Offshore Group Investment Ltd., senior bond, first lien, 7.125%, 4/01/23 | United States | 600,000 | 615,000 |
| senior secured note, first lien, 7.50%, 11/01/19 | United States | 900,000 | 978,750 |
| PBF Holding Co. LLC, first lien, 8.25%, 2/15/20 | United States | 1,500,000 | 1,635,000 |
| Peabody Energy Corp., senior note, 6.00%, 11/15/18 | United States | 2,500,000 | 2,675,000 |
| Penn Virginia Corp., senior note, 8.50%, 5/01/20 | United States | 700,000 | 756,000 |
| Penn Virginia Resource Partners LP/Finance Corp. II, senior note, 8.375%, 6/01/20 | United States | 632,000 | 699,940 |
| ^c 144A, 6.50%, 5/15/21 | United States | 300,000 | 312,000 |
| QR Energy LP/QRE Finance, senior note, 9.25%, 8/01/20 | United States | 1,100,000 | 1,144,000 |
| Quicksilver Resources Inc., senior note, 9.125%, 8/15/19 | United States | 1,500,000 | 1,530,000 |
| cSabine Pass Liquefaction LLC, secured note, 144A, 5.625%, 2/01/21 | United States | 2,000,000 | 1,965,000 |
| cSamson Investment Co., senior note, 144A, 9.75%, 2/15/20 | United States | 1,500,000 | 1,642,500 |
| cSanchez Energy Corp., senior note, 144A, 7.75%, 6/15/21 | United States | 1,000,000 | 1,027,500 |
| W&T Offshore Inc., senior note, 8.50%, 6/15/19 | United States | 1,500,000 | 1,593,750 |
| | | | 43,526,645 |
| Food & Staples Retailing 0.3% | | | |
| Rite Aid Corp., senior secured note, 8.00%, 8/15/20 | United States | 900,000 | 1,017,000 |
| Food, Beverage & Tobacco 1.7% | | | |
| Constellation Brands Inc., senior note, 3.75%, 5/01/21 | United States | 400,000 | 377,000 |
| Del Monte Corp., senior note, 7.625%, 2/15/19 | United States | 2,000,000 | 2,082,500 |
| cDole Food Co. Inc., senior secured note, 144A, 7.25%, 5/01/19 | United States | 600,000 | 599,250 |
| cJBS USA LLC/Finance Inc., senior note, 144A, 8.25%, 2/01/20 | United States | 1,900,000 | 2,071,000 |
| cPost Holdings Inc., senior note, 144A, 6.75%, 12/01/21 | United States | 100,000 | 103,750 |
| 7.375%, 2/15/22 | United States | 1,000,000 | 1,075,000 |

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited) *(continued)*

| | | | |
|--|---------------|-----------|-----------|
| cSun Merger Sub Inc., senior note, 144A, 5.25%, 8/01/18 | United States | 400,000 | 419,000 |
| | | | 6,727,500 |
| Health Care Equipment & Services 2.3% | | | |
| Alere Inc., | | | |
| senior note, 7.25%, 7/01/18 | United States | 1,300,000 | 1,434,875 |
| senior sub. note, 6.50%, 6/15/20 | United States | 200,000 | 205,500 |
| cAviv Healthcare Properties LP/Aviv Healthcare Capital Corp., senior note, 144A, 6.00%, 10/15/21 | United States | 400,000 | 409,000 |
| CHS/Community Health Systems Inc., | | | |
| senior note, 8.00%, 11/15/19 | United States | 1,100,000 | 1,199,000 |
| senior note, 7.125%, 7/15/20 | United States | 400,000 | 415,500 |
| senior secured note, 5.125%, 8/15/18 | United States | 900,000 | 931,500 |
| HCA Inc., | | | |
| senior note, 7.50%, 2/15/22 | United States | 1,000,000 | 1,100,000 |
| senior note, 5.875%, 5/01/23 | United States | 1,500,000 | 1,485,000 |
| senior secured note, 5.875%, 3/15/22 | United States | 1,000,000 | 1,035,000 |
| cTenet Healthcare Corp., senior note, 144A, 6.00%, 10/01/20 | United States | 500,000 | 522,813 |
| | | | 8,738,188 |
| Materials 7.0% | | | |
| ArcelorMittal, senior note, 5.00%, 2/25/17 | Luxembourg | 3,000,000 | 3,223,125 |
| cArdagh Packaging Finance PLC, senior note, 144A, 9.125%, 10/15/20 | Luxembourg | 700,000 | 768,250 |
| cArdagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., senior note, 144A, 7.00%, 11/15/20 | Luxembourg | 500,000 | 505,000 |
| cBarmingo Finance Pty. Ltd., senior note, 144A, 9.00%, 6/01/18 | Australia | 1,000,000 | 926,525 |
| cCemex SAB de CV, | | | |
| secured note, 144A, 5.875%, 3/25/19 | Mexico | 500,000 | 502,500 |
| senior secured note, 144A, 9.00%, 1/11/18 | Mexico | 2,000,000 | 2,207,500 |
| cEldorado Gold Corp., senior note, 144A, 6.125%, 12/15/20 | Canada | 1,500,000 | 1,451,250 |
| Euramax International Inc., senior secured note, 9.50%, 4/01/16 | United States | 400,000 | 403,000 |
| cFMG Resources (August 2006) Pty. Ltd., senior note, 144A, | | | |

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

| | | | |
|---|---------------|-------------|------------|
| 7.00%, 11/01/15 | Australia | 272,000 | 281,973 |
| 6.875%, 2/01/18 | Australia | 1,500,000 | 1,582,500 |
| 8.25%, 11/01/19 | Australia | 1,000,000 | 1,126,250 |
| cIneos Group Holdings SA, secured note, second lien, 144A, 7.875%, 2/15/16 | Switzerland | 471,560 EUR | 654,718 |
| senior note, 144A, 6.125%, 8/15/18 | Switzerland | 300,000 | 303,375 |
| senior note, 144A, 6.50%, 8/15/18 | Switzerland | 600,000 EUR | 848,140 |
| clnmet Mining Corp., senior note, 144A, 8.75%, 6/01/20 | Canada | 1,900,000 | 2,071,000 |
| 7.50%, 6/01/21 | Canada | 300,000 | 315,000 |
| Novelis Inc., senior note, 8.375%, 12/15/17 | Canada | 500,000 | 534,688 |
| 8.75%, 12/15/20 | Canada | 900,000 | 1,005,750 |
| cOrion Engineered Carbons Bondco GmbH, senior secured note, first lien, 144A, 9.625%, 6/15/18 | Germany | 850,000 | 939,250 |
| cOrion Engineered Carbons Finance & Co. SCA, senior note, 144A, PIK, 9.25%, 8/01/19 | Germany | 200,000 | 210,000 |
| cPerstorp Holding AB, first lien, 144A, 8.75%, 5/15/17 | Sweden | 1,900,000 | 2,045,215 |
| cRain CII Carbon LLC/Corp., second lien, 144A, 8.25%, 1/15/21 | United States | 400,000 | 410,000 |
| Reynolds Group Issuer Inc./LLC/SA, senior note, 8.50%, 5/15/18 | United States | 1,000,000 | 1,060,000 |
| senior note, 9.00%, 4/15/19 | United States | 100,000 | 107,750 |
| senior note, 8.25%, 2/15/21 | United States | 1,000,000 | 1,072,500 |
| senior secured note, 7.125%, 4/15/19 | United States | 500,000 | 535,000 |
| cSealed Air Corp., senior note, 144A, 8.125%, 9/15/19 | United States | 1,000,000 | 1,127,500 |
| 6.50%, 12/01/20 | United States | 200,000 | 216,000 |
| cU.S. Coatings Acquisition Inc./Flash Dutch 2 BV, senior note, 144A, 7.375%, 5/01/21 | United States | 400,000 | 428,500 |
| | | | 26,862,259 |
| Media 4.7% | | | |
| Cablevision Systems Corp., senior note, 8.625%, 9/15/17 | United States | 1,000,000 | 1,167,500 |
| CCO Holdings LLC/CCO Holdings Capital Corp., senior bond, 5.25%, 9/30/22 | United States | 900,000 | 844,875 |
| Clear Channel Communications Inc., senior secured bond, first lien, 9.00%, 3/01/21 | United States | 2,500,000 | 2,537,500 |
| senior secured note, first lien, 9.00%, 12/15/19 | United States | 500,000 | 512,500 |

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited) *(continued)*

Clear Channel Worldwide Holdings Inc.,

| | | | |
|--|---------------|---------------|------------|
| senior note, 6.50%, 11/15/22 | United States | 700,000 | 718,375 |
| senior sub. note, 7.625%, 3/15/20 | United States | 800,000 | 845,000 |
| CSC Holdings LLC, senior note, 6.75%, 11/15/21 | United States | 1,500,000 | 1,623,750 |
| DISH DBS Corp., senior note, 7.125%, 2/01/16 | United States | 2,000,000 | 2,220,000 |
| 5.875%, 7/15/22 | United States | 500,000 | 502,500 |
| cGannett Co. Inc., senior note, 144A, 5.125%, 10/15/19 | United States | 1,200,000 | 1,251,000 |
| 7/15/20 | United States | 500,000 | 508,750 |
| cThe Nielsen Co. (Luxembourg) Sarl, senior note, 144A, 5.50%, 10/01/21 | United States | 500,000 | 509,062 |
| fRadio One Inc., senior sub. note, PIK, 12.50%, 5/24/16 | United States | 1,117,676 | 1,123,264 |
| cUnivision Communications Inc., senior secured bond, 144A, 6.75%, 9/15/22 | United States | 500,000 | 550,000 |
| senior secured note, 144A, 6.875%, 5/15/19 | United States | 500,000 | 536,875 |
| senior secured note, 144A, 5.125%, 5/15/23 | United States | 1,000,000 | 1,003,750 |
| cUPCB Finance II Ltd., senior secured note, 144A, 6.375%, 7/01/20 | Netherlands | 1,100,000 EUR | 1,623,503 |
| | | | 18,078,204 |

Pharmaceuticals, Biotechnology & Life Sciences 1.7%

| | | | |
|---|---------------|-----------|-----------|
| cinVentiv Health Inc., senior secured note, 144A, 9.00%, 1/15/18 | United States | 400,000 | 420,000 |
| c,fJaguar Holding Co. I, senior note, 144A, PIK, 9.375%, 10/15/17 | United States | 700,000 | 743,750 |
| cJaguar Holding Co. II/Merger Sub Inc., senior note, 144A, 9.50%, 12/01/19 | United States | 500,000 | 565,000 |
| Par Pharmaceutical Cos. Inc., senior note, 7.375%, 10/15/20 | United States | 1,900,000 | 1,973,625 |
| cSalix Pharmaceuticals Ltd., senior note, 144A, 6.00%, 1/15/21 | United States | 200,000 | 205,500 |
| cValeant Pharmaceuticals International Inc., senior note, 144A, 6.75%, 8/15/18 | United States | 700,000 | 772,625 |
| 5.625%, 12/01/21 | United States | 100,000 | 100,750 |
| cVPI Escrow Corp., senior note, 144A, 6.375%, 10/15/20 | United States | 1,500,000 | 1,588,125 |
| | | | 6,369,375 |

Retailing 0.4%

| | | | |
|--|----------------|-------------|-----------|
| cNew Look Bondco I PLC, 144A, 8.75%, 5/14/18 | United Kingdom | 900,000 GBP | 1,578,484 |
|--|----------------|-------------|-----------|

Semiconductors & Semiconductor Equipment 0.5%

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

| | | | |
|--|---------------|-----------|-----------|
| Freescale Semiconductor Inc., senior note, 8.05%, 2/01/20 | United States | 800,000 | 864,000 |
| senior note, 10.75%, 8/01/20 | United States | 676,000 | 770,640 |
| ^c senior secured note, 144A, 6.00%, 1/15/22 | United States | 200,000 | 203,000 |
| | | | 1,837,640 |
| Software & Services 1.7% | | | |
| cBMC Software Finance Inc., senior note, 144A, 8.125%, 7/15/21 | United States | 800,000 | 828,000 |
| Equinix Inc., senior note, 4.875%, 4/01/20 | United States | 1,500,000 | 1,500,000 |
| cFirst Data Corp., senior secured bond, 144A, 8.25%, 1/15/21 | United States | 3,000,000 | 3,206,250 |
| cSitel LLC/Finance Corp., senior secured note, 144A, 11.00%, 8/01/17 | United States | 100,000 | 107,250 |
| Sterling International Inc., senior note, 11.00%, 10/01/19 | United States | 700,000 | 731,500 |
| | | | 6,373,000 |
| Technology Hardware & Equipment 1.0% | | | |
| cAlcatel-Lucent USA Inc., senior note, 144A, 4.625%, 7/01/17 | France | 700,000 | 702,625 |
| 6.75%, 11/15/20 | United States | 1,300,000 | 1,355,250 |
| cBlackboard Inc., senior note, 144A, 7.75%, 11/15/19 | United States | 400,000 | 399,000 |
| c,fCommScope Holdings Co. Inc., senior note, 144A, PIK, 6.625%, 6/01/20 | United States | 500,000 | 522,500 |
| cCommScope Inc., senior note, 144A, 8.25%, 1/15/19 | United States | 728,000 | 801,710 |
| | | | 3,781,085 |
| Telecommunication Services 4.9% | | | |
| cAltice Financing SA, secured note, 144A, 6.50%, 1/15/22 | Luxembourg | 800,000 | 808,000 |
| CenturyLink Inc., senior bond, 6.75%, 12/01/23 | United States | 300,000 | 305,250 |
| cDigicel Group Ltd., senior note, 144A, 8.25%, 9/30/20 | Bermuda | 1,200,000 | 1,248,750 |
| cDigicel Ltd., senior note, 144A, 6.00%, 4/15/21 | Bermuda | 700,000 | 678,643 |
| ceAccess Ltd., senior note, 144A, 8.25%, 4/01/18 | Japan | 1,200,000 | 1,316,250 |
| Frontier Communications Corp., senior note, 8.125%, 10/01/18 | United States | 2,000,000 | 2,295,000 |
| Intelsat Jackson Holdings SA, senior note, 7.25%, 4/01/19 | Luxembourg | 2,000,000 | 2,170,000 |
| 10/15/20 | Luxembourg | 1,000,000 | 1,098,750 |

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited) *(continued)*

| | | | |
|--|----------------|-------------|------------|
| cMillicom International Cellular SA, senior note, 144A, 6.625%, 10/15/21 | Luxembourg | 700,000 | 728,875 |
| cSprint Corp., senior bond, 144A, 7.125%, 6/15/24 | United States | 300,000 | 305,250 |
| senior note, 144A, 7.25%, 9/15/21 | United States | 500,000 | 538,750 |
| Sprint Nextel Corp., senior note, 8.375%, 8/15/17 | United States | 1,000,000 | 1,162,500 |
| ^c 144A, 9.00%, 11/15/18 | United States | 1,500,000 | 1,811,250 |
| ^c 144A, 7.00%, 3/01/20 | United States | 600,000 | 672,000 |
| T-Mobile USA Inc., senior note, 6.542%, 4/28/20 | United States | 900,000 | 961,875 |
| 6.125%, 1/15/22 | United States | 300,000 | 306,000 |
| cWind Acquisition Finance SA, 144A, 11.75%, 7/15/17, senior secured note, 11.75%, 7/15/17 | Italy | 1,500,000 | 1,597,500 |
| c,fWind Acquisition Holdings Finance SA, senior secured note, 144A, PIK, 12.25%, 7/15/17 | Italy | 612,263 EUR | 840,916 |
| | | | 18,845,559 |
| Transportation 0.6% | | | |
| cCEVA Group PLC, senior note, first lien, 144A, 4.00%, 5/01/18 | United Kingdom | 400,000 | 334,000 |
| HDTFS Inc., senior note, 5.875%, 10/15/20 | United States | 1,000,000 | 1,041,250 |
| Hertz Corp., senior note, 6.75%, 4/15/19 | United States | 1,000,000 | 1,082,500 |
| | | | 2,457,750 |
| Utilities 1.3% | | | |
| cCalpine Corp., senior secured note, 144A, 7.875%, 7/31/20 | United States | 492,000 | 541,200 |
| senior secured note, 144A, 7.50%, 2/15/21 | United States | 830,000 | 909,888 |
| senior secured note, 144A, 7.875%, 1/15/23 | United States | 406,000 | 445,585 |
| senior secured, first lien, 144A, 6.00%, 1/15/22 | United States | 100,000 | 103,000 |
| clnterGen NV, secured bond, 144A, 7.00%, 6/30/23 | Netherlands | 1,000,000 | 1,040,000 |
| cTexas Competitive Electric Holdings Co. LLC/Texas Competitive Electric Holdings Finance Inc., senior secured note, 144A, 11.50%, 10/01/20 | United States | 2,500,000 | 1,850,000 |
| | | | 4,889,673 |

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

| | | | |
|--|---------------|-----------|-------------|
| Total Corporate Bonds (Cost \$182,562,451) | | | 193,763,824 |
| gSenior Floating Rate Interests 48.0% | | | |
| Automobiles & Components 1.4% | | | |
| August LuxUK Holding Co., Lux Term B-1 Loan, 5.00%, 4/27/18 | Luxembourg | 491,170 | 496,082 |
| August U.S. Holding Co. Inc., U.S. Term B-1 Loan, 5.00%, 4/27/18 | United States | 506,854 | 511,922 |
| Chrysler Group LLC, Term Loan B, 3.50%, 5/24/17 | United States | 2,925,000 | 2,951,966 |
| FRAM Group Holdings Inc. (Autoparts Holdings), Second Lien Term Loan, 10.50%, 1/29/18 | United States | 298,246 | 284,079 |
| UCI International Inc., Term Loan, 5.50%, 7/26/17 | United States | 1,055,815 | 1,061,754 |
| | | | 5,305,803 |
| Capital Goods 2.8% | | | |
| Accudyne Industries LLC (Silver II U.S. Holdings/Hamilton), 2013 Specified Refinancing | | | |
| Term Loan, 4.00%, 12/13/19 | United States | 1,560,119 | 1,563,288 |
| AWAS Finance Luxembourg 2012 SA, Term Loan, 3.50%, 7/16/18 | Luxembourg | 692,724 | 694,456 |
| dFly Funding II S.A.R.L., Loans, 5.75%, 8/09/19 | Luxembourg | 750,000 | 757,125 |
| RBS Global Inc. (Rexnord), Term B Loan, 4.00% - 5.25%, 8/21/20 | United States | 2,084,775 | 2,092,151 |
| Terex Corp., Term Loan, 3.50%, 4/28/17 | United States | 1,488,213 | 1,503,095 |
| Tomkins LLC and Tomkins Inc., Term B-2 Loan, 3.75%, 9/21/16 | United States | 2,244,522 | 2,256,305 |
| TransDigm Inc., Tranche C Term Loan, 3.75%, 2/28/20 | United States | 1,987,456 | 1,995,323 |
| | | | 10,861,743 |
| Commercial & Professional Services 2.6% | | | |
| ADS Waste Holdings Inc., Tranche B Term Loan, 4.25%, 10/09/19 | United States | 3,738,508 | 3,764,880 |
| ARAMARK Corp., Extended Synthetic L/C, 3.519%, 7/26/16 | United States | 174,490 | 174,871 |
| Term Loan B Extended, 3.747%, 7/26/16 | United States | 1,456,164 | 1,459,350 |
| U.S. Term D Loan, 4.00%, 8/22/19 | United States | 730,000 | 734,404 |
| Interactive Data Corp., Term B Loan, 3.75%, 2/11/18 | United States | 2,404,206 | 2,410,969 |

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited) (continued)

| | | | |
|--|---------------|-----------|------------|
| KAR Auction Services Inc. (Adesa), Term Loan, 3.75%, 5/19/17 | United States | 1,578,315 | 1,587,509 |
| | | | 10,131,983 |
| Consumer Durables & Apparel 0.7% | | | |
| Visant Corp. (Jostens), New Loan, 5.25%, 12/22/16 | United States | 2,658,446 | 2,629,371 |
| Consumer Services 4.9% | | | |
| 24 Hour Fitness Worldwide Inc., New Tranche B Term Loan, 5.25%, 4/22/16 | United States | 1,930,038 | 1,953,359 |
| Boyd Gaming Corp., Term B Loan, 4.00%, 8/14/20 | United States | 997,500 | 1,004,150 |
| Bright Horizons Family Solutions LLC, Term B Loan, 4.00%, 1/30/20 | United States | 3,828,878 | 3,854,604 |
| Burger King Corp., Tranche B Term Loan, 3.75%, 9/28/19 | United States | 1,045,657 | 1,051,632 |
| Caesars Entertainment Operating Co. Inc., Term Loan B-4, 9.50%, 10/31/16 | United States | 2,391,506 | 2,414,924 |
| Four Seasons Holdings Inc., First Lien Term Loan, 4.25%, 6/27/20 | Canada | 668,325 | 671,666 |
| ^d First Lien Term Loan, 5.00%, 6/27/20 | Canada | 330,000 | 331,444 |
| Second Lien Term Loan, 6.25%, 12/27/20 | Canada | 670,000 | 688,425 |
| Hilton Worldwide Finance LLC, Initial Term Loan, 3.75%, 10/25/20 | United States | 1,584,211 | 1,598,733 |
| Pinnacle Entertainment Inc., Tranche B-2 Term Loan, 3.75%, 8/13/20 | United States | 1,054,700 | 1,061,292 |
| Scientific Games International Inc., Term Loan B, 4.25%, 10/18/20 | United States | 2,000,000 | 2,006,042 |
| Tropicana Entertainment Inc., Term Loans, 4.00%, 11/27/20 | United States | 1,965,075 | 1,966,549 |
| | | | 18,602,820 |
| Diversified Financials 1.5% | | | |
| Asurion LLC, Incremental Tranche B-1 Term Loan, 4.50%, 5/24/19 | United States | 1,400,625 | 1,401,754 |
| Incremental Tranche B-2 Term Loans, 3.50%, 7/08/20 | United States | 427,850 | 420,764 |
| dTrans Union LLC, 2013 Replacement Term Loan, 4.25%, 2/10/19 | United States | 4,058,721 | 4,088,147 |
| | | | 5,910,665 |
| Energy 0.9% | | | |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15 | United States | 665,859 | 673,350 |
| Pacific Drilling SA, Term Loan, 4.50%, 6/03/18 | Luxembourg | 606,950 | 614,284 |
| Samson Investment Co., 2nd Lien Initial Term Loan, 5.00%, 9/25/18 | United States | 2,000,000 | 2,010,000 |
| | | | 3,297,634 |
| Food & Staples Retailing 0.3% | | | |
| AdvancePierre Foods Inc., Second Lien Term Loan, 9.50%, 10/10/17 | United States | 1,040,000 | 1,008,800 |
| Food, Beverage & Tobacco 2.3% | | | |
| Del Monte Foods Co., Initial Term Loans, 4.00%, 3/08/18 | United States | 2,510,449 | 2,520,526 |
| Dole Food Co. Inc., Tranche B Term Loan, 4.50%, 11/01/18 | United States | 1,633,890 | 1,643,080 |
| H.J. Heinz Co., Term B-2 Loan, 3.50%, 6/05/20 | United States | 2,690,682 | 2,714,673 |

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

| | | | |
|---|---------------|-----------|------------|
| Pinnacle Foods Finance LLC, Tranche G Term Loan, 3.25%, 4/29/20 | United States | 1,885,750 | 1,886,591 |
| Tranche H Term Loan, 3.25%, 4/29/20 | United States | 169,575 | 169,628 |
| | | | 8,934,498 |
| Health Care Equipment & Services 4.0% | | | |
| Alere Inc., B Term Loan, 4.25%, 6/30/17 | United States | 2,140,725 | 2,157,450 |
| dBiomet Inc., Dollar Term B-2 Loan, 3.665% - 3.746%, 7/25/17 | United States | 999,400 | 1,008,610 |
| Community Health Systems Inc., New Extended Term Loan, 3.737% - 3.747%, 1/25/17 | United States | 1,316,681 | 1,328,202 |
| DaVita HealthCare Partners Inc., Tranche B-2 Term Loan, 4.00%, 8/24/19 | United States | 2,880,900 | 2,904,307 |
| Envision Healthcare Corp. (Emergency Medical), Initial Term Loan, 4.00%, 5/25/18 | United States | 2,076,441 | 2,086,074 |
| lasis Healthcare LLC, Term B-2 Loan, 4.50%, 5/03/18 | United States | 1,751,431 | 1,765,880 |
| Kinetic Concepts Inc., Term D-2 Loan, 4.00%, 11/04/16 | United States | 1,960,225 | 1,971,251 |
| U.S. Renal Care Inc., Tranche B-2 Term Loan, 4.25%, 7/03/19 | United States | 1,995,000 | 2,008,301 |
| | | | 15,230,075 |
| Household & Personal Products 1.2% | | | |
| Apex Tool Group LLC, Term Loan, 4.50%, 2/01/20 | United States | 1,373,100 | 1,382,798 |
| Revlon Consumer Products Corp., Term Loan B, 4.00%, 11/19/17 | United States | 1,606,088 | 1,620,392 |
| Spectrum Brands Inc., Tranche C Term Loan, 3.50%, 9/04/19 | United States | 229,425 | 230,523 |
| Sun Products Corp., Tranche B Term Loan, 5.50%, 3/23/20 | United States | 1,496,231 | 1,421,420 |
| | | | 4,655,133 |
| Insurance 0.2% | | | |
| CNO Financial Group Inc. (fka Conseco), Tranche B-2 Term Loan, 3.75%, 9/28/18 | United States | 911,904 | 915,609 |
| Materials 6.5% | | | |
| Arysta Lifescience SPC LLC, Initial Term Loan, 4.50%, 5/29/20 | United States | 1,496,241 | 1,507,774 |

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited) (continued)

| | | | |
|--|---------------|-----------|------------|
| Second Lien Initial Term Loan, 8.25%, 11/30/20 | United States | 500,000 | 509,213 |
| Axalta Coating Systems U.S. Holdings Inc., Initial Term B Loans, 4.75%, 2/01/20 | United States | 1,925,450 | 1,941,762 |
| Berry Plastics Corp., Term D Loan, 3.50%, 2/08/20 | United States | 1,022,275 | 1,019,400 |
| BWAY Holding Co., Initial Term Loan, 4.50%, 8/06/17 | United States | 940,500 | 947,358 |
| CeramTec Acquisition Corp., Initial Dollar Term B-2 Loan, 4.25%, 8/30/20 | United States | 42,121 | 42,384 |
| CeramTec GmbH, Dollar Term B-3 Loan, 4.25%, 8/30/20 | Germany | 130,112 | 130,925 |
| Exopack Holdings SA, USD Term Loan, 5.25%, 5/08/19 | Luxembourg | 984,622 | 1,003,699 |
| Faenza Acquisition GmbH, Initial Dollar Term B-1 Loan, 4.25%, 8/30/20 | Germany | 427,767 | 430,441 |
| FMG America Finance Inc. (Fortescue Metals Group), Loans, 4.25%, 6/30/19 | United States | 2,488,563 | 2,526,409 |
| Ineos U.S. Finance LLC, Dollar Term Loan, 4.00%, 5/04/18 | United States | 1,950,833 | 1,959,521 |
| MacDermid Holdings LLC, First Lien Tranche B Term Loan, 4.00%, 6/07/20 | United States | 995,000 | 1,003,084 |
| bNewPage Corp., Term Loan, 7.75%, 12/21/18 | United States | 992,500 | 1,016,072 |
| OCI Beaumont LLC, Term B-2 Loans, 6.25%, 8/20/19 | United States | 508,725 | 515,720 |
| Oxbow Carbon LLC, First Lien Tranche B Term Loan, 4.25%, 7/19/19 | United States | 1,377,342 | 1,388,533 |
| Reynolds Group Holdings Inc., U.S. Term Loan, 4.00%, 12/01/18 | United States | 2,520,719 | 2,545,926 |
| Road Infrastructure Investment LLC (Ennis Flint), First Lien Term Loan, 6.25%, 3/30/18 | United States | 974,752 | 982,672 |
| Taminco Global Chemical Corp., Tranche B-2 Dollar Term Loan, 4.25%, 2/15/19 | United States | 1,965,150 | 1,979,889 |
| Tronox Pigments (Netherlands) BV, Term Loan, 4.50%, 3/19/20 | Netherlands | 1,373,100 | 1,392,838 |
| Univar Inc., Term B Loan, 5.00%, 6/30/17 | United States | 1,974,590 | 1,957,930 |
| | | | 24,801,550 |
| Media 4.1% | | | |
| Clear Channel Communications Inc., Term Loan E, 7.669%, 7/30/19 | United States | 182,126 | 179,849 |
| Tranche B Term Loan, 3.819%, 1/29/16 | United States | 9,862 | 9,580 |
| Tranche D Term Loan, 6.919%, 1/30/19 | United States | 566,279 | 542,212 |
| dCumulus Media Holdings Inc., Term Loans, 4.25%, 12/23/20 | United States | 3,529,603 | 3,560,487 |
| Entercom Radio LLC, Term Loan B-2, 4.00% - 5.25%, 11/23/18 | United States | 798,667 | 805,655 |
| Gray Television Inc., Initial Term Loan, 4.75%, 10/12/19 | United States | 472,964 | 475,920 |
| Media General Inc., Term B Loan, 4.25%, 7/31/20 | United States | 1,010,000 | 1,021,357 |
| National CineMedia LLC, New Term Loan, 2.92%, 11/26/19 | United States | 1,150,000 | 1,150,179 |
| Nine Entertainment Group Pty. Ltd., Term B Loan, 3.25%, 2/05/20 | Australia | 1,985,000 | 1,982,519 |
| Univision Communications Inc., 2013 New First-Lien Term Loan, 4.50%, 3/01/20 | United States | 625,275 | 629,965 |
| First-Lien Term Loan, Add-on, 4.00%, 3/01/20 | United States | 1,002,425 | 1,007,526 |
| Virgin Media Bristol LLC, B Facility, 3.50%, 6/07/20 | United States | 3,100,000 | 3,110,332 |
| WGM Acquisition Corp., Tranche B Term Loan, 3.75%, 7/01/20 | United States | 1,033,762 | 1,036,670 |
| | | | 15,512,251 |

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

Pharmaceuticals, Biotechnology & Life Sciences 2.0%

| | | | |
|--|---------------|-----------|-----------|
| Par Pharmaceutical Cos. Inc., Term B-1 Loan, 4.25%, 9/30/19 | United States | 1,596,289 | 1,607,463 |
| Pharmaceutical Product Development LLC, Term Loan, 4.00%, 12/05/18 | United States | 2,068,011 | 2,086,468 |
| Quintiles Transnational Corp., Term B-3 Loan, 3.75%, 6/08/18 | United States | 2,000,000 | 2,001,650 |
| Valeant Pharmaceuticals International Inc., Series D-2 Tranche B Term Loan, 3.75%, 2/13/19 | Canada | 1,881,410 | 1,896,696 |
| | | | 7,592,277 |

Retailing 4.3%

| | | | |
|---|---------------|-----------|------------|
| Academy Ltd., Initial Term Loans, 4.50%, 8/03/18 | United States | 1,009,497 | 1,017,935 |
| American Builders & Contractors Supply Co. Inc., Term B Loans, 3.50%, 4/16/20 | United States | 1,067,325 | 1,070,910 |
| Bass Pro Group LLC, New Term Loan, 3.75%, 11/20/19 | United States | 1,994,899 | 2,008,971 |
| BJ's Wholesale Club Inc., 2013 (Nov) Replacement Loans, 4.50%, 9/26/19 | United States | 2,196,304 | 2,212,580 |
| Evergreen AcqCo. 1 LP (Savers), Term Loan, 5.00%, 7/09/19 | United States | 2,962,500 | 2,979,608 |
| Jo-Ann Stores Inc., Term B Loan, 4.00%, 3/18/18 | United States | 1,909,375 | 1,918,301 |
| The Neiman Marcus Group Ltd. Inc., Term Loan, 5.00%, 10/25/20 | United States | 1,740,000 | 1,764,391 |
| Party City Holdings Inc., 2013 Replacement Term Loan, 4.25%, 7/27/19 | United States | 2,695,943 | 2,710,434 |
| Prestige Brands Inc., Term B-1 Loan, 3.75% - 5.00%, 1/31/19 | United States | 695,268 | 699,304 |
| | | | 16,382,434 |

Semiconductors & Semiconductor Equipment 0.3%

| | | | |
|---|---------------|---------|-----------|
| Freescale Semiconductor Inc., Tranche B-4 Term Loan, 5.00%, 2/28/20 | United States | 992,500 | 1,004,803 |
|---|---------------|---------|-----------|

Software & Services 2.1%

| | | | |
|---|---------------|-----------|-----------|
| Activision Blizzard Inc., Term Loan, 3.25%, 10/11/20 | United States | 877,800 | 884,615 |
| dBMC Software Finance Inc., Initial U.S. Term Loans, 5.00%, 9/10/20 | United States | 2,020,000 | 2,033,379 |
| SunGard Data Systems Inc., Tranche A U.S. Term Loan, 1.915%, 2/28/14 | United States | 18,476 | 18,542 |
| Tranche E Term Loan, 4.00%, 3/08/20 | United States | 2,299,929 | 2,321,132 |

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited) (continued)

| | | | |
|--|---------------|---------------|-------------|
| Web.com Group Inc., 1st Lien Term Loan, 4.50%, 10/27/17 | United States | 1,075,638 | 1,088,634 |
| West Corp., Term B-8 Loan, 3.75%, 6/30/18 | United States | 1,706,294 | 1,715,888 |
| | | | 8,062,190 |
| Technology Hardware & Equipment 1.2% | | | |
| dAlcatel-Lucent U.S.A. Inc., Term Loan C, 5.75%, 1/30/19 | United States | 997,950 | 1,004,915 |
| Dell International LLC, Term B Loan, 4.50%, 4/29/20 | United States | 2,000,000 | 2,007,500 |
| Telesat Canada/Telesat LLC, U.S. Term B-2 Loan, 3.50%, 3/28/19 | Canada | 1,491,182 | 1,499,259 |
| | | | 4,511,674 |
| Telecommunication Services 2.1% | | | |
| Genesys Telecom Holdings U.S. Inc., Dollar Term Loan, 4.00%, 2/08/20 | United States | 1,096,004 | 1,092,579 |
| Intelsat Jackson Holdings SA, Tranche B-2 Term Loan, 3.75%, 6/30/19 | Luxembourg | 3,410,931 | 3,445,040 |
| NTELOS Inc., Term B Advance, 5.75%, 11/11/19 | United States | 1,972,519 | 1,982,381 |
| Zayo Group LLC, Term Loan, 4.00%, 7/02/19 | United States | 1,566,030 | 1,568,722 |
| | | | 8,088,722 |
| Transportation 1.8% | | | |
| Avis Budget Car Rental LLC, Tranche B Term Loan, 3.00%, 3/15/19 | United States | 2,088,327 | 2,088,838 |
| Delta Air Lines Inc., New Term B-1 Loan, 4.00%, 10/18/18 | United States | 871,200 | 876,302 |
| Term Loan B, 3.50%, 4/20/17 | United States | 1,950,000 | 1,967,453 |
| Hertz Corp., Credit Linked Deposit, 3.75%, 3/11/18 | United States | 1,000,000 | 995,000 |
| U.S. Airways Inc., Tranche B-1 Term Loan, 4.00%, 5/23/19 | United States | 970,000 | 978,083 |
| | | | 6,905,676 |
| Utilities 0.8% | | | |
| Calpine Corp., Term Loan, 4.00%, 4/01/18 | United States | 2,645,200 | 2,667,520 |
| Term Loans, 4.00%, 10/09/19 | United States | 335,750 | 338,571 |
| | | | 3,006,091 |
| Total Senior Floating Rate Interests (Cost \$181,132,610) | | | 183,351,802 |
| | | Shares | |
| Litigation Trust (Cost \$) 0.0% | | | |
| Materials 0.0% | | | |
| a,b,hNewPage Corp., Litigation Trust | United States | 1,500,000 \$ | |

Principal Amount*

Foreign Government and Agency Securities 1.0%

| | | | |
|---|-------------|-------------------|------------------|
| Government of Malaysia, | | | |
| 3.434%, 8/15/14 | Malaysia | 85,000 MYR | 26,004 |
| 3.741%, 2/27/15 | Malaysia | 360,000 MYR | 110,630 |
| 3.835%, 8/12/15 | Malaysia | 475,000 MYR | 146,405 |
| 4.72%, 9/30/15 | Malaysia | 63,000 MYR | 19,714 |
| 3.197%, 10/15/15 | Malaysia | 280,000 MYR | 85,413 |
| Government of Poland, | | | |
| 5.75%, 4/25/14 | Poland | 870,000 PLN | 291,152 |
| 5.50%, 4/25/15 | Poland | 645,000 PLN | 221,215 |
| 5.00%, 4/25/16 | Poland | 125,000 PLN | 43,169 |
| Strip, 1/25/14 | Poland | 1,405,000 PLN | 464,635 |
| Strip, 1/25/16 | Poland | 310,000 PLN | 96,589 |
| Korea Monetary Stabilization Bond, | | | |
| senior bond, 2.47%, 4/02/15 | South Korea | 43,700,000 KRW | 41,278 |
| senior note, 2.57%, 6/09/14 | South Korea | 153,000,000 KRW | 144,905 |
| senior note, 2.82%, 8/02/14 | South Korea | 170,200,000 KRW | 161,398 |
| senior note, 2.78%, 10/02/14 | South Korea | 678,400,000 KRW | 643,177 |
| senior note, 2.84%, 12/02/14 | South Korea | 242,080,000 KRW | 229,692 |
| Korea Treasury Bond, senior note, | | | |
| 3.25%, 12/10/14 | South Korea | 56,700,000 KRW | 54,004 |
| 3.25%, 6/10/15 | South Korea | 42,100,000 KRW | 40,171 |
| 2.75%, 12/10/15 | South Korea | 204,200,000 KRW | 193,342 |
| 3.00%, 12/10/16 | South Korea | 1,000,000,000 KRW | 951,634 |
| Total Foreign Government and Agency Securities (Cost | | | |
| \$3,865,149) | | | 3,964,527 |

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited) *(continued)*

Asset-Backed Securities and Commercial Mortgage-Backed

Securities 8.2%

Banks 5.6%

| | | | |
|---|---------------|-----------|-----------|
| Banc of America Commercial Mortgage Trust, 2005-3, A2, 4.501%, 7/10/43 | United States | 346,526 | 347,629 |
| 2006-4, AJ, 5.695%, 7/10/46 | United States | 1,610,000 | 1,662,489 |
| Bear Stearns Commercial Mortgage Securities Inc., g 2006-PW11, AJ, FRN, 5.452%, 3/11/39 | United States | 1,500,000 | 1,560,352 |
| g 2006-PW12, AJ, FRN, 5.932%, 9/11/38 | United States | 1,500,000 | 1,572,619 |
| 2006-PW13, AJ, 5.611%, 9/11/41 | United States | 1,820,000 | 1,856,147 |
| Bear Stearns Commercial Mortgage Securities Trust, 2007-PW15, A4, 5.331%, 2/11/44 | United States | 100,000 | 108,788 |
| gCD Commercial Mortgage Trust, 2005-CD1, A3, FRN, 5.222%, 7/15/44 | United States | 2,215,539 | 2,235,558 |
| Citigroup Commercial Mortgage Trust, 2006-C5, AJ, 5.482%, 10/15/49 | United States | 1,200,000 | 1,180,116 |
| g 2007-C6, AM, FRN, 5.885%, 6/10/17 | United States | 1,520,000 | 1,678,123 |
| gCitigroup/Deutsche Bank Commercial Mortgage Trust, 2006-CD3, AJ, FRN, 5.688%, 10/15/48 | United States | 720,000 | 674,852 |
| Greenwich Capital Commercial Funding Corp., g 2006-GG7, AJ, FRN, 5.867%, 7/10/38 | United States | 1,590,000 | 1,637,185 |
| 2007-GG9, A4, 5.444%, 3/10/39 | United States | 825,000 | 907,510 |
| gJPMorgan Chase Commercial Mortgage Securities Corp., 2006-LDP7, AJ, FRN, 5.863%, 4/15/45 | United States | 2,000,000 | 2,013,885 |
| gMerrill Lynch Mortgage Investors Trust, 2003-OPT1, B2, FRN, 4.29%, 7/25/34 | United States | 33,301 | 5,455 |
| gMerrill Lynch Mortgage Trust, 2005-CK11, AJ, FRN, 5.391%, 11/12/37 | United States | 1,825,000 | 1,921,770 |
| gMorgan Stanley ABS Capital I Inc. Trust, 2003-NC10, B1, FRN, 5.115%, 10/25/33 | United States | 350,442 | 245,688 |
| gMorgan Stanley Capital I Trust, 2006-HQ8, AJ, FRN, 5.68%, 3/12/44 | United States | 110,000 | 113,264 |
| 2007-IQ16, AM, FRN, 6.298%, 12/12/49 | United States | 460,000 | 520,907 |

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

Wells Fargo Mortgage Backed Securities Trust,

| | | | |
|--------------------------------------|---------------|---------|------------|
| g,i2004-W, A9, FRN, 2.762%, 11/25/34 | United States | 583,313 | 595,295 |
| i2007-3, 3A1, 5.50%, 4/25/37 | United States | 368,584 | 381,072 |
| | | | 21,218,704 |

Diversified Financials 2.6%

| | | | |
|--|----------------|-------------|------------|
| c,gARES CLO Funds, 2007-12A, B, 144A, FRN, 1.238%, 11/25/20 | United States | 530,000 | 510,300 |
| g,iArgent Securities Inc., 2003-W5, M4, FRN, 5.79%, 10/25/33 | United States | 596,059 | 324,965 |
| c,gAtrium CDO Corp., 10A, C, 144A, FRN, 2.876%, 7/16/25 | United States | 920,000 | 891,893 |
| c,gCatamaran CLO Ltd., 2013-1A, C, 144A, FRN, 3.071%, 1/27/25 | Cayman Islands | 750,000 | 725,388 |
| c,gCent CDO Ltd., 2007-15A, A2B, 144A, FRN, 0.583%, 3/11/21 | United States | 457,000 | 436,239 |
| c,gCent CLO LP, 2013-17A, D, 144A, FRN, 3.236%, 1/30/25 | Cayman Islands | 392,157 | 389,653 |
| gChase Funding Mortgage Loan Asset-Backed Certificates, 2004-2, 2A2, FRN, 0.665%, 2/25/35 | United States | 556,818 | 492,625 |
| c,gCIFC Funding Ltd., 2007-3A, A1J, 144A, FRN, 0.638%, 7/26/21 | United States | 640,000 | 617,654 |
| c,gColumbus Nova CLO Ltd., 2007-2A, A2, 144A, FRN, 1.244%, 10/15/21 | United States | 310,000 | 302,785 |
| c,gCT CDO IV Ltd., 2006-4A, A1, 144A, FRN, 0.477%, 10/20/43 | United States | 1,204,576 | 1,144,938 |
| c,gGleneagles CLO Ltd., 2005-1A, A2, 144A, FRN, 0.642%, 11/01/17 | United States | 1,000,000 | 973,160 |
| c,gING Investment Management CLO Ltd., 2013-1A, B, 144A, FRN, 3.144%, 4/15/24 | Cayman Islands | 180,000 | 177,010 |
| 2013-1A, C, 144A, FRN, 3.744%, 4/15/24 | Cayman Islands | 450,000 | 438,337 |
| 2013-2A, B, 144A, FRN, 2.918%, 4/25/25 | United States | 1,000,000 | 978,566 |
| g,iOption One Mortgage Loan Trust, 2003-6, M5, FRN, 5.115%, 11/25/33 | United States | 285,741 | 137,628 |
| gStructured Asset Investment Loan Trust, 2003-BC2, M3, FRN, 5.04%, 4/25/33 | United States | 13,987 | 1,589 |
| g,jTalisman 6 Finance, Reg S, FRN, 0.404%, 10/22/16 | Ireland | 786,833 EUR | 1,018,705 |
| c,gWestchester CLO Ltd., 2007-1A, A1A, 144A, FRN, 0.467%, 8/01/22 | United States | 522,389 | 512,979 |
| | | | 10,074,414 |

Total Asset-Backed Securities and Commercial Mortgage-Backed Securities (Cost \$30,350,914)

31,293,118

Mortgage-Backed Securities 32.2%

gFederal Home Loan Mortgage Corp. (FHLMC) Adjustable Rate 0.1%

| | | | |
|------------------------|---------------|---------|---------|
| FHLMC, 2.702%, 5/01/34 | United States | 533,749 | 540,039 |
|------------------------|---------------|---------|---------|

Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate 5.2%

| | | | |
|-------------------------------------|---------------|-----------|-----------|
| FHLMC Gold 15 Year, 5.00%, 12/01/23 | United States | 1,628,493 | 1,761,335 |
| FHLMC Gold 15 Year, 5.50%, 7/01/19 | United States | 44,890 | 48,674 |

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited) *(continued)*

| | | | |
|---|---------------|------------|------------|
| FHLMC Gold 15 Year, 6.00%, 3/01/14 | United States | 3,500 | 3,511 |
| FHLMC Gold 30 Year, 3.50%, 5/01/42 - 10/01/43 | United States | 1,862,643 | 1,852,491 |
| dFHLMC Gold 30 Year, 4.00%, 2/01/39 | United States | 8,000,000 | 8,193,125 |
| FHLMC Gold 30 Year, 4.50%, 9/01/39 - 4/01/40 | United States | 584,774 | 620,622 |
| FHLMC Gold 30 Year, 5.00%, 11/01/38 | United States | 978,724 | 1,055,481 |
| FHLMC Gold 30 Year, 5.50%, 4/01/38 | United States | 2,002,742 | 2,186,491 |
| FHLMC Gold 30 Year, 6.00%, 7/01/28 - 11/01/36 | United States | 1,818,476 | 2,017,068 |
| FHLMC Gold 30 Year, 6.50%, 8/01/27 - 3/01/38 | United States | 865,358 | 961,961 |
| FHLMC Gold 30 Year, 7.00%, 9/01/27 | United States | 267,919 | 301,429 |
| FHLMC Gold 30 Year, 8.00%, 1/01/31 | United States | 31,536 | 36,466 |
| FHLMC Gold 30 Year, 8.50%, 7/01/31 | United States | 728,400 | 891,101 |
| | | | 19,929,755 |
| gFederal National Mortgage Association (FNMA) Adjustable Rate 0.3% | | | |
| FNMA, 1.79% - 1.975%, 6/01/32 - 7/01/34 | United States | 1,152,166 | 1,206,071 |
| Federal National Mortgage Association (FNMA) Fixed Rate 25.0% | | | |
| FNMA 15 Year, 3.00%, 8/01/27 | United States | 29,951 | 30,657 |
| dFNMA 15 Year, 3.00%, 2/01/28 | United States | 36,475,000 | 37,148,932 |
| dFNMA 15 Year, 3.50%, 1/01/26 - 2/15/28 | United States | 516,833 | 539,705 |
| FNMA 15 Year, 5.50%, 7/01/20 | United States | 729,726 | 790,482 |
| FNMA 15 Year, 6.00%, 6/01/17 | United States | 1,305 | 1,312 |
| FNMA 15 Year, 6.50%, 7/01/20 | United States | 8,162 | 8,595 |
| FNMA 30 Year, 3.00%, 9/01/32 - 4/01/43 | United States | 2,978,211 | 2,855,853 |
| dFNMA 30 Year, 4.00%, 1/01/41 | United States | 30,850,000 | 31,669,453 |
| FNMA 30 Year, 4.00%, 12/01/40 - 2/01/41 | United States | 3,744,183 | 3,863,856 |
| FNMA 30 Year, 4.50%, 9/01/40 - 12/01/40 | United States | 3,265,045 | 3,466,776 |
| dFNMA 30 Year, 5.00%, 2/01/34 | United States | 6,653,000 | 7,205,512 |
| FNMA 30 Year, 5.00%, 5/01/38 - 7/01/39 | United States | 2,034,713 | 2,212,062 |
| FNMA 30 Year, 5.50%, 6/01/37 | United States | 1,687,500 | 1,855,433 |
| FNMA 30 Year, 6.00%, 4/01/33 - 6/01/38 | United States | 2,635,934 | 2,935,460 |
| FNMA 30 Year, 6.50%, 8/01/32 | United States | 321,538 | 359,775 |
| FNMA 30 Year, 7.00%, 9/01/18 | United States | 68,949 | 75,223 |
| FNMA 30 Year, 8.00%, 10/01/29 | United States | 113,362 | 126,996 |

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

| | | | |
|---|---------------|-----------------|-------------|
| FNMA 30 Year, 8.50%, 8/01/26 | United States | 203,426 | 223,471 |
| | | | 95,369,553 |
| Government National Mortgage Association (GNMA) Fixed Rate 1.6% | | | |
| GNMA I SF 30 Year, 6.50%, 6/15/31 - 12/15/33 | United States | 577,511 | 644,800 |
| dGNMA II SF 30 Year, 3.50%, 2/01/43 | United States | 5,000,000 | 5,029,883 |
| GNMA II SF 30 Year, 7.00%, 1/20/24 - 1/20/29 | United States | 86,776 | 98,127 |
| GNMA II SF 30 Year, 8.00%, 1/20/28 - 10/20/31 | United States | 204,121 | 244,362 |
| | | | 6,017,172 |
| Total Mortgage-Backed Securities (Cost \$122,698,014) | | | 123,062,590 |
| Municipal Bonds 1.7% | | | |
| Arizona School Facilities Board COP, Refunding, Series A-1, 5.00%, 9/01/19 | United States | 650,000 | 750,711 |
| Metropolitan St. Louis Sewer District Wastewater System Revenue, Series B, 4.00%, 5/01/19 | United States | 1,000,000 | 1,124,070 |
| New York Thruway Authority General Junior Indebtedness Revenue, Series A, 5.00%, 5/01/19 | United States | 1,000,000 | 1,148,470 |
| Tobacco Settlement Financing Corp. Revenue, Asset-Backed, Refunding, Series B, 5.00%, 6/01/20 | United States | 1,000,000 | 1,054,270 |
| Triborough Bridge and Tunnel Authority Revenues, Refunding, Sub Series D-1, 2.885%, 11/15/19 | United States | 1,000,000 | 993,300 |
| University of California Revenues, General, Series AK, 5.00%, 5/15/48 | United States | 790,000 | 915,262 |
| Washington State GO, Various Purpose, Series D, 5.00%, 2/01/23 | United States | 255,000 | 292,916 |
| Total Municipal Bonds (Cost \$6,290,526) | | | 6,278,999 |
| Total Investments before Short Term Investments (Cost \$528,782,927) | | | 542,599,806 |
| Short Term Investments 5.0% | | | |
| Foreign Government and Agency Securities 0.6% | | | |
| kBank of Negara Monetary Notes, 1/09/14 - 11/06/14 | Malaysia | 5,360,000 MYR | 1,620,635 |
| Government of Sweden, 6.75%, 5/05/14 | Sweden | 3,200,000 SEK | 507,508 |
| Korea Monetary Stabilization Bond, senior bond, 2.72%, 9/09/14 | South Korea | 150,000,000 KRW | 142,158 |

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited) *(continued)*

| | | | |
|--|---------------|------------|----------------|
| kMalaysia Treasury Bill, 5/30/14 | Malaysia | 60,000 MYR | 18,081 |
| Total Foreign Government and Agency Securities (Cost \$2,353,276) | | | 2,288,382 |
| Total Investments before Money Market Funds (Cost \$531,136,203) | | | 544,888,188 |
| | | Shares | |
| Money Market Funds (Cost \$16,862,516) 4.4% | | | |
| a, Institutional Fiduciary Trust Money Market Portfolio | United States | 16,862,516 | 16,862,516 |
| Total Investments (Cost \$547,998,719) 147.1% | | | 561,750,704 |
| Preferred Shares (23.6)% | | | (90,000,000) |
| Other Assets, less Liabilities (23.5)% | | | (89,905,264) |
| Net Assets 100.0% | | | \$ 381,845,440 |

Rounds to less than 0.1% of net assets.

* The principal amount is stated in U.S. dollars unless otherwise indicated.

^a Non-income producing.

^b At December 31, 2013, pursuant to the Fund's policies and the requirements of applicable securities law, the Fund may be restricted from trading these securities for a limited

or extended period of time due to ownership limits and/or potential possession of material non-public information.

^c Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers

or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Trust's Board of Trustees. At

December 31, 2013, the aggregate value of these securities was \$90,452,737, representing 23.69% of net assets.

^d A portion or all of the security purchased on a when-issued, delayed delivery, or to-be-announced (TBA) basis.

^e Perpetual security with no stated maturity date.

^f Income may be received in additional securities and/or cash.

^g The coupon rate shown represents the rate at period end.

^h Security has been deemed illiquid because it may not be able to be sold within seven days.

ⁱ The bond pays interest and/or principal based upon the issuer's ability to pay, which may be less than the stated interest rate or principal payoff.

^j Security was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States.

Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption

from registration. These securities have been deemed liquid under guidelines approved by the Trust's Board of Trustees. At December 31, 2013, the value of this security

was \$1,018,705, representing 0.27% of net assets.

^k The security is traded on a discount basis with no stated coupon rate.

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

¹ The Institutional Fiduciary Trust Money Market Portfolio is managed by an affiliate of the Fund's investment manager.

At December 31, 2013 the Fund had the following forward exchange contracts outstanding. See Note 3.

| Currency | Counterparty ^a | Type | Quantity | Contract Amount | Settlement Date | Unrealized Appreciation | Unrealized Depreciation |
|-----------------|---------------------------|------|------------|--------------------|--------------------|----------------------------|----------------------------|
| Euro | DBAB | Sell | 84,250 | \$ 112,398 | 1/09/14 | \$ - | (3,487) |
| Euro | UBSW | Buy | 1,470,694 | 2,025,396 | 1/13/14 | - | (2,469) |
| Euro | UBSW | Sell | 1,470,694 | 1,925,124 | 1/13/14 | - | (97,803) |
| Japanese Yen | DBAB | Sell | 90,560,000 | 1,017,986 | 1/22/14 | 157,870 | - |
| Euro | DBAB | Buy | 552,717 | 759,903 | 1/30/14 | 348 | - |
| Euro | DBAB | Sell | 761,000 | 1,026,247 | 1/30/14 | - | (20,494) |

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited)

(continued)

| | | | | | | | |
|---------------|------|------|-------------|-----------|----------|---------|-----------|
| Euro | DBAB | Buy | 455,983 | 627,624 | 2/11/14 | - | (425) |
| Euro | DBAB | Sell | 514,321 | 690,183 | 2/11/14 | - | (17,260) |
| Euro | DBAB | Sell | 597,997 | 786,814 | 3/03/14 | - | (35,729) |
| Japanese Yen | JPHQ | Sell | 28,600,000 | 314,507 | 3/03/14 | 42,819 | - |
| Japanese Yen | DBAB | Sell | 171,860,000 | 1,867,983 | 3/04/14 | 235,373 | - |
| Japanese Yen | HSBC | Sell | 28,600,000 | 314,113 | 3/04/14 | 42,423 | - |
| Japanese Yen | UBSW | Sell | 31,900,000 | 347,003 | 3/04/14 | 43,964 | - |
| Euro | DBAB | Sell | 900,000 | 1,167,795 | 3/06/14 | - | (70,150) |
| Euro | DBAB | Sell | 693,715 | 900,581 | 3/17/14 | - | (53,613) |
| Euro | DBAB | Buy | 433,764 | 586,514 | 3/20/14 | 10,120 | - |
| Euro | DBAB | Sell | 500,000 | 645,350 | 3/20/14 | - | (42,390) |
| Euro | DBAB | Sell | 376,000 | 483,216 | 4/03/14 | - | (33,962) |
| Euro | DBAB | Buy | 391,123 | 522,032 | 4/22/14 | 15,961 | - |
| Euro | DBAB | Sell | 781,096 | 1,025,423 | 4/22/14 | - | (48,982) |
| Euro | DBAB | Sell | 378,290 | 500,667 | 5/05/14 | - | (19,683) |
| Japanese Yen | DBAB | Sell | 48,553,750 | 500,000 | 5/07/14 | 38,567 | - |
| British Pound | DBAB | Sell | 900,000 | 1,391,670 | 5/09/14 | - | (97,189) |
| Sterling | | | | | | | |
| Euro | DBAB | Sell | 600,000 | 787,650 | 5/09/14 | - | (37,674) |
| Euro | DBAB | Sell | 385,820 | 500,000 | 5/28/14 | - | (30,724) |
| Japanese Yen | BZWS | Sell | 30,150,000 | 309,815 | 6/10/14 | 23,216 | - |
| Japanese Yen | HSBC | Sell | 32,110,000 | 331,948 | 6/10/14 | 26,718 | - |
| Japanese Yen | JPHQ | Sell | 21,770,000 | 221,248 | 6/10/14 | 14,307 | - |
| Japanese Yen | DBAB | Sell | 10,600,000 | 110,306 | 6/11/14 | 9,545 | - |
| Japanese Yen | JPHQ | Sell | 29,750,000 | 309,820 | 6/11/14 | 27,021 | - |
| Japanese Yen | JPHQ | Sell | 12,500,000 | 132,296 | 6/17/14 | 13,468 | - |
| Euro | DBAB | Sell | 208,656 | 269,396 | 7/10/14 | - | (17,646) |
| Euro | DBAB | Sell | 210,898 | 281,760 | 8/26/14 | - | (8,401) |
| Euro | JPHQ | Sell | 105,568 | 140,881 | 8/27/14 | - | (4,363) |
| Japanese Yen | JPHQ | Sell | 180,180,000 | 1,839,348 | 11/05/14 | 124,091 | - |
| Euro | DBAB | Sell | 117,683 | 159,326 | 11/10/14 | - | (2,625) |
| Euro | JPHQ | Sell | 78,316 | 104,430 | 11/12/14 | - | (3,346) |
| Euro | DBAB | Sell | 309,763 | 419,624 | 12/04/14 | - | (6,694) |
| Japanese Yen | DBAB | Sell | 309,500,000 | 3,006,752 | 12/22/14 | 58,727 | - |

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013

(unaudited) (continued)

| | | |
|--|------------|------------|
| Unrealized appreciation (depreciation) | 884,538 | (655,109) |
| Net unrealized appreciation (depreciation) | \$ 229,429 | |

aMay be comprised of multiple contracts using the same currency and settlement date.

At December 31, 2013, the Fund had the following credit default swap contracts outstanding. See Note 3.

| Description | Counterparty ^a / Exchange | Notional Amount ^b | Periodic Payment Rate | Expiration Date | Upfront Premiums Paid (Received) | Unrealized Appreciation | Unrealized Depreciation | Market Value | Rating ^c |
|---|---|---------------------------------|-----------------------------|--------------------|---|----------------------------|----------------------------|-----------------|----------------------|
| | | | | | | | | | |
| OTC Sw aps | | | | | | | | | |
| Contracts to Sell Protection^d | | | | | | | | | |
| Traded Index | | | | | | | | | |
| CMBX.NA.AJ.2 | FBCO | 2,800,000 | 1.09 % | 3/15/49 | \$ (394,425) | \$ 106,253 | - | \$ (288,172) | Non Investment Grade |
| MCDX.NA.21 | CITI | 3,000,000 | 1.00 % | 12/20/18 | (56,232) | 6,256 | - | (49,976) | Investment Grade |
| OTC Sw aps unrealized appreciation (depreciation) | | | | | | 112,509 | - | | |
| Net unrealized appreciation (depreciation) | | | | | | \$ 112,509 | | | |

aPosting of collateral is required by either the Fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds the minimum transfer amount, which typically ranges from \$100,000 to \$250,000, and can vary depending on the counterparty and the type of the agreement. The table below summarizes the cash and/or securities held as collateral for each applicable counterparty at period end.

| Counterparty | Collateral Posted (Received) |
|------------------|------------------------------|
| FBCO | \$ 520,000 |
| JPHQ | (44,951) |
| Total collateral | \$ 475,049 |

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

^bIn U.S. dollars unless otherwise indicated. For contracts to sell protection, the notional amount is equal to the maximum potential amount of the future payments and no recourse provisions have been entered into in association with the contracts.

^cBased on Standard and Poor's (S&P) Rating for single name swaps and internal ratings for index swaps. Internal ratings based on mapping into equivalent ratings from external vendors.

^dThe fund enters contracts to sell protection to create a long credit position. Performance triggers include failure to pay or bankruptcy of the underlying securities for traded index swaps.

Franklin Templeton Limited Duration Income Trust

Statement of Investments, December 31, 2013 (unaudited)

(continued)

ABBREVIATIONS

Counterparty

BZWS - Barclays Bank PLC

DBAB - Deutsche Bank AG

HSBC - HSBC Bank USA, N.A.

JPHQ - JP Morgan Chase & Co.

UBSW - UBS AG.

Currency

| | | |
|------------|---|-------------------|
| EUR | - | Euro |
| GBP | - | British Pound |
| KRW | - | South Korean Won |
| MYR | - | Malaysian Ringgit |
| PLN | - | Polish Zloty |
| SEK | - | Swedish Krona |

Selected Portfolio

| | | |
|------------|---|--------------------------------|
| CD | - | Certificate of Deposit |
| CDO | - | Collateralized Debt Obligation |
| CLO | - | Collateralized Loan Obligation |
| COP | - | Certificate of Participation |
| FRN | - | Floating Rate Note |
| GO | - | General Obligation |
| L/C | - | Letter of Credit |
| PIK | - | Payment-In-Kind |
| SF | - | Single Family |
| USD | - | Unified/Union School District |

Franklin Templeton Limited Duration Income Trust

Notes to Statement of Investments (unaudited)

1. ORGANIZATION

Franklin Templeton Limited Duration Income Trust (Fund) is registered under the Investment Company Act of 1940, as amended, as a closed-end investment company.

2. FINANCIAL INSTRUMENT VALUATION

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share at the close of the New York Stock Exchange (NYSE), generally at 4p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Under procedures approved by the Fund's Board of Trustees (the Board), the Fund's administrator, investment manager and other affiliates have formed the Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities and derivative financial instruments (derivatives) listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close on the date that the values of the foreign debt securities are determined. Investments in open-end mutual funds are valued at the closing net asset value.

Certain derivatives trade in the OTC market. The Fund's pricing services use various techniques including industry standard option pricing models and proprietary discounted cash flow models to determine the fair value of those instruments. The Fund's net benefit or obligation under the derivative contract, as measured by the fair value of the contract, is included in net assets.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

3. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund invested in derivatives in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and/or the potential for market movements.

Derivative counterparty credit risk is managed through a formal evaluation of the creditworthiness of all potential counterparties. The Fund attempts to reduce its exposure to counterparty credit risk on OTC derivatives, whenever possible, by entering into International Swaps and Derivatives Association (ISDA) master agreements with certain counterparties. These agreements contain various provisions, including but not limited to collateral requirements, events of default, or early termination. Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under the ISDA agreement.

Collateral requirements differ by type of derivative. Collateral terms are contract specific for OTC derivatives. For OTC derivatives traded under an ISDA master agreement, posting of collateral is required by either the fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds the minimum transfer amount, which typically ranges from \$100,000 to \$250,000, and can vary depending on the counterparty and the type of the agreement. Generally, collateral is determined at the close of fund business each day and any additional collateral required due to changes in derivative values may be delivered by the fund or the counterparty within a few business days. Collateral pledged and/or received by the fund, if any, is held in segregated accounts with the fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Fund's investment objectives.

At December 31, 2013, the Fund received \$44,951 in U.S. Treasury Notes as collateral for derivatives.

The Fund entered into OTC forward exchange contracts primarily to manage and/or gain exposure to certain foreign currencies. A forward exchange contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency for a specific exchange rate on a future date.

The Fund entered into credit default swap contracts primarily to manage and/or gain exposure to credit risk. A credit default swap is an agreement between the Fund and a counterparty whereby the buyer of the contract receives credit protection and the seller of the contract guarantees the credit worthiness of a referenced debt obligation. These agreements may be privately negotiated in the over-the-counter market (OTC credit default swaps) or may be executed in a multilateral trade facility platform, such as a registered exchange (centrally cleared credit default swaps). The underlying referenced debt obligation may be a single issuer of corporate or sovereign debt, a credit index, or a tranche of a credit index. In the event of a default of the underlying referenced debt obligation, the buyer is entitled to receive the notional amount of the credit default swap contract from the seller in exchange for the referenced debt obligation, a net settlement amount equal to the notional amount of the credit default swap less the recovery value of the referenced debt obligation, or other agreed upon amount. For centrally cleared credit default swaps, required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable. Over the term of the contract, the buyer pays the seller a periodic stream of payments, provided that no event of default has occurred. Such periodic payments are accrued daily as an unrealized appreciation or depreciation until the payments are made, at which time they are realized. Payments received or paid to initiate a credit default swap contract represent compensating factors between stated terms of the credit default swap agreement and prevailing market conditions (credit spreads and other relevant factors). These upfront payments are amortized over the term of the contract as a realized gain or loss.

4. MORTGAGE DOLLAR ROLLS

The Fund enters into mortgage dollar rolls, typically on a TBA basis. Mortgage dollar rolls are agreements between the Fund and a financial institution to simultaneously sell and repurchase mortgage-backed securities at a future date. Gains or losses are realized on the initial sale, and the difference between the repurchase price and the sale price is recorded as an unrealized gain or loss to the Fund upon entering into the mortgage dollar roll. In addition, the Fund may invest the cash proceeds that are received from the initial sale. During the period between the sale and repurchase, the Fund is not entitled to principal and interest paid on the mortgage backed securities. The risks of mortgage dollar roll transactions include the potential inability of the counterparty to fulfill its obligations.

The Fund is investing in mortgage dollar rolls as an alternate form of leverage. As a result, the mortgage dollar rolls are considered indebtedness or a senior security for purposes of the asset coverage requirements under the 1940 Act.

5. INCOME TAXES

At December 31, 2013, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

| | | |
|--|----|--------------|
| Cost of investments | \$ | 548,792,688 |
| Unrealized appreciation | \$ | 16,542,996 |
| Unrealized depreciation | | (3,584,980) |
| Net unrealized appreciation (depreciation) | \$ | 12,958,016 |

6. FAIR VALUE MEASUREMENTS

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 quoted prices in active markets for identical financial instruments
- Level 2 other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

A summary of inputs used as of December 31, 2013, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------------|----------------|--------------------|
| Assets: | | | | |
| Investments in Securities: | | | | |
| Equity Investments ^a : | | | | |
| Materials | \$ | - \$ | 540,000 \$ | - \$ 540,000 |
| Transportation | | - | 344,946 | - 344,946 |
| Corporate Bonds | | - | 193,763,824 | - 193,763,824 |
| Senior Floating Rate Interests | | - | 183,351,802 | - 183,351,802 |
| Litigation Trust | | - | - | - b - |
| Foreign Government and Agency Securities | | - | 3,964,527 | - 3,964,527 |
| Asset-Backed Securities and Commercial Mortgage-Backed Securities | | - | 31,293,118 | - 31,293,118 |
| Mortgage-Backed Securities | | - | 123,062,590 | - 123,062,590 |
| Municipal Bonds | | - | 6,278,999 | - 6,278,999 |
| Short Term Investments | | 16,862,516 | 2,288,382 | - 19,150,898 |
| Total Investments in Securities | \$ | 16,862,516 \$ | 544,888,188 \$ | - b \$ 561,750,704 |
| Swap Contracts | | - | 112,509 | - 112,509 |
| Forward Exchange Contracts | | - | 884,538 | - 884,538 |
| Liabilities: | | | | |
| Forward Exchange Contracts | | - | 655,109 | - 655,109 |

^aIncludes common and convertible preferred stocks as well as other equity investments.

^bIncludes securities determined to have no value at December 31, 2013.

A reconciliation of assets in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 investments at the end of the period.

7. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

For additional information on the Fund's significant accounting policies, please refer to the Fund's most recent semiannual or annual shareholder report.

Item 2. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures. The Registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Registrant's management, including the principal executive officer and the principal financial officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Within 90 days prior to the filing date of this Quarterly Schedule of Portfolio Holdings on Form N-Q, the Registrant had carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's principal executive officer and the Registrant's principal financial officer, of the effectiveness of the design and operation of the Registrant's disclosure controls and procedures. Based on such evaluation, the Registrant's principal executive officer and principal financial officer concluded that the Registrant's disclosure controls and procedures are effective.

(b) Changes in Internal Controls. There have been no changes in the Registrant's internal controls or in other factors that could materially affect the internal controls over financial reporting subsequent to the date of their evaluation in connection with the preparation of this Quarterly Schedule of Portfolio Holdings on Form N-Q.

Item 3. Exhibits.

Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

(a) Certification pursuant to Section 30a-2 under the Investment Company Act of 1940 of Laura F. Ferguson, Chief Executive Officer - Finance and Administration, and Gaston Gardey, Chief Financial Officer and Chief Accounting Officer.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Franklin Templeton Limited Duration Income Trust

By /s/ LAURA F. FERGERSON

Laura F. Fergerson

Chief Executive Officer -

Finance and Administration

Date February 27, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ LAURA F. FERGERSON

Laura F. Fergerson

Chief Executive Officer -

Finance and Administration

Date February 27, 2014

By /s/ GASTON GARDEY

Gaston Gardey

Chief Financial Officer and

Chief Accounting Officer

Date February 27, 2014