

FRANKLIN TEMPLETON LTD DURATION INCOME TRUST

Form N-Q

August 28, 2008

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21357  
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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  
-----

Date of fiscal year end: 03/31  
-----

Date of reporting period: 6/30/08  
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Item 1. Schedule of Investments.

Franklin Templeton  
Limited Duration Income Trust

QUARTERLY STATEMENT OF INVESTMENTS  
JUNE 30, 2008

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(FRANKLIN TEMPLETON INVESTMENTS(R) LOGO)

FRANKLIN - Templeton - Mutual Series

Quarterly Statement of Investments | 1

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Franklin Templeton  
 Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED)

	COUNTRY/ORGANIZATION -----
CORPORATE BONDS 46.1%	
AUTOMOBILES & COMPONENTS 1.5%	
Ford Motor Credit Co. LLC,	
(b) FRN, 7.163%, 4/15/12 .....	United States
senior note, 5.80%, 1/12/09 .....	United States
senior note, 9.875%, 8/10/11 .....	United States
BANKS 0.3%	
(c) ICICI Bank Ltd., 144A, 6.625%, 10/03/12 .....	India
CAPITAL GOODS 1.7%	
RBS Global & Rexnord Corp., senior note, 9.50%, 8/01/14 .....	United States
RSC Equipment Rental Inc., senior note, 9.50%, 12/01/14 .....	United States
TransDigm Inc., senior sub. note, 7.75%, 7/15/14 .....	United States
COMMERCIAL SERVICES & SUPPLIES 1.2%	
(b) ARAMARK Corp., senior note, FRN, 6.373%, 2/01/15 .....	United States
JohnsonDiversey Holdings Inc., senior disc. note, 10.67%, 5/15/13 .....	United States
CONSUMER DURABLES & APPAREL 1.7%	
Jarden Corp., senior sub. note, 7.50%, 5/01/17 .....	United States
Jostens IH Corp., senior sub. note, 7.625%, 10/01/12 .....	United States
KB Home, senior note, 6.375%, 8/15/11 .....	United States
CONSUMER SERVICES 3.2%	
Host Marriott LP, senior note, K, 7.125%, 11/01/13 .....	United States
MGM MIRAGE, senior note, 6.75%, 4/01/13 .....	United States
(c) Outback Steakhouse Inc., senior note, 144A, 10.00%, 6/15/15 .....	United States
Pinnacle Entertainment Inc., senior sub. note, 8.75%, 10/01/13 ....	United States
Royal Caribbean Cruises Ltd., senior note, 8.00%, 5/15/10 .....	United States
DIVERSIFIED FINANCIALS 5.8%	
CIT Group Funding Co. of Canada, senior note, 4.65%, 7/01/10 .....	United States
CIT Group Inc., senior note, 7.625%, 11/30/12 .....	United States
General Electric Capital Corp., 4.80%, 5/01/13 .....	United States
GMAC LLC, 7.25%, 3/02/11 .....	United States
6.875%, 8/28/12 .....	United States
JPMorgan Chase & Co., sub. note, 5.75%, 1/02/13 .....	United States

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Lehman Brothers Holdings Inc., senior note, 6.20%, 9/26/14 ..... United States

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Franklin Templeton  
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STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED) (CONTINUED)

	COUNTRY/ORGANIZATION -----
CORPORATE BONDS (CONTINUED)	
DIVERSIFIED FINANCIALS (CONTINUED)	
Merrill Lynch & Co. Inc.,	
5.45%, 2/05/13 .....	United States
6.15%, 4/25/13 .....	United States
Morgan Stanley, sub. note, 4.75%, 4/01/14 .....	United States
ENERGY 4.3%	
Chesapeake Energy Corp., senior note, 7.50%, 6/15/14 .....	United States
Compagnie Generale de Geophysique-Veritas, senior note, 7.50%, 5/15/15 .....	France
El Paso Corp., senior note, 6.875%, 6/15/14 .....	United States
Mariner Energy Inc., senior note, 7.50%, 4/15/13 .....	United States
(c) Petroplus Finance Ltd., senior note, 144A, 6.75%, 5/01/14 .....	Switzerland
(c) SandRidge Energy Inc., senior note, 144A, 8.00%, 6/01/18 .....	United States
The Williams Co. Inc., 8.125%, 3/15/12 .....	United States
FOOD, BEVERAGE & TOBACCO 1.5%	
Dean Foods Inc., senior note, 7.00%, 6/01/16 .....	United States
Dole Food Co. Inc., senior note, 8.625%, 5/01/09 .....	United States
Reynolds American Inc., senior secured note, 7.25%, 6/01/13 .....	United States
Smithfield Foods Inc., senior note, 8.00%, 10/15/09 .....	United States
HEALTH CARE EQUIPMENT & SERVICES 5.1%	
Coventry Health Care Inc., senior note, 5.875%, 1/15/12 .....	United States
DaVita Inc.,	
senior note, 6.625%, 3/15/13 .....	United States
senior sub. note, 7.25%, 3/15/15 .....	United States
FMC Finance III SA, senior note, 6.875%, 7/15/17 .....	Germany
HCA Inc., senior secured note, 9.125%, 11/15/14 .....	United States
Tenet Healthcare Corp., senior note, 6.375%, 12/01/11 .....	United States
(b, d) U.S. Oncology Holdings Inc., senior note, FRN, PIK, 7.949%, 3/15/12 .....	United States
(d) United Surgical Partners International Inc., senior sub. note, PIK, 9.25%, 5/01/17 .....	United States
Vanguard Health Holding Co. II LLC, senior sub. note, 9.00%, 10/01/14 .....	United States

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INSURANCE 0.5%	
(c) Metropolitan Life Global Funding I, senior secured note, 144A, 5.125%, 4/10/13 .....	United States
MATERIALS 4.3%	
Crown Americas Inc., senior note, 7.625%, 11/15/13 .....	United States
(b) Freeport-McMoRan Copper & Gold Inc., senior note, FRN, 5.883%, 4/01/15 .....	United States

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Franklin Templeton  
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STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED) (CONTINUED)

	COUNTRY/ORGANIZATION -----
CORPORATE BONDS (CONTINUED)	
MATERIALS (CONTINUED)	
Huntsman International LLC, senior sub. note, 7.875%, 11/15/14 ....	United States
(c) Ineos Group Holdings PLC, 144A, 8.50%, 2/15/16 .....	United Kingdom
(c) MacDermid Inc., senior sub. note, 144A, 9.50%, 4/15/17 .....	United States
Nalco Co., senior sub. note, 8.875%, 11/15/13 .....	United States
Smurfit Kappa Funding PLC, senior sub. note, 7.75%, 4/01/15 .....	Ireland
MEDIA 6.3%	
CanWest Media Inc., senior sub. note, 8.00%, 9/15/12 .....	Canada
CCH II LLC, senior note, 10.25%, 9/15/10 .....	United States
CSC Holdings Inc., senior note, 8.125%, 7/15/09 .....	United States
Dex Media Finance/West, senior sub. note, 9.875%, 8/15/13 .....	United States
DIRECTV Holdings LLC, senior note, 8.375%, 3/15/13 .....	United States
Lamar Media Corp., senior sub. note, 7.25%, 1/01/13 .....	United States
C, 6.625%, 8/15/15 .....	United States
Liberty Media Corp., senior note, 7.875%, 7/15/09 .....	United States
Quebecor Media Inc., senior note, 7.75%, 3/15/16 .....	Canada
Radio One Inc., senior sub. note, B, 8.875%, 7/01/11 .....	United States
(c) Rainbow National Services LLC, senior sub. deb., 144A, 10.375%, 9/01/14 .....	United States
RETAILING 0.5%	
Michaels Stores Inc., senior note, 10.00%, 11/01/14 .....	United States
SOFTWARE & SERVICES 1.2%	
SunGard Data Systems Inc., senior note, 9.125%, 8/15/13 .....	United States
TECHNOLOGY HARDWARE & EQUIPMENT 1.1%	
(c) Nortel Networks Ltd., senior note, 144A, 10.75%, 7/15/16 .....	Canada
Sanmina-SCI Corp.,	

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(b, c) senior note, 144A, FRN, 5.526%, 6/15/14 .....	United States
senior sub. note, 6.75%, 3/01/13 .....	United States
TELECOMMUNICATION SERVICES 3.7%	
(c) Digicel Group Ltd., senior note, 144A, 8.875%, 1/15/15 .....	Jamaica
(c) Intelsat Subsidiary Holding Co. Ltd., senior note, 144A, 8.50%, 1/15/13 .....	Bermuda
MetroPCS Wireless Inc., senior note, 9.25%, 11/01/14 .....	United States
Millicom International Cellular SA, senior note, 10.00%, 12/01/13 .....	Luxembourg
Qwest Communications International Inc., senior note, B, 7.50%, 2/15/14 .....	United States
(c) Wind Acquisition Finance SA, senior note, 144A, 10.75%, 12/01/15 .....	Italy

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STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED) (CONTINUED)

	COUNTRY/ORGANIZATION -----
CORPORATE BONDS (CONTINUED)	
UTILITIES 2.2%	
Dynegy Holdings Inc., senior note, 7.50%, 6/01/15 .....	United States
NRG Energy Inc., senior note, 7.25%, 2/01/14 .....	United States
PNM Resources Inc., senior note, 9.25%, 5/15/15 .....	United States
(c) Texas Competitive Electric Holdings Co. LLC, senior note, 144A, 10.25%, 11/01/15 .....	United States
TOTAL CORPORATE BONDS (COST \$169,005,093) .....	
MORTGAGE-BACKED SECURITIES 36.4%	
(b) FEDERAL HOME LOAN MORTGAGE CORP. (FHLMC) ADJUSTABLE RATE 0.3%	
FHLMC, 4.452%, 5/01/34 .....	United States
FEDERAL HOME LOAN MORTGAGE CORP. (FHLMC) FIXED RATE 11.9%	
(e) FHLMC Gold 15 Year, 4.50%, 7/01/19 .....	United States
(e) FHLMC Gold 15 Year, 5.00%, 7/01/18 .....	United States
FHLMC Gold 15 Year, 5.50%, 7/01/19 .....	United States
(e) FHLMC Gold 15 Year, 6.00%, 7/01/18 .....	United States
(e) FHLMC Gold 30 Year, 5.50%, 7/15/37 .....	United States
FHLMC Gold 30 Year, 6.00%, 7/01/28 - 11/01/33 .....	United States
(e) FHLMC Gold 30 Year, 6.00%, 7/01/32 .....	United States
(e) FHLMC Gold 30 Year, 6.50%, 7/01/29 .....	United States
FHLMC Gold 30 Year, 7.00%, 9/01/27 .....	United States

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FHLMC Gold 30 Year, 8.00%, 1/01/31 .....	United States
FHLMC Gold 30 Year, 8.50%, 7/01/31 .....	United States
(b) FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) ADJUSTABLE RATE 0.6%	
FNMA, 4.586%, 7/01/34 .....	United States
FNMA, 5.992%, 6/01/32 .....	United States
FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) FIXED RATE 21.0%	
(e) FNMA 15 Year, 5.00%, 7/01/18 .....	United States
(e) FNMA 15 Year, 5.50%, 7/01/17 .....	United States
(e) FNMA 15 Year, 6.00%, 7/01/17 .....	United States
FNMA 15 Year, 6.50%, 7/01/20 .....	United States
FNMA 15 Year, 7.00%, 9/01/18 .....	United States
(e) FNMA 30 Year, 5.00%, 7/15/37 .....	United States
(e) FNMA 30 Year, 5.50%, 7/01/33 .....	United States
FNMA 30 Year, 6.00%, 4/01/33 .....	United States
(e) FNMA 30 Year, 6.00%, 7/15/37 .....	United States
(e) FNMA 30 Year, 6.50%, 7/01/32 .....	United States
FNMA 30 Year, 6.50%, 8/01/32 .....	United States
FNMA 30 Year, 8.00%, 10/01/29 .....	United States
FNMA 30 Year, 8.50%, 8/01/26 .....	United States

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STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED) (CONTINUED)

	COUNTRY/ORGANIZATION
	-----
MORTGAGE-BACKED SECURITIES (CONTINUED)	
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) FIXED RATE 2.6%	
(e) GNMA I SF 30 Year, 5.50%, 7/01/33 .....	United States
GNMA I SF 30 Year, 6.50%, 9/15/32 - 6/15/31 .....	United States
GNMA II SF 30 Year, 7.00%, 1/20/24 - 1/20/29 .....	United States
GNMA II SF 30 Year, 8.00%, 1/20/28 - 2/20/32 .....	United States
TOTAL MORTGAGE-BACKED SECURITIES	
(Cost \$125,921,117) .....	
ASSET-BACKED SECURITIES AND COMMERCIAL	
MORTGAGE-BACKED SECURITIES 7.5%	
BANKS 3.9%	
Banc of America Commercial Mortgage Inc., 2005-3, A2, 4.501%, 7/10/43 .....	United States

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(b) Citigroup/Deutsche Bank Commercial Mortgage Trust, 2005-CD1, A3, FRN, 5.225%, 7/15/44 .....	United States
A4, FRN, 5.225%, 7/15/44 .....	United States
Greenwich Capital Commercial Funding Corp., 2004-GG1, A7, 5.317%, 6/10/36 .....	United States
GS Mortgage Securities Corp. II, 2003-C1, A3, 4.608%, 1/10/40 .....	United States
LB-UBS Commercial Mortgage Trust, (b) 2002-C2, A4, FRN, 5.594%, 6/15/31 .....	United States
2005-C1, A2, 4.31%, 2/15/30 .....	United States
COMMERCIAL SERVICES & SUPPLIES 0.0%(f)	
(b) Merrill Lynch Mortgage Investors Trust, 2003-OPT1, B2, FRN, 5.233%, 7/25/34 .....	United States
DIVERSIFIED FINANCIALS 3.6%	
(b) Argent Securities Inc., 2003-W5, M4, FRN, 6.233%, 10/25/33 .....	United States
(b) Chase Credit Card Master Trust, 2003-6, A, FRN, 2.581%, 2/15/11 .....	United States
(b) Chase Funding Mortgage Loan Asset-Backed Certificates, 2004-2, 2A2, FRN, 2.733%, 2/25/35 .....	United States
(b) Chase Issuance Trust, 2005-A9, A9, FRN, 2.491%, 11/15/11 .....	United States
Citigroup Commercial Mortgage Trust, 2008-C7, A4, 6.095%, 12/10/49 .....	United States
(b) GSAMP Trust, 2003-AHL, B1, FRN, 6.483%, 10/25/33 .....	United States
(b) JPMorgan Chase Commercial Mortgage Securities Corp., 2005-LD5, A4, FRN, 5.179%, 12/15/44 .....	United States
(b) MBNA Master Credit Card Trust, 1997-B, A, FRN, 2.631%, 8/15/14 .....	United States
(b) Morgan Stanley ABS Capital, 2003-HE3, B1, FRN, 5.783%, 10/25/33 .....	United States
2003-NC10, B1, FRN, 7.433%, 10/25/33 .....	United States
(b) Morgan Stanley Dean Witter Capital I, 2003-NC3, B1, FRN, 6.983%, 3/25/33 .....	United States

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STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED) (CONTINUED)

	COUNTRY/ORGANIZATION
	-----
ASSET-BACKED SECURITIES AND COMMERCIAL	
MORTGAGE-BACKED SECURITIES (CONTINUED)	
DIVERSIFIED FINANCIALS (CONTINUED)	
(b) New Century Home Equity Loan Trust, 2003-2, M3, FRN, 8.033%, 1/25/33 .....	United States
(b) Option One Mortgage Loan Trust, 2003-6, M5, FRN, 5.783%, 11/25/33 .....	United States
(b) Specialty Underwriting & Residential Finance, 2003-BC4, B2, FRN, 4.983%, 11/25/34 .....	United States
(b) Structured Asset Investment Loan Trust,	

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2003-BC2, M3, FRN, 5.733%, 4/25/33 .....	United States
2003-BC13, M4, FRN, 6.608%, 11/25/33 .....	United States
TOTAL ASSET-BACKED SECURITIES AND COMMERCIAL	
MORTGAGE-BACKED SECURITIES (COST \$30,976,663) .....	
(b) SENIOR FLOATING RATE INTERESTS 57.1%	
AUTOMOBILES & COMPONENTS 2.6%	
Allison Transmission, Term Loan B, 5.23% - 5.47%, 8/07/14 .....	United States
Cooper Standard Automotive Inc., Term Loan D, 5.313%, 12/23/11 .....	United States
Federal Mogul Corp., Term Loan B, 4.40% - 4.42%, 12/27/14 .....	United States
Key Safety Systems Inc., Term Loan B, 4.74% - 5.07%, 3/10/14 .....	United States
TRW Automotive Inc., Tranche B-1 Term Loan, 4.188% - 4.25%, 2/09/14 .....	United States
CAPITAL GOODS 4.3%	
Goodman Global Holdings Co. Inc., Term Loan B, 7.50%, 2/13/14 .....	United States
GPS CCMP Merger Corp. (Generac), Term Loan B, 5.184%, 11/12/13 .....	United States
Oshkosh Truck Corp., Term Loan A, 3.95% - 4.18%, 12/06/11 .....	United States
Term Loan B, 4.20% - 4.43%, 12/06/13 .....	United States
RBS Global Inc. (Rexnord Corp.), Term Loan, 4.983% - 5.318%, 7/22/13 .....	United States
Spirit Aerosystems Inc. (Onex Wind Finance LP), Term Loan B, 4.568%, 12/31/11 .....	United States
TriMas Co. LLC, Term Loan B, 5.157%, 8/02/13 .....	United States
Tranche B-1 L/C, 4.69%, 8/02/11 .....	United States
URS Corp., Term Loan B, 5.308%, 5/15/13 .....	United States
COMMERCIAL SERVICES & SUPPLIES 3.9%	
Acco Brands Corp., Term Loan B, 4.428% - 4.553%, 8/17/12 .....	United States
Affinion Group Inc., Term Loan B, 4.983% - 5.178%, 10/17/12 .....	United States

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Franklin Templeton  
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STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED) (CONTINUED)

COUNTRY/ORGANIZATION  
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(b) SENIOR FLOATING RATE INTERESTS (CONTINUED)  
COMMERCIAL SERVICES & SUPPLIES (CONTINUED)  
(e) ARAMARK Corp.,



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Synthetic L/C, 2.44%, 1/26/14 .....	United States
Term Loan B, 4.676%, 1/26/14 .....	United States
Nielsen Finance LLC (VNU Inc.), Dollar Term Loan, 4.734%, 8/09/13 .....	United States
West Corp., Term Loan B-2, 4.858% - 5.295%, 10/24/13 .....	United States
CONSUMER DURABLES & APPAREL 1.2%	
Jarden Corp., Term Loan B2, 4.551%, 1/24/12 .....	United States
Jostens IH Corp. (Visant Holding Corp.), Term Loan C, 5.171%, 12/21/11 .....	United States
CONSUMER SERVICES 5.3%	
Arby's Restaurant Holdings LLC, Term Loan B, 4.733% - 5.149%, 7/25/12 .....	United States
Education Management LLC, Term Loan C, 4.563%, 6/01/13 .....	United States
Laureate Education Inc., Closing Date Term Loan, 5.733%, 8/17/14 .....	United States
OSI Restaurant Partners LLC (Outback), Pre-Funded Revolving Credit, 2.596%, 6/14/13 .....	United States
Term Loan B, 5.125%, 6/14/14 .....	United States
Penn National Gaming Inc., Term Loan B, 4.20% - 4.66%, 10/03/12 .....	United States
VML U.S. Finance LLC (Venetian Macau), Delayed Draw, 5.06%, 5/25/12 .....	Macau
New Project Term Loans, 5.06%, 5/25/13 .....	Macau
Term Loan B, 5.06%, 5/24/13 .....	Macau
DIVERSIFIED FINANCIALS 0.5%	
Nuveen Investments Inc., Term Loan B, 5.483%, 11/13/14 .....	United States
ENERGY 0.4%	
Dresser Inc., Term Loan B, 4.983% - 5.469%, 5/04/14 .....	United States
FOOD, BEVERAGE & TOBACCO 0.5%	
Dean Foods Co., Term Loan B, 3.99% - 4.31%, 4/02/14 .....	United States
HEALTH CARE EQUIPMENT & SERVICES 5.5%	
Bausch and Lomb Inc., Delayed Draw Term Loan, 6.051%, 4/28/15 .....	United States
Parent Term Loan B, 6.051%, 4/28/15 .....	United States
Community Health Systems Inc., Term Loan, 4.733% - 4.899%, 7/25/14 .....	United States
DaVita Inc., Term Loan B-1, 3.99% - 4.22%, 10/05/12 .....	United States
DJO Finance LLC, Term Loan B, 5.483% - 5.801%, 5/20/14 .....	United States

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Franklin Templeton  
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STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED) (CONTINUED)

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	COUNTRY/ORGANIZATION
	-----
(b) SENIOR FLOATING RATE INTERESTS (CONTINUED)	
HEALTH CARE EQUIPMENT & SERVICES (CONTINUED)	
Fresenius Medical Care Holdings Inc., Term Loan B, 4.019% - 4.184%, 3/31/13 .....	United States
HCA Inc., Term Loan B-1, 5.051%, 11/18/13 .....	United States
Health Management Associates Inc., Term Loan B, 4.551%, 2/28/14 .....	United States
Tasis Healthcare LLC, Delayed Draw Term Loan, 4.483%, 3/14/14 .....	United States
Initial Term Loan, 4.483%, 3/14/14 .....	United States
Synthetic L/C, 2.609%, 3/14/14 .....	United States
Vanguard Health Holding Co. II LLC, Replacement Term Loan, 5.051%, 9/23/11 .....	United States
HOUSEHOLD & PERSONAL PRODUCTS 0.0%(f)	
Central Garden & Pet Co., Term Loan B, 3.99%, 9/30/12 .....	United States
INSURANCE 0.6%	
Conseco Inc., Term Loan, 4.483%, 10/10/13 .....	United States
MATERIALS 7.7%	
Anchor Glass Container Corp., Term Loan, 7.75%, 6/20/14 .....	United States
Celanese U.S. Holdings LLC, Dollar Term Loan, 4.188%, 4/02/14 .....	United States
Georgia-Pacific Corp., Additional Term Loan, 4.446% - 4.551%, 12/20/12 .....	United States
Term Loan B, 4.399% - 4.551%, 12/20/12 .....	United States
Graphic Packaging International Inc., Term Loan B, 4.698% - 4.92%, 5/16/14 .....	United States
Hexion Specialty Chemicals BV, Term Loan C-2, 5.063%, 5/03/13 .....	Netherlands
Hexion Specialty Chemicals Inc., Term Loan C-1, 4.938%, 5/03/13 ...	United States
Huntsman International LLC, Term Loan B, 4.233%, 4/19/14 .....	United States
Ineos U.S. Finance LLC, Term Loan B2, 4.885%, 12/16/13 .....	United States
Term Loan C2, 5.385%, 12/23/14 .....	United States
Lyondell Chemical Co., (e) Tranche B-1, 7.75%, 12/20/14 .....	United States
Tranche B-2, 7.00%, 12/20/14 .....	United States
NewPage Corp., Term Loan, 6.56%, 12/22/14 .....	United States
Oxbow Carbon LLC, Delayed Draw Term Loan, 4.801%, 5/08/14 .....	United States
Term Loan B, 4.471% - 4.801%, 5/08/14 .....	United States
(e) PQ Corp., Term Loan, 7.25%, 7/30/14 .....	United States
Verso Paper Holdings LLC, Term Loan B, 4.551%, 8/01/13 .....	United States

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STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED) (CONTINUED)

	COUNTRY/ORGANIZATION
 (b) SENIOR FLOATING RATE INTERESTS (CONTINUED)	
MEDIA 10.7%	
Charter Communications Operating LLC, Term Loan, 4.90%, 3/06/14 .....	United States
Citadel Broadcasting Corp., Term Loan B, 4.115% - 4.435%, 6/12/14 .....	United States
CSC Holdings Inc. (Cablevision), Incremental Term Loan, 4.225%, 3/29/13 .....	United States
Dex Media East LLC, Term Loan B, 4.49% - 4.81%, 10/24/14 .....	United States
Dex Media West LLC, Term Loan B, 7.00%, 10/24/14 .....	United States
Entravision Communications Corp., Term Loan B, 4.20%, 3/29/13 .....	United States
(e) Gray Television Inc., Term Loan B, 4.19%, 12/31/14 .....	United States
Idearc Inc., Term Loan B, 4.49% - 4.80%, 11/17/14 .....	United States
Insight Midwest Holdings, Term Loan B, 4.69%, 4/02/14 .....	United States
MCC Iowa, Term Loan Tranche D-1, 4.20% - 4.24%, 1/31/15 .....	United States
Term Loan Tranche D-2, 4.20% - 4.24%, 1/31/15 .....	United States
Term Loan E, 6.50%, 1/03/16 .....	United States
Mission Broadcasting Inc., Term Loan B, 4.551%, 10/01/12 .....	United States
Nexstar Broadcasting Inc., Term Loan B, 4.649%, 10/01/12 .....	United States
Regal Cinemas Corp., Term Loan, 4.301%, 10/27/13 .....	United States
Tribune Co., Term Loan B, 5.482%, 5/16/14 .....	United States
Term Loan X, 5.478%, 5/16/09 .....	United States
Univision Communications Inc., Initial Term Loan, 4.733% - 5.149%, 9/29/14 .....	United States
UPC Financing Partnership, Term Loan N, 4.209%, 12/31/14 .....	Netherlands
 PHARMACEUTICALS, BIOTECHNOLOGY & LIFE SCIENCES 0.6%	
Mylan Inc., Term Loan B, 5.75%, 10/02/14 .....	United States
 REAL ESTATE 0.5%	
CB Richard Ellis Services Inc., Term Loan B, 3.982%, 12/20/13 .....	United States
 SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT 0.7%	
Marvell Technology Group Ltd., Term Loan, 4.983%, 11/08/09 .....	Bermuda
 SOFTWARE & SERVICES 4.3%	
Affiliated Computer Services Inc., Additional Term Loan, 4.448% - 4.483%, 3/20/13 .....	United States
Term Loan B, 4.483%, 3/20/13 .....	United States
Dealer Computer Services Inc. (Reynolds & Reynolds), First Lien Term Loan, 4.801%, 10/26/12 .....	United States
Emdeon Business Services LLC, First Lien Term Loan, 4.81%, 11/16/13 .....	United States
First Data Corp., Term Loan B-2, 5.231% - 5.552%, 9/24/14 .....	United States
Lender Processing Services Inc., Term Loan B, 6.50%, 7/02/14 .....	United States

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Franklin Templeton  
 Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED) (CONTINUED)

	COUNTRY/ORGANIZATION -----
(b) SENIOR FLOATING RATE INTERESTS (CONTINUED)	
SOFTWARE & SERVICES (CONTINUED)	
Macrovision Solutions Corp., Term Loan B, 7.25%, 5/02/13 .....	United States
SunGard Data Systems Inc., New U.S. Term Loan, 4.508%, 2/28/14 .....	United States
TECHNOLOGY HARDWARE & EQUIPMENT 1.9%	
CommScope Inc., Term Loan B, 4.983% - 5.301%, 12/27/14 .....	United States
Flextronics International USA Inc., Term Loan A, 4.934% - 4.963%, 10/01/14 .....	United States
Term Loan A-1, 4.963%, 10/01/14 .....	United States
Sensus Metering Systems Inc., Term Loan B1, 4.449% - 4.818%, 12/17/10 .....	United States
Term Loan B2, 4.483%, 12/17/10 .....	Luxembourg
TELECOMMUNICATION SERVICES 3.6%	
Alltel Communications Inc., Term Loan B-3, 5.232%, 5/18/15 .....	United States
GCI Holdings Inc., Add-On Term Loan, 6.74%, 8/31/12 .....	United States
Intelsat Corp. (Panamsat), Tranche B-2-A, 5.184%, 1/03/14 .....	United States
Tranche B-2-B, 5.184%, 1/03/14 .....	United States
Tranche B-2-C, 5.184%, 1/03/14 .....	United States
Intelsat Subsidiary Holding Co. Ltd., Term Loan B, 5.184%, 6/30/13 .....	United States
Windstream Corp., Tranche B-1, 4.22%, 7/17/13 .....	United States
UTILITIES 2.3%	
Dynegy Holdings Inc., Term L/C Facility, 3.983%, 4/02/13 .....	United States
Term Loan B, 3.983%, 4/02/13 .....	United States
NRG Energy Inc., Credit Link, 2.701%, 2/01/13 .....	United States
Term Loan, 4.301%, 2/01/13 .....	United States
Texas Competitive Electric Holdings Co. LLC, Term Loan B-2, 5.948% - 6.478%, 10/10/14 .....	United States
TOTAL SENIOR FLOATING RATE INTERESTS (COST \$206,446,349) .....	
FOREIGN GOVERNMENT AND AGENCY SECURITIES 5.1%	
European Investment Bank, senior note, 4.50%, 5/15/13 .....	Supranational (g)
(b, h) Government of Argentina, senior bond, FRN, 3.092%, 8/03/12 .....	Argentina

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Government of Malaysia,	
6.45%, 7/01/08 .....	Malaysia
7.00%, 3/15/09 .....	Malaysia
3.756%, 4/28/11 .....	Malaysia

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Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED) (CONTINUED)

	COUNTRY/ORGANIZATION -----
FOREIGN GOVERNMENT AND AGENCY SECURITIES (CONTINUED)	
Government of Norway,	
5.50%, 5/15/09 .....	Norway
6.00%, 5/16/11 .....	Norway
Government of Poland, 6.00%, 5/24/09 .....	Poland
Government of Singapore, 5.625%, 7/01/08 .....	Singapore
Government of Sweden,	
5.00%, 1/28/09 .....	Sweden
4.00%, 12/01/09 .....	Sweden
Korea Treasury Bond, 5.25%, 9/10/12 .....	South Korea
TOTAL FOREIGN GOVERNMENT AND AGENCY SECURITIES (COST \$17,198,215) .....	
TOTAL INVESTMENTS BEFORE SHORT TERM INVESTMENTS (COST \$549,547,437) .....	
SHORT TERM INVESTMENTS 2.5%	
FOREIGN GOVERNMENT AND AGENCY SECURITIES 0.5%	
(i) Egypt Treasury Bills, 7/01/08 - 12/16/08 .....	Egypt
(i) Government of Sweden, Strip, 9/17/08 .....	Sweden
(i) Norway Treasury Bill, 9/17/08 .....	Norway
TOTAL FOREIGN GOVERNMENT AND AGENCY SECURITIES (COST \$1,869,746) .....	
TOTAL INVESTMENTS BEFORE MONEY MARKET FUND (COST \$551,417,183) .....	
MONEY MARKET FUND (COST \$6,950,187) 2.0%	
(j) Franklin Institutional Fiduciary Trust Money Market Portfolio, 2.17% .....	United States
TOTAL INVESTMENTS (COST \$558,367,370) 154.7% .....	

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PREFERRED SHARES (26.0)% .....	
NET UNREALIZED LOSS ON FORWARD EXCHANGE	
CONTRACTS (0.0)%(f) .....	
OTHER ASSETS, LESS LIABILITIES (28.7)% .....	
NET ASSETS APPLICABLE TO COMMON SHARES 100.0%. .....	

### CURRENCY ABBREVIATIONS

EGP - Egyptian Pound  
KRW - South Korean Won  
MYR - Malaysian Ringgit  
NOK - Norwegian Krone  
PLN - Polish Zloty  
SEK - Swedish Krona  
SGD - Singapore Dollar

### Quarterly Statement of Investments | 13

Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2008 (UNAUDITED) (CONTINUED)

### SELECTED PORTFOLIO ABBREVIATIONS

FHLMC - Federal Home Loan Mortgage Corp.  
FNMA - Federal National Mortgage Association  
FRN - Floating Rate Note  
GNMA - Government National Mortgage Association  
L/C - Letter of Credit  
PIK - Payment-In-Kind  
REIT - Real Estate Investment Trust  
SF - Single Family

- (a) The principal amount is stated in U.S. dollars unless otherwise indicated.
- (b) The coupon rate shown represents the rate at period end.
- (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 Fund's Board of Trustees. At June 30, 2008, the aggregate value of these securities was \$22,501,242, representing 6.49% of net assets.
- (d) Income may be received in additional securities and/or cash.
- (e) A portion or all of the security purchased on a delayed delivery or to-be-announced basis.
- (f) Rounds to less than 0.1% of net assets.
- (g) A supranational organization is an entity formed by two or more central governments through international treaties.
- (h) The principal amount is stated in original face, and scheduled paydowns are

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reflected in the market price on ex-date.

- (i) The security is traded on a discount basis with no stated coupon rate.
- (j) The Franklin Institutional Fiduciary Trust Money Market Portfolio is managed by the Fund's investment manager. The rate shown is the annualized seven-day yield at period end.

See Notes to Statement of Investments.

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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, (1940 Act) as a diversified, closed-end investment company.

#### 2. SECURITY VALUATION

Securities listed on a securities 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 securities and listed securities for which there is no reported sale 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. Investments in open-end mutual funds are valued at the closing net asset value.

Corporate debt securities, government securities, mortgage pass-through securities, other mortgage-backed securities, and asset-backed securities generally trade in the over-the-counter market rather than on a securities exchange. The Fund may utilize independent pricing services, quotations from bond dealers, and information with respect to bond and note transactions, to assist in determining a current market value for each security. The Fund's pricing services may use valuation models or matrix pricing which considers information with respect to comparable bond and note transactions, quotations from bond dealers, or by reference to other securities that are considered comparable in such characteristics as rating, interest rate and maturity date, option adjusted spread models, prepayment projections, interest rate spreads and yield curves, to determine current value.

Senior secured corporate loans with floating or variable interest rates generally trade in the over-the-counter market rather than on a securities exchange. The Fund may utilize independent pricing services, quotations from loan dealers and other financial institutions, and information with respect to bond and note transactions, to assist in determining a current market value for each security. The Fund's pricing services use independent market quotations from loan dealers or financial institutions and may incorporate valuation methodologies that consider multiple bond characteristics such as dealer quotes, issuer type, coupon, maturity, weighted average maturity, interest rate spreads and yield curves, cash flow and credit risk/quality analysis, to determine current value.

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The Fund has procedures to determine the fair value of individual securities and other assets for which market prices are not readily available or which may not be reliably priced. Methods for valuing these securities may include: fundamental analysis, matrix pricing, discounts from market prices of similar securities, or discounts applied due to the nature and duration of restrictions on the disposition of the securities. Due to the inherent uncertainty of valuations of such securities, the fair values may differ significantly from the values that would have been used had a ready market for such investments existed. Occasionally, events occur between the

Quarterly Statement of Investments | 15

Franklin Templeton  
Limited Duration Income Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

### 2. SECURITY VALUATION (CONTINUED)

time at which trading in a security is completed and the close of the NYSE that might call into question the availability (including the reliability) of the value of a portfolio security held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services. All security valuation procedures are approved by the Fund's Board of Trustees.

### 3. INCOME TAXES

At June 30, 2008, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments .....	\$560,229,053	
	=====	
Unrealized appreciation .....	\$ 2,578,866	
Unrealized depreciation .....	(26,710,238)	
	-----	
Net unrealized appreciation (depreciation) .....	\$(24,131,372)	
	=====	

### 4. FORWARD EXCHANGE CONTRACTS

At June 30, 2008, the Fund had the following forward exchange contracts outstanding:

	CONTRACT AMOUNT (a)	SETTLEMENT DATE	UNREALIZED GAIN	UNREAL (LOS
	-----	-----	-----	-----
CONTRACTS TO SELL				
1,905,000,000 South Korean Won .....	2,195,257 CHF	2/13/09	\$338,545	\$
1,980,000 EURO .....	2,964,515	3/04/09	--	(113,
990,000 EURO .....	150,663,150 JPY	3/05/09	--	(98,
990,000 EURO .....	152,260,020 JPY	3/09/09	--	(83,
975,000 EURO .....	1,487,509	3/16/09	--	(27,



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320,000	EURO	.....	49,532,800	JPY	4/06/09	--	(22,
990,000,000	South Korean Won	.....	1,002,096	CHF	4/24/09	40,308	
1,140,000	EURO	.....	1,753,685		5/29/09	--	(11,
311,100,000	South Korean Won	.....	313,640	CHF	6/02/09	11,488	
1,140,000	EURO	.....	1,736,961		6/03/09	--	(27,
391,937	EURO	.....	1,955,883	MYR	6/12/09	--	(6,
1,934,000	EURO	.....	2,957,183		6/15/09	--	(34,
514,044	EURO	.....	2,552,999	MYR	6/15/09	--	(12,
1,019,036	EURO	.....	5,044,228	MYR	6/16/09	--	(29,
						-----	-----
Unrealized gain (loss) on forward exchange contracts .....						390,341	(465,
						=====	=====
Net unrealized gain (loss) on forward exchange contracts .....							\$ (75,
							=====

(a) In U.S. dollars unless otherwise indicated.

CURRENCY ABBREVIATIONS

CHF - Swiss Franc  
 JPY - Japanese Yen  
 MYR - Malaysian Ringgit

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Franklin Templeton  
 Limited Duration Income Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

5. FAIR VALUE MEASUREMENTS

The Fund adopted Financial Accounting Standards Board (FASB) issued FASB Statement No. 157, "Fair Value Measurement" (SFAS 157), on April 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Fund has determined that the implementation of SFAS 157 did not have a material impact on the Fund's financial statements.

SFAS 157 establishes 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 investments and are summarized in the following fair value hierarchy:

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

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2008, in valuing the Fund's assets and liabilities carried at fair value:

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	LEVEL 1 -----	LEVEL 2 -----	LEVEL 3 -----	TOTAL -----
ASSETS:				
Investments in Securities	\$6,950,187	\$529,147,494	\$ --	\$536,097,681
Other Financial Instruments (a)	--	390,341	--	390,341
LIABILITIES:				
Other Financial Instruments (a)	--	485,694	--	485,694

(a) Other financial instruments may include net unrealized appreciation (depreciation) of futures, forward exchange contracts, swaps, and unfunded loan commitments.

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Franklin Templeton  
Limited Duration Income Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

6. NEW ACCOUNTING PRONOUNCEMENT

In March 2008, FASB issued FASB Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (SFAS 161), which expands disclosures about derivative investments and hedging activities. SFAS 161 is effective for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The Fund is currently evaluating the impact, if any, of applying the various provisions of SFAS 161.

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

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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.

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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 significant changes in the Registrant's internal controls or in other factors that could significantly affect the internal controls 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.

(a) Certification pursuant to Section 30a-2 under the Investment Company Act of 1940 of Galen G. Vetter, Chief Executive Officer - Finance and Administration, and Laura F. Ferguson, 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/GALEN G. VETTER

-----  
Galen G. Vetter  
Chief Executive Officer -  
Finance and Administration  
Date August 27, 2008

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/GALEN G. VETTER

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Galen G. Vetter  
Chief Executive Officer -  
Finance and Administration  
Date August 27, 2008

By /s/LAURA F. FERGERSON

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Laura F. Fergerson  
Chief Financial Officer and  
Chief Accounting Officer

Date August 27, 2008