

TEMPLETON DRAGON FUND INC
Form 40-17F2
July 11, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-17F-2

CERTIFICATE OF ACCOUNTING OF SECURITIES AND SIMILAR
INVESTMENTS IN THE CUSTODY OF
MANAGEMENT INVESTMENT COMPANIES

PURSUANT TO RULE N-17F-2 [17 CFR 270.17f-2]

1. Investment Company Act File Number:
811 - 08394

Date Examination completed:
June 18, 2013

2. State Identification Number:

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|----|----|----|-------------|----|----|
| AL | AK | AZ | AR | CA | CO |
| CT | DE | DC | FL | GA | HI |
| ID | IL | IN | IA | KS | KY |
| LA | ME | MD | MA | MI | MN |
| MS | MO | MT | NE | NV | NH |
| NJ | NM | NY | NC | ND | OH |
| OK | OR | PA | RI | SC | SD |
| TN | TX | UT | VT | VA | WA |
| WV | WI | WY | PUERTO RICO | | |

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3. Exact name of investment company as specified in registration statement:

Templeton Dragon Fund, Inc.

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

300 S.E. 2nd Street, Fort Lauderdale, FL 33301-1923

[PWC LOGO]

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of

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

and the Board of Directors of

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

PricewaterhouseCoopers LLP, PricewaterhouseCoopers Center, 300 Madison Avenue,
New York, NY 10017 T: (646) 471 3000, F: (813) 286 6000, www.pwc.com/us

We have examined management's assertion, included in the accompanying Management Statement Regarding Compliance with Certain Provisions of the Investment Company Act of 1940, that the funds (see Attachment I), (hereafter referred to as the "Funds") complied with the requirements of subsections (b) and (c) of Rule 17f-2 under the Investment Company Act of 1940 ("the Act") as of March 31, 2013. Management is responsible for the Funds' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Funds' compliance based on our examination.

Our examination was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included examining, on a test basis, evidence about the Funds' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Included among our procedures were the following tests performed as of March 31, 2013 and with respect to agreement of security purchases and sales, for the periods indicated in Attachment I:

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

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Funds' compliance with specified requirements.

In our opinion, management's assertion that the Funds were in compliance with the requirements of subsections (b) and (c) of Rule 17f-2 of the Investment Company Act of 1940 as of March 31, 2013 with respect to securities reflected in the investment accounts of the Funds is fairly stated, in all material respects.

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This report is intended solely for the information and use of, management, the Board of Trustees and Board of Directors and the Securities and Exchange Commission and is not intended to be and should not be used by anyone other than these specified parties.

/s/PRICEWATERHOUSECOOPERS, LLP

June 18, 2013

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

We, as members of management of the Franklin Templeton Funds indicated in Attachment I (the "Funds"), are responsible for complying with the requirements of subsections (b) and (c) of Rule 17f-2, "Custody of Investments by Registered Management Investment Companies," of the Investment Company Act of 1940. We are also responsible for establishing and maintaining effective internal controls over compliance with those requirements. We have performed an evaluation of the Funds' compliance with the requirements of subsection (b) of Rule 17f-2, as interpreted in Franklin Investors Securities Trust SEC No-Action Letter (publicly available September 24, 1992), and subsection (c) of Rule 17f-2 of the Investment Company Act of 1940, as of March 31, 2013, and for the periods indicated in Attachment I.

Based on this evaluation, we assert that the Funds were in compliance with the requirements of subsection (b) of Rule 17f-2, as interpreted in Franklin Investors Securities Trust SEC No-Action Letter (publicly available September 24, 1992), and subsection (c) of Rule 17f-2 of the Investment Company Act of 1940, as of March 31, 2013, and for the periods indicated in Attachment I, with respect to securities reflected in the investment accounts of the Funds.

By:

/s/GASTON GARDEY

Gaston Gardey

Chief Financial Officer and Chief Accounting Officer

Franklin Funds Board

Date 6/18/13

/s/MARK H. OTANI

Mark H. Otani

Chief Financial Officer and Chief Accounting Officer

Templeton Funds Board

Date 6/18/13

/s/ROBERT G. KUBILIS

Robert G. Kubilis

Chief Financial Officer and Chief Accounting Officer

Franklin New Jersey Funds Board

Date 6/18/13

/s/LAURA F. FERGERSON

Laura F. Ferguson

Chief Executive Officer - Finance and Administration

Date 6/18/13

| <i>Fund</i> | <i>Period</i> |
|--|----------------------------------|
| Franklin Templeton Limited Duration Income Trust | January 1, 2013 - March 31, 2013 |
| Templeton Global Investment Trust: | |
| Templeton BRIC Fund | January 1, 2013 - March 31, 2013 |
| Templeton Emerging Markets Balanced Fund | January 1, 2013 - March 31, 2013 |
| Templeton Emerging Markets Small Cap Fund | January 1, 2013 - March 31, 2013 |
| Templeton Frontier Markets Fund | January 1, 2013 - March 31, 2013 |
| Templeton Global Balanced Fund | January 1, 2013 - March 31, 2013 |
| Templeton Russia and East European Fund, Inc. | January 1, 2013 - March 31, 2013 |
| Franklin Real Estate Securities Trust: | |
| Franklin Real Estate Securities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Strategic Series: | |
| Franklin Biotechnology Discovery Fund | January 1, 2013 - March 31, 2013 |
| Franklin Flex Cap Growth Fund | January 1, 2013 - March 31, 2013 |
| Franklin Focused Core Equity Fund | January 1, 2013 - March 31, 2013 |
| Franklin Growth Opportunities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Natural Resources Fund | January 1, 2013 - March 31, 2013 |
| Franklin Small Cap Growth Fund | January 1, 2013 - March 31, 2013 |
| Franklin Small-Mid Cap Growth Fund | January 1, 2013 - March 31, 2013 |
| Franklin Strategic Income Fund | January 1, 2013 - March 31, 2013 |
| Franklin High Income Trust: | |
| Franklin High Income Fund | January 1, 2013 - March 31, 2013 |
| Franklin Money Fund | January 1, 2013 - March 31, 2013 |
| Franklin Templeton Money Fund Trust: | |
| Franklin Templeton Money Fund | January 1, 2013 - March 31, 2013 |
| Institutional Fiduciary Trust: | |
| Money Market Portfolio | January 1, 2013 - March 31, 2013 |
| Franklin Global Trust: | |
| Franklin International Growth Fund | January 1, 2013 - March 31, 2013 |
| Franklin Large Cap Equity Fund | January 1, 2013 - March 31, 2013 |
| Franklin Templeton Emerging Market Debt Opportunities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Gold and Precious Metals Fund | January 1, 2013 - March 31, 2013 |

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| Franklin Universal Trust | January 1, 2013 - March 31, 2013 |
| Templeton China World Fund | January 1, 2013 - March 31, 2013 |
| Templeton Emerging Markets Fund | January 1, 2013 - March 31, 2013 |
| Templeton Emerging Markets Income Fund | January 1, 2013 - March 31, 2013 |
| Templeton Global Income Fund | January 1, 2013 - March 31, 2013 |
| Templeton Income Trust: | |
| Templeton Global Bond Fund | January 1, 2013 - March 31, 2013 |
| Templeton Global Total Return Fund | January 1, 2013 - March 31, 2013 |
| Templeton International Bond Fund | January 1, 2013 - March 31, 2013 |
| Franklin Custodian Funds: | |
| Franklin DynaTech Fund | January 1, 2013 - March 31, 2013 |
| Franklin Growth Fund | January 1, 2013 - March 31, 2013 |
| Franklin Income Fund | January 1, 2013 - March 31, 2013 |
| Franklin U.S. Government Securities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Utilities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Strategic Mortgage Portfolio | January 1, 2013 - March 31, 2013 |
| Franklin Investors Securities Trust: | |
| Franklin Adjustable U.S. Government Securities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Balanced Fund | January 1, 2013 - March 31, 2013 |
| Franklin Convertible Securities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Equity Income Fund | January 1, 2013 - March 31, 2013 |
| Franklin Floating Rate Daily Access Fund | January 1, 2013 - March 31, 2013 |
| Franklin Limited Maturity U.S. Government Securities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Low Duration Total Return Fund | January 1, 2013 - March 31, 2013 |
| Franklin Total Return Fund | January 1, 2013 - March 31, 2013 |
| Franklin Templeton Global Trust: | |
| Franklin Templeton Hard Currency | January 1, 2013 - March 31, 2013 |
| Franklin Templeton International Trust: | |
| Franklin India Growth Fund | January 1, 2013 - March 31, 2013 |
| Franklin Templeton Global Allocation Fund | January 1, 2013 - March 31, 2013 |
| Franklin World Perspectives Fund | January 1, 2013 - March 31, 2013 |
| Franklin Value Investors Trust: | |
| Franklin All Cap Value Fund | January 1, 2013 - March 31, 2013 |

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|--|----------------------------------|
| Franklin Balance Sheet Investment Fund | January 1, 2013 - March 31, 2013 |
| Franklin Large Cap Value Fund | January 1, 2013 - March 31, 2013 |
| Franklin MicroCap Value Fund | January 1, 2013 - March 31, 2013 |
| Franklin MidCap Value Fund | January 1, 2013 - March 31, 2013 |
| Franklin Small Cap Value Fund | January 1, 2013 - March 31, 2013 |

Templeton Developing Markets Trust January 1, 2013 - March 31, 2013

Franklin Templeton Fund Allocator Series:

| | |
|---|----------------------------------|
| Franklin LifeSmart 2015 Retirement Target Fund (formerly known as "Franklin Templeton 2015 Retirement Target Fund") | January 1, 2013 - March 31, 2013 |
| Franklin LifeSmart 2025 Retirement Target Fund (formerly known as "Franklin Templeton 2025 Retirement Target Fund") | January 1, 2013 - March 31, 2013 |
| Franklin LifeSmart 2035 Retirement Target Fund (formerly known as "Franklin Templeton 2035 Retirement Target Fund") | January 1, 2013 - March 31, 2013 |
| Franklin LifeSmart 2045 Retirement Target Fund (formerly known as "Franklin Templeton 2045 Retirement Target Fund") | January 1, 2013 - March 31, 2013 |
| Franklin Templeton Conservative Allocation Fund | January 1, 2013 - March 31, 2013 |
| Franklin Templeton Corefolio Allocation Fund | January 1, 2013 - March 31, 2013 |
| Franklin Templeton Founding Funds Allocation Fund | January 1, 2013 - March 31, 2013 |
| Franklin Templeton Growth Allocation Fund | January 1, 2013 - March 31, 2013 |
| Franklin Templeton Moderate Allocation Fund | January 1, 2013 - March 31, 2013 |
| Franklin Templeton Multi-Asset Real Return Fund | January 1, 2013 - March 31, 2013 |

Franklin Templeton Variable Insurance Products Trust:

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|---|----------------------------------|
| Franklin Flex Cap Growth Securities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Large Cap Value Securities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Rising Dividends Securities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Small Cap Value Securities Fund | January 1, 2013 - March 31, 2013 |
| Franklin Small-Mid Cap Growth Securities Fund | January 1, 2013 - March 31, 2013 |

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Franklin Strategic Income Securities
Fund
Franklin Templeton VIP Founding Funds
Allocation Fund January 1, 2013 - March 31, 2013
Templeton Developing Markets
Securities Fund January 1, 2013 - March 31, 2013
Templeton Foreign Securities Fund January 1, 2013 - March 31, 2013

Templeton Dragon Fund, Inc. January 1, 2013 - March 31, 2013

Templeton Institutional Funds:

Foreign Equity Series January 1, 2013 - March 31, 2013
Emerging Markets Series January 1, 2013 - March 31, 2013
