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Funds' compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants 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 May 31, 2002, and with respect to agreement of security purchases and sales, for the periods indicated:

- o Inspection of the records of Franklin/Templeton Investors Services, Inc. as they pertain to the security positions owned by the Funds and held in book entry form.
- o Reconciliation of such security positions to the books and records of the Funds.
- o Agreement of a sample of security purchases and sales since our last report to the books and records of the Funds.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of 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 May 31, 2002 with respect to securities reflected in the investment accounts of the Funds are fairly stated, in all material respects.

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

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PricewaterhouseCoopers LLP  
San Francisco, California  
October 21, 2002

### MANAGEMENT STATEMENT REGARDING COMPLIANCE WITH CERTAIN PROVISIONS OF THE INVESTMENT COMPANY ACT OF 1940

We, as members of management of 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 subsections (b) and (c) of Rule 17f-2 as of May 31, 2002 and for the periods indicated.

Based on this evaluation, we assert that the Funds were in compliance with the requirements of subsection (b) and (c) of Rule 17f-2 of the Investment Company Act of 1940 as of May 31, 2002 and for the periods indicated with respect to securities reflected in the investment accounts of the Funds.

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By:

/S/ KIMBERLY H. MONASTERIO

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 Kimberley H. Monasterio  
 Principal Accounting Officer

Attachment I

FUND	PERIOD COVERED
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MASTER/FEEDER	
MONEY MARKET PORTFOLIO	
IFT - Money Market Portfolio	February 1, 2002 - May 31, 2002
IFT - Cash Reserves	February 1, 2002 - May 31, 2002
Money Fund	February 1, 2002 - May 31, 2002
Templeton Money Fund II	February 1, 2002 - May 31, 2002
US GOVERNMENT SECURITIES MMP	
Federal Money Fund	February 1, 2002 - May 31, 2002
IFT - US Gov't. Securities MMP	February 1, 2002 - May 31, 2002
US GOVERNMENT ADJUSTABLE RATE MORTGAGE PORTFOLIO	
FIST - Adjustable US Government Securities	February 1, 2002- May 31, 2002
FRANKLIN TEMPLETON FUND ALLOCATOR SERIES	
Templeton Conservative Target Fund	February 1, 2002 - May 31, 2002
Templeton Moderate Target Fund	February 1, 2002 - May 31, 2002
Templeton Growth Target Fund	February 1, 2002 - May 31, 2002
FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST	
FTVIPT - Mutual Discovery Fund	January 1, 2002 - May 31, 2002
FTVIPT - Mutual Shares Securities Fund	January 1, 2002 - May 31, 2002
FRANKLIN INVESTOR SECURITIES TRUST	
Franklin Total Return Fund	February 1, 2002 - May 31, 2002
Franklin Floating Rate Daily Access Fund	February 1, 2002 - May 31, 2002
FRANKLIN FLOATING RATE TRUST	
Franklin Gold and Precious Metals Fund	February 1, 2002 - May 31, 2002
Franklin Capital Growth Fund	December 1, 2001 - May 31, 2002
Franklin Multi-Income Trust	December 1, 2001 - May 31, 2002