

FRANKLIN UNIVERSAL TRUST
Form N-CSR
October 31, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
Investment Company Act file number: 811-05569

Franklin Universal 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

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(Name and address of agent for service)

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

Date of fiscal year end: 8/31

Date of reporting period: 8/31/17

Item 1. Reports to Stockholders.

Annual Report

August 31, 2017

Franklin Templeton Investments

Gain From Our Perspective®

At Franklin Templeton Investments, we're dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we're able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world's largest asset managers. This has helped us to become a trusted partner to individual and institutional investors across the globe.

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Visit franklintempleton.com/investor/products/products/closed-end-funds for fund updates, to access your account, or to find helpful financial planning tools.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Annual Report

Franklin Universal Trust

Dear Shareholder:

This annual report for Franklin Universal Trust covers the fiscal year ended August 31, 2017.

Your Fund's Goal and Main Investments

The Fund's primary investment objective is to provide high, current income consistent with preservation of capital. Its secondary objective is growth of income through dividend increases and capital appreciation.

Performance Overview

For the 12 months under review, the Fund's cumulative total returns were +12.74% based on net asset value and +11.81% based on market price, as shown in the Performance Summary on page 5. For comparison, the Credit Suisse (CS) High Yield Index, which is designed to mirror the investable universe of the US dollar-denominated high yield debt market, produced a +8.98% total return,¹ and utilities stocks, as measured by the Standard & Poor's (S&P®) 500 Utilities Index, which tracks all electric utility stocks in the broad S&P 500® Index, posted a total return of +15.64% for the same period.²

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

Economic and Market Overview

The US economy expanded during the 12-month period ended August 31, 2017. The economy strengthened in 2017's second quarter, after moderating in the previous two quarters, largely due to growth in consumer spending, business investment, exports and federal government spending. The manufacturing and services sectors expanded during the period. The unemployment rate decreased from 4.9% in August 2016 to 4.4% at period-end.³ Monthly retail sales were volatile, but

grew during most of the period. Annual inflation, as measured by the Consumer Price Index, increased from 1.1% in August 2016 to 1.9% during the period.

The US Federal Reserve (Fed) raised its target range for the federal funds rate by 0.25% three times during the period, amid signs of a growing US economy, a strengthening labor market and an improvement in business spending. At its July 2017 meeting, the Fed kept its target range unchanged, but signaled it expects to begin implementing its balance sheet reduction relatively soon, provided the economy continues to evolve as anticipated.

The 10-year Treasury yield, which moves inversely to its price, shifted throughout the period. The yield rose in October 2016 due to positive economic data and signals from the Fed about the possibility of an increase in interest rates in the near term. The yield further increased in November and December, amid a bond market sell-off, based on investor expectations that possible expansionary fiscal policies under new US President Donald Trump could lead to a stronger economy and higher inflation. In July 2017, the yield rose further amid hawkish comments from key central bankers around the world. However, geopolitical tensions in the Middle East and the Korean peninsula, US political

turmoil, and uncertainty on whether the Fed would raise rates again in 2017, resulted in a decline in the yield at period-end. Overall, the 10-year Treasury yield rose from 1.58% at the beginning of the period to 2.12% at period-end.

Investment Strategy

We invest primarily in two asset classes: high yield bonds and utility stocks. Within the high yield portion of the portfolio, we use fundamental research to invest in a diversified portfolio of bonds. Within the utility portion of the portfolio, we focus on companies with attractive dividend yields and with a history of increasing their dividends.

1. Source: Credit Suisse Group.

2. Source: Morningstar.

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

3. Source: Bureau of Labor Statistics

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 8.

Manager's Discussion

The Fund's primary asset classes delivered positive results over the annual period under review. During the reporting period, the US economy continued its moderate pace of growth. The yield on the 10-year Treasury bond began the period at 1.58% and finished the period at 2.12%. Several factors drove the Treasury yield higher including investor expectations of higher inflation and continued positive trends in key economic data, particularly the labor market and consumer and business confidence. These attributes also led the Fed to increase interest rates by 25 basis points (bps) in December 2016, March 2017 and June 2017. We believe investors were not averse to risk taking during the period.

Portfolio Composition

8/31/17

	% of Total Investments*
Corporate Bonds	64.1%
Utilities Common Stocks	30.9%
Natural Resources Common Stocks	1.5%
Materials Common Stocks	0.9%
Convertible Bonds	0.3%
Convertible Preferred Stocks**	0.0%
Transportation Common Stocks**	0.0%
Escrows and Litigation Trusts**	0.0%
Short-Term Investments & Other Net Assets	2.3%

*Percentage of total investments of the Fund. Total investments of the Fund include long-term and short-term investments and other net assets, excluding long-term debt issued by the Fund.

**Rounds to less than 0.1%.

During the period, crude oil prices were volatile but range bound. The price per barrel was \$45 at the beginning of the period, rose to a high of \$54, and fell to a low of \$42 before ending the period at just over \$47. Price volatility was primarily driven by ongoing talks between major oil producing nations about controlling supply. Other major commodities followed a similar pattern. The metals and mining sector led all sectors over the period. The retail sector was on the other end of the spectrum. High yield corporates, which are highly sensitive to investors' growth expectations and risk sentiment, generated positive monthly returns for the majority of the period. The CS High Yield Index returned +8.98% during the period.² Overall, spreads over Treasuries increased marginally from 432 to 440 basis points (bps) over the period; higher short- and medium-term Treasury yields factored into that move.

Utilities stocks, as measured by the S&P 500 Utilities Index, returned +15.64% during the period, almost in-line with the

+16.23% return of the S&P 500 index.² As regulated companies that must distribute a significant portion of their income as dividends, utility stock prices benefited considerably from benign global inflationary signals.

High Yield Corporate Bonds

The Fund benefited from its positions in the metals and mining and energy sectors during the period. Relative to the CS High Yield Index, our allocations to both sectors were generally overweighted, although we ended the period underweighted in the energy sector in market value terms. Oversupply in many commodities coupled with concerns over slowing growth in China led to falling prices in 2015 and early 2016. Driven by an improved balance of supply and demand, these trends reversed in early 2016 and, despite pockets of volatility, finished the period at marginally higher levels than 12 months ago.

Top 10 Holdings*

Based on Total Investments**

8/31/17 vs. 8/31/16

Issuer	8/31/17
Dominion Energy Inc.	2.4%
NextEra Energy Inc.	2.3%
Sempra Energy	2.2%
American Electric Power Co. Inc.	2.1%
Pinnacle West Capital Corp.	1.9%
Duke Energy Corp.	1.9%
Edison International	1.8%
CenterPoint Energy Inc.	1.4%
Navient Corp.	1.3%
PG&E Corp.	1.3%
Issuer	8/31/16
Dominion Resources Inc.	2.3%
Sempra Energy	2.1%
NextEra Energy Inc.	2.0%
American Electric Power Co. Inc.	1.9%
Duke Energy Corp.	1.8%
Edison International	1.8%
Pinnacle West Capital Corp.	1.7%
The Southern Co.	1.4%
Navient Corp.	1.3%
Westar Energy Inc.	1.3%

*Excludes money market funds.

**Percentage of total investments of the Fund. Total investments of the Fund include long-term and short-term investments and other net assets, excluding long-term debt issued by the Fund.

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The Fund's allocation to the health care sector detracted from relative performance over the period. Although an aging population generally helps the industry, many health care companies have faced challenges over the past year or so, in the form of uncertainty surrounding the overall direction of public health care policy in the US under the new presidential administration. Many companies have further come under pressure because of drug pricing practices. This combination of events led to lower revenue expectations for the broader health care industry, which we believe in many cases could be exaggerated.

Utility Stocks

The utilities sector, as measured by the S&P 500 Utilities Index, posted a strong return during the period, which was marginally below the return of the S&P 500 Index over the same period. Utility stock prices benefited from benign global inflationary signals, which have helped to keep long-dated US Treasuries at stable and relatively low yields. Utility stocks, given their traditional nature of paying out a significant percentage of income in the form of dividends, maintain a high level of correlation to Treasuries. We believe the financial health of the utilities sector remained intact, with most companies comfortably growing their earnings and dividends at a sustainable level in the mid-single digit range.

Thank you for your continued participation in Franklin Universal Trust. We look forward to serving your future investment needs.

Sincerely,

Christopher J. Molumphy, CFA

Senior Portfolio Manager

Glenn I. Voyles, CFA

Portfolio Manager

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2017, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

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Performance Summary as of August 31, 2017

Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Total returns do not reflect any sales charges paid at inception or brokerage commissions paid on secondary market purchases. The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses. Capital gain distributions are net profits realized from the sale of portfolio securities.

Performance as of 8/31/17¹

	Cumulative Total Return ²		Average Annual Total Return ²	
	Based on	Based on	Based on	Based on
	NAV ³	market price ⁴	NAV ³	market price ⁴
1-Year	+12.74%	+11.81%	+12.74%	+11.81%
5-Year	+47.64%	+35.97%	+8.10%	+6.34%
10-Year	+111.80%	+122.23%	+7.79%	+8.31%

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

Share Prices

Symbol: FT	8/31/17	8/31/16	Change
Net Asset Value (NAV)	\$8.24	\$7.67	+\$0.57
Market Price (NYSE)	\$7.24	\$6.84	+\$0.40
Distributions (9/1/16 - 8/31/17)			

Net Investment

Income

\$0.3840

All investments involve risks, including possible loss of principal. Bond prices generally move in the opposite direction of interest rates. As prices of bonds in a fund adjust to a rise in interest rates, the Fund's share price may decline. Investments in lower rated bonds include higher risk of default and loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. In addition to having sensitivity to other factors, securities issued by utility companies have historically been sensitive to interest rate changes. When interest rates fall, utility securities prices, and thus a utilities fund's share price, tend to rise; when interest rates rise, their prices generally fall. For stocks paying dividends, dividends are not guaranteed, and can increase, decrease or be totally eliminated without notice. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results.

1. The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 8/31/17. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.
2. Total return calculations represent the cumulative and average annual changes in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
3. Assumes reinvestment of distributions based on net asset value.
4. Assumes reinvestment of distributions based on the dividend reinvestment and cash purchase plan.

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Important Notice to Shareholders

The Fund's Board previously authorized an open-market share repurchase program, pursuant to which the Fund may purchase Fund shares, from time to time, up to 10% of the Fund's common shares in open-market transactions, at the discretion of management. This authorization remains in effect.

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Financial Highlights

	Year Ended August 31,				
	2017	2016	2015	2014	2013
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$ 7.67	\$ 7.11	\$ 8.34	\$ 7.61	\$ 7.47
Income from investment operations:					
Net investment income ^a	0.38	0.39	0.45	0.47	0.43
Net realized and unrealized gains (losses)	0.57	0.64	(1.21)	0.73	0.17
Total from investment operations	0.95	1.03	(0.76)	1.20	0.60
Less distributions from net investment income	(0.38)	(0.47)	(0.47)	(0.47)	(0.46)
Net asset value, end of year	\$ 8.24	\$ 7.67	\$ 7.11	\$ 8.34	\$ 7.61
Market value, end of year ^b	\$ 7.24	\$ 6.84	\$ 6.10	\$ 7.39	\$ 6.76
Total return (based on market value per share)	11.81%	20.76%	(11.57)%	16.71%	(2.45)%

Ratios to average net assets

Expenses before waiver and payments by affiliates	2.00%	2.13%	1.97%	1.97%	2.34%
Expenses net of waiver and payments by affiliates	1.99% ^c	2.12% ^c	1.97% ^{c,d}	1.97% ^{c,d}	2.34%
Net investment income	4.81%	5.48%	5.63%	5.76%	5.58%

Supplemental data

Net assets, end of year (000 s)	\$206,965	\$192,682	\$178,747	\$209,674	\$191,223
Portfolio turnover rate	23.25%	21.13%	20.30%	18.25%	21.95%
Total debt outstanding at end of year (000 s)	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Asset coverage per \$1,000 of debt	\$4,449	\$4,211	\$3,979	\$4,495	\$4,187
Average amount of senior rate fixed Notes per share during the year	\$2.39	\$2.39	\$2.39	\$2.39	\$1.68

^aBased on average daily shares outstanding.

^bBased on the last sale on the New York Stock Exchange.

^cBenefit of expense reduction rounds to less than 0.01%.

^dBenefit of waiver and payments by affiliates rounds to less than 0.01%.

franklintempleton.com The accompanying notes are an integral part of these financial statements. | Annual Report

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Statement of Investments, August 31, 2017

	Country	Shares/ Warrants	Value
Common Stocks and Other Equity Interests 42.9%			
Energy 1.9%			
^a Chaparral Energy Inc., A	United States	27,903	\$ 558,060
^{a,b} Chaparral Energy Inc., A, 144A	United States	214	4,280
^a Chaparral Energy Inc., B	United States	5,868	117,360
^a CHC Group LLC	Cayman Islands	10,468	88,978
Enbridge Inc.	Canada	39,360	1,574,006
^a Energy XXI Gulf Coast Inc.	United States	12,053	125,954
^a Energy XXI Gulf Coast Inc., wts., 12/30/21	United States	5,433	4,618
^a Goodrich Petroleum Corp.	United States	19,379	166,659
^a Halcon Resources Corp.	United States	52,355	324,077
^a Halcon Resources Corp., wts., 9/09/20	United States	4,668	2,334
^a Linn Energy Inc.	United States	14,316	480,016
^a Midstates Petroleum Co. Inc.	United States	318	4,608
^{a,c} Midstates Petroleum Co. Inc., wts., 4/21/20	United States	2,256	680
^a Penn Virginia Corp.	United States	8,772	337,722
^a W&T Offshore Inc.	United States	31,460	60,089
			3,849,441
Materials 1.1%			
	United Kingdom		
BHP Billiton PLC, ADR	United Kingdom	25,185	960,304
^a Freeport-McMoRan Inc.	United States	80,380	1,188,016
South32 Ltd., ADR	Australia	10,074	117,664
^a Verso Corp., A	United States	3,330	17,716
^a Verso Corp., wts., 7/25/23	United States	350	53
			2,283,753
Transportation 0.0%			
^a CEVA Holdings LLC	United States	179	53,829
Utilities 39.9%			
Alliant Energy Corp.	United States	80,000	3,419,200
American Electric Power Co. Inc.	United States	75,000	5,522,250
CenterPoint Energy Inc.	United States	122,800	3,637,336
CMS Energy Corp.	United States	65,000	3,155,100
Consolidated Edison Inc.	United States	40,000	3,370,800
Dominion Energy Inc.	United States	80,000	6,301,600

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DTE Energy Co.	United States	25,000	2,808,000
Duke Energy Corp.	United States	57,560	5,024,988
Edison International	United States	61,000	4,890,980
Entergy Corp.	United States	30,000	2,375,100
Exelon Corp.	United States	55,000	2,082,850
FirstEnergy Corp.	United States	60,000	1,954,800
Great Plains Energy Inc.	United States	70,000	2,148,300
NextEra Energy Inc.	United States	41,500	6,246,165
PG&E Corp.	United States	50,000	3,519,000
Pinnacle West Capital Corp.	United States	56,000	5,038,320
PPL Corp.	United States	24,500	961,380
Public Service Enterprise Group Inc.	United States	45,000	2,107,800
Sempra Energy	United States	50,000	5,896,500
The Southern Co.	United States	68,250	3,293,745
Vistra Energy Corp.	United States	5,994	106,094
WEC Energy Group Inc.	United States	40,000	2,608,800
Westar Energy Inc.	United States	60,000	3,078,600

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STATEMENT OF INVESTMENTS

	Country	Shares/ Warrants	Value
Common Stocks and Other Equity Interests (continued)			
Utilities (continued)			
Xcel Energy Inc.	United States	60,000	\$ 2,970,000
			82,517,708
Total Common Stocks and Other Equity Interests (Cost \$45,506,745)			88,704,731
Convertible Preferred Stocks 0.1%			
Transportation 0.1%			
^a CEVA Holdings LLC, cvt. pfd., A-1	United States	6	2,550
^a CEVA Holdings LLC, cvt. pfd., A-2	United States	388	126,233
Total Convertible Preferred Stocks (Cost \$587,092)			128,783
			Principal Amount*
Convertible Bonds (Cost \$995,870) 0.4%			
Energy 0.4%			
CHC Group LLC/CHC Finance Ltd., cvt., zero cpn., 10/01/20	Cayman Islands	\$ 538,308	831,686
Corporate Bonds 82.6%			
Automobiles & Components 0.7%			
The Goodyear Tire & Rubber Co., senior bond, 5.00%, 5/31/26	United States	1,100,000	1,152,250
senior note, 5.125%, 11/15/23	United States	300,000	314,622
			1,466,872
Banks 2.5%			
CIT Group Inc.,			
senior note, 5.375%, 5/15/20	United States	500,000	538,125
senior note, 5.00%, 8/15/22	United States	1,200,000	1,301,880
^d Citigroup Inc., junior sub. bond, M, 6.30% to 5/15/24, FRN thereafter, Perpetual	United States	1,100,000	1,199,000
^d JPMorgan Chase & Co., junior sub. bond, R, 6.00% to 8/01/23, FRN thereafter, Perpetual	United States	900,000	974,250
	United States	1,100,000	1,118,425

junior sub. bond, V, 5.00% to 7/30/19, FRN thereafter,
Perpetual

5,131,680

Capital Goods 4.6%

b Cloud Crane LLC, secured note, second lien, 144A, 10.125%, 8/01/24	United States	300,000	336,750
CNH Industrial Capital LLC, senior note, 3.875%, 10/15/21	United States	1,700,000	1,742,500
b H&E Equipment Services Inc., senior note, 144A, 5.625%, 9/01/25	United States	600,000	621,000
b HD Supply Inc., senior note, 144A, 5.75%, 4/15/24	United States	400,000	430,000
Navistar International Corp., senior bond, 8.25%, 11/01/21	United States	800,000	808,000
Oshkosh Corp., senior note, 5.375%, 3/01/22	United States	500,000	520,625
b Tennant Co., senior note, 144A, 5.625%, 5/01/25	United States	1,000,000	1,048,750
b Terex Corp., senior note, 144A, 5.625%, 2/01/25	United States	1,400,000	1,464,750
TransDigm Inc., senior sub. bond, 6.50%, 7/15/24	United States	600,000	624,750
senior sub. bond, 6.50%, 5/15/25	United States	100,000	103,250
b Vertiv Group Corp., senior note, 144A, 9.25%, 10/15/24	United States	1,700,000	1,899,750
			9,600,125

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STATEMENT OF INVESTMENTS

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Commercial & Professional Services 1.0%			
United Rentals North America Inc.,			
senior bond, 5.75%, 11/15/24	United States	\$ 1,400,000	\$ 1,503,670
senior bond, 5.875%, 9/15/26	United States	100,000	109,225
senior bond, 5.50%, 5/15/27	United States	500,000	531,250
			2,144,145
Consumer Durables & Apparel 6.1%			
^b Ashton Woods USA LLC, senior note, 144A, 6.75%, 8/01/25	United States	1,300,000	1,296,750
Beazer Homes USA Inc.,			
senior note, 8.75%, 3/15/22	United States	1,300,000	1,439,750
senior note, 6.75%, 3/15/25	United States	100,000	105,750
^b Hanesbrands Inc., senior note, 144A, 4.625%, 5/15/24	United States	1,500,000	1,567,500
KB Home,			
senior bond, 7.50%, 9/15/22	United States	1,100,000	1,267,750
senior note, 4.75%, 5/15/19	United States	200,000	206,000
senior note, 7.00%, 12/15/21	United States	300,000	336,000
Newell Brands Inc., senior note, 5.00%, 11/15/23	United States	700,000	747,761
PulteGroup Inc., senior bond, 5.00%, 1/15/27	United States	1,700,000	1,757,375
^b Taylor Morrison Communities Inc./Taylor Morrison Holdings II Inc.,			
senior note, 144A, 5.25%, 4/15/21	United States	400,000	409,820
senior note, 144A, 5.875%, 4/15/23	United States	100,000	106,500
senior note, 144A, 5.625%, 3/01/24	United States	1,000,000	1,058,750
Toll Brothers Finance Corp., senior bond, 5.625%, 1/15/24	United States	700,000	758,625
^b Weekley Homes LLC/Weekley Finance Corp., senior note, 144A, 6.625%, 8/15/25	United States	1,700,000	1,657,500
			12,715,831
Consumer Services 5.2%			
^b 1011778 BC ULC/New Red Finance Inc., senior secured note, first lien, 144A, 4.25%, 5/15/24	Canada	900,000	913,500
^b 24 Hour Holdings III LLC, senior note, 144A, 8.00%, 6/01/22	United States	1,000,000	937,800
^b Ascend Learning LLC, senior note, 144A, 6.875%, 8/01/25	United States	600,000	625,500
^b International Game Technology PLC, senior secured bond, 144A, 6.50%, 2/15/25	United States	2,200,000	2,472,250
^b Jack Ohio Finance LLC/Jack Ohio Finance 1 Corp., senior secured note, first lien, 144A, 6.75%, 11/15/21	United States	1,700,000	1,772,250
^b			

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KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC,				
	senior note, 144A, 5.00%, 6/01/24	United States	600,000	628,680
	senior note, 144A, 5.25%, 6/01/26	United States	600,000	633,750
^b	Silversea Cruise Finance Ltd., senior secured note, first lien, 144A, 7.25%, 2/01/25	United States	500,000	541,250
^b	Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., senior bond, 144A, 5.50%, 3/01/25	United States	1,300,000	1,358,500
^b	Wynn Macau Ltd., senior note, 144A, 5.25%, 10/15/21	Macau	800,000	818,000
				10,701,480
Diversified Financials 2.6%				
^b	FirstCash Inc., senior note, 144A, 5.375%, 6/01/24	United States	1,100,000	1,163,250
^b	MSCI Inc., senior note, 144A, 4.75%, 8/01/26	United States	600,000	624,000
	Navient Corp.,			
	senior note, 4.875%, 6/17/19	United States	800,000	829,000
	senior note, 6.625%, 7/26/21	United States	800,000	855,000
	senior note, 7.25%, 9/25/23	United States	1,700,000	1,852,320
				5,323,570

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STATEMENT OF INVESTMENTS

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Energy 8.2%			
Bill Barrett Corp., senior note, 8.75%, 6/15/25	United States	\$ 1,700,000	\$ 1,504,500
^e BreitBurn Energy Partners LP/BreitBurn Finance Corp., senior bond, 7.875%, 4/15/22	United States	200,000	36,000
senior note, 8.625%, 10/15/20	United States	600,000	108,000
California Resources Corp., ^b secured note, second lien, 144A, 8.00%, 12/15/22	United States	615,000	342,094
senior bond, 6.00%, 11/15/24	United States	15,000	6,225
senior note, 5.50%, 9/15/21	United States	10,000	4,400
Calumet Specialty Products Partners LP/Calumet Finance Corp., senior note, 7.75%, 4/15/23	United States	800,000	764,000
^b senior note, 144A, 11.50%, 1/15/21	United States	300,000	349,500
Cheniere Corpus Christi Holdings LLC, senior note, first lien, 7.00%, 6/30/24	United States	600,000	685,500
senior secured note, first lien, 5.875%, 3/31/25	United States	1,000,000	1,078,750
CONSOL Energy Inc., senior note, 5.875%, 4/15/22	United States	300,000	301,500
senior note, 8.00%, 4/01/23	United States	600,000	636,000
Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp., senior note, 6.25%, 4/01/23	United States	500,000	518,750
senior note, 5.75%, 4/01/25	United States	800,000	813,000
CSI Compressco LP/CSI Compressco Finance Inc., senior note, 7.25%, 8/15/22	United States	800,000	722,000
Energy Transfer Equity LP, senior note, first lien, 7.50%, 10/15/20	United States	1,200,000	1,360,500
senior secured bond, first lien, 5.875%, 1/15/24	United States	200,000	216,500
^{b,f} EnQuest PLC, senior note, 144A, PIK, 8.00%, 10/15/23	United Kingdom	642,878	421,213
Ferrellgas LP/Ferrellgas Finance Corp., senior note, 6.75%, 6/15/23	United States	700,000	666,750
Martin Midstream Partners LP/Martin Midstream Finance Corp., senior note, 7.25%, 2/15/21	United States	600,000	615,000
^b Murray Energy Corp., secured note, second lien, 144A, 11.25%, 4/15/21	United States	700,000	406,875
QEP Resources Inc., senior bond, 5.375%, 10/01/22	United States	1,600,000	1,548,000
Sabine Pass Liquefaction LLC, senior secured note, first lien, 6.25%, 3/15/22	United States	200,000	225,798
senior secured note, first lien, 5.625%, 4/15/23	United States	500,000	554,319

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Sanchez Energy Corp.,				
senior note, 7.75%, 6/15/21	United States	800,000	696,000	
senior note, 6.125%, 1/15/23	United States	100,000	76,750	
b.f W&T Offshore Inc.,				
secured note, second lien, 144A, PIK, 10.75%, 5/15/20	United States	275,482	234,986	
senior secured note, third lien, 144A, PIK, 10.00%, 6/15/21	United States	246,533	178,663	
Weatherford International Ltd.,				
senior note, 5.125%, 9/15/20	United States	200,000	194,000	
senior note, 7.75%, 6/15/21	United States	400,000	401,500	
senior note, 4.50%, 4/15/22	United States	400,000	359,000	
senior note, 8.25%, 6/15/23	United States	600,000	589,500	
WPX Energy Inc., senior note, 8.25%, 8/01/23	United States	400,000	441,000	
				17,056,573

Food, Beverage & Tobacco 3.8%

Constellation Brands Inc.,				
senior bond, 4.75%, 11/15/24	United States	400,000	443,731	
senior note, 4.25%, 5/01/23	United States	500,000	539,803	
senior note, 4.75%, 12/01/25	United States	100,000	110,951	

FRANKLIN UNIVERSAL TRUST

STATEMENT OF INVESTMENTS

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Food, Beverage & Tobacco (continued)			
^b Cott Holdings Inc., senior note, 144A, 5.50%, 4/01/25	Canada	\$ 1,700,000	\$ 1,787,125
^b JBS USA LLC/Finance Inc., senior bond, 144A, 5.875%, 7/15/24	United States	900,000	915,750
senior note, 144A, 7.25%, 6/01/21	United States	800,000	822,000
^b Lamb Weston Holdings Inc., senior note, 144A, 4.625%, 11/01/24	United States	500,000	518,125
senior note, 144A, 4.875%, 11/01/26	United States	1,000,000	1,040,150
^b Post Holdings Inc., senior bond, 144A, 5.00%, 8/15/26	United States	900,000	902,250
senior note, 144A, 6.00%, 12/15/22	United States	300,000	316,875
senior note, 144A, 5.50%, 3/01/25	United States	400,000	417,000
			7,813,760
Health Care Equipment & Services 5.2%			
CHS/Community Health Systems Inc.,			
senior note, 7.125%, 7/15/20	United States	700,000	661,062
senior note, 6.875%, 2/01/22	United States	200,000	166,750
senior secured note, first lien, 6.25%, 3/31/23	United States	600,000	606,750
DaVita Inc., senior note, 5.75%, 8/15/22	United States	500,000	515,938
^b Envision Healthcare Corp., senior note, 144A, 6.25%, 12/01/24	United States	1,500,000	1,620,000
HCA Inc.,			
senior bond, 5.875%, 5/01/23	United States	800,000	877,200
senior bond, 5.875%, 2/15/26	United States	1,400,000	1,513,750
senior secured bond, first lien, 5.875%, 3/15/22	United States	600,000	666,240
^b MPH Acquisition Holdings LLC, senior note, 144A, 7.125%, 6/01/24	United States	1,300,000	1,397,500
Tenet Healthcare Corp.,			
senior note, 5.50%, 3/01/19	United States	400,000	414,000
senior note, 8.125%, 4/01/22	United States	1,000,000	1,052,500
WellCare Health Plans Inc., senior note, 5.25%, 4/01/25	United States	1,200,000	1,260,000
			10,751,690
Materials 11.5%			
^b American Builders & Contractors Supply Co. Inc., senior note, 144A, 5.625%, 4/15/21	United States	342,000	353,115
^f ARD Finance SA, secured note, PIK, 7.125%, 9/15/23	Luxembourg	400,000	425,500
^b Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., senior note, 144A, 6.00%, 6/30/21	Luxembourg	500,000	515,000

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b Axalta Coating Systems LLC, senior note, 144A, 4.875%, 8/15/24	United States	400,000	410,000
b BlueScope Steel Ltd./BlueScope Steel Finance, senior note, 144A, 6.50%, 5/15/21	Australia	1,500,000	1,576,957
b BWAY Holding Co., senior note, 144A, 7.25%, 4/15/25	United States	1,700,000	1,740,375
b Cemex SAB de CV, senior secured bond, first lien, 144A, 5.70%, 1/11/25	Mexico	1,100,000	1,175,240
The Chemours Co., senior bond, 7.00%, 5/15/25	United States	200,000	221,500
senior note, 6.625%, 5/15/23	United States	1,100,000	1,172,875
senior note, 5.375%, 5/15/27	United States	300,000	313,500
b CVR Partners LP/CVR Nitrogen Finance Corp., secured note, second lien, 144A, 9.25%, 6/15/23	United States	300,000	309,000
b Eldorado Gold Corp., senior note, 144A, 6.125%, 12/15/20	Canada	500,000	511,250
b First Quantum Minerals Ltd., senior note, 144A, 7.00%, 2/15/21	Zambia	931,000	963,003
senior note, 144A, 7.25%, 4/01/23	Zambia	600,000	618,000

FRANKLIN UNIVERSAL TRUST

STATEMENT OF INVESTMENTS

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Materials (continued)			
b FMG Resources (August 2006) Pty. Ltd., senior note, 144A, 4.75%, 5/15/22	Australia	\$ 800,000	\$ 827,136
b Grinding Media Inc./MC Grinding Media Canada Inc., senior secured note, 144A, 7.375%, 12/15/23	United States	700,000	754,250
b New Gold Inc., senior note, 144A, 6.375%, 5/15/25	Canada	700,000	726,250
b Novelis Corp., senior bond, 144A, 5.875%, 9/30/26	United States	500,000	522,500
senior note, 144A, 6.25%, 8/15/24	United States	700,000	741,125
b Owens-Brockway Glass Container Inc., senior note, 144A, 5.00%, 1/15/22	United States	1,000,000	1,053,750
senior note, 144A, 5.875%, 8/15/23	United States	500,000	549,688
b Platform Specialty Products Corp., senior note, 144A, 10.375%, 5/01/21	United States	100,000	109,875
senior note, 144A, 6.50%, 2/01/22	United States	600,000	625,500
b Rain CII Carbon LLC/CII Carbon Corp., secured note, second lien, 144A, 8.25%, 1/15/21	United States	500,000	520,000
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer Luxembourg SA, b senior note, 144A, 7.00%, 7/15/24	United States	200,000	214,625
senior secured note, first lien, 5.75%, 10/15/20	United States	500,000	509,945
b senior secured note, first lien, 144A, 5.125%, 7/15/23	United States	1,000,000	1,043,440
b Sealed Air Corp., senior bond, 144A, 5.50%, 9/15/25	United States	400,000	436,000
senior note, 144A, 6.50%, 12/01/20	United States	400,000	448,240
Steel Dynamics Inc., senior bond, 5.50%, 10/01/24	United States	900,000	968,625
senior bond, 5.00%, 12/15/26	United States	700,000	742,000
senior note, 5.125%, 10/01/21	United States	400,000	411,480
Summit Materials LLC/Summit Materials Finance Corp., senior note, 8.50%, 4/15/22	United States	1,000,000	1,132,500
b SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., senior note, 144A, 7.50%, 6/15/25	United States	1,200,000	1,230,000
			23,872,244
Media 8.9%			
b Altice U.S. Finance I Corp., senior secured bond, 144A, 5.50%, 5/15/26	United States	900,000	954,563

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AMC Entertainment Holdings Inc., senior sub. note, 5.875%, 11/15/26	United States	400,000	377,500
AMC Networks Inc., senior note, 5.00%, 4/01/24	United States	900,000	930,375
Cablevision Systems Corp., senior note, 8.625%, 9/15/17	United States	324,000	324,891
CCO Holdings LLC/CCO Holdings Capital Corp., senior bond, 5.25%, 9/30/22	United States	1,700,000	1,755,250
^b senior bond, 144A, 5.75%, 2/15/26	United States	700,000	741,783
Clear Channel Worldwide Holdings Inc., senior note, 6.50%, 11/15/22	United States	1,000,000	1,032,500
senior sub. note, 7.625%, 3/15/20	United States	700,000	700,000
CSC Holdings LLC, ^b senior bond, 144A, 5.50%, 4/15/27	United States	500,000	523,750
senior note, 6.75%, 11/15/21	United States	700,000	775,460
senior note, 5.25%, 6/01/24	United States	700,000	720,125
DISH DBS Corp., senior note, 6.75%, 6/01/21	United States	700,000	774,375
senior note, 7.75%, 7/01/26	United States	800,000	941,000

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FRANKLIN UNIVERSAL TRUST

STATEMENT OF INVESTMENTS

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Media (continued)			
iHeartCommunications Inc.,			
senior secured bond, first lien, 9.00%, 3/01/21	United States	\$ 1,000,000	\$ 731,250
senior secured note, first lien, 9.00%, 9/15/22	United States	100,000	72,875
^b Nexstar Broadcasting Inc., senior note, 144A, 5.625%, 8/01/24	United States	600,000	622,500
^b Radio One Inc., senior sub. note, 144A, 9.25%, 2/15/20	United States	500,000	487,500
^b Sirius XM Radio Inc.,			
senior bond, 144A, 6.00%, 7/15/24	United States	800,000	866,224
senior bond, 144A, 5.375%, 4/15/25	United States	700,000	741,720
Tegna Inc.,			
senior bond, 6.375%, 10/15/23	United States	900,000	958,500
senior note, 5.125%, 7/15/20	United States	800,000	821,232
^b Univision Communications Inc., senior secured bond, first lien, 144A, 6.75%, 9/15/22	United States	358,000	371,783
^b Virgin Media Finance PLC, senior bond, 144A, 6.375%, 4/15/23	United Kingdom	300,000	315,750
^b Virgin Media Secured Finance PLC,			
senior secured bond, 144A, 5.25%, 1/15/26	United Kingdom	500,000	521,250
senior secured bond, first lien, 144A, 5.50%, 1/15/25	United Kingdom	800,000	839,000
senior secured bond, first lien, 144A, 5.50%, 8/15/26	United Kingdom	200,000	212,500
^b WMG Acquisition Corp.,			
secured note, first lien, 144A, 5.00%, 8/01/23	United States	200,000	207,250
senior note, 144A, 5.625%, 4/15/22	United States	92,000	96,140
			18,417,046
Pharmaceuticals, Biotechnology & Life Sciences 3.0%			
^b Concordia International Corp.,			
senior note, 144A, 7.00%, 4/15/23	Canada	900,000	153,000
senior secured note, first lien, 144A, 9.00%, 4/01/22	Canada	400,000	290,000
^b Endo Dac/Endo Finance LLC/Endo Finco Inc.,			
senior bond, 144A, 6.00%, 2/01/25	United States	800,000	662,000
senior note, 144A, 6.00%, 7/15/23	United States	1,000,000	840,170
Horizon Pharma Inc., senior note, 6.625%, 5/01/23	United States	1,500,000	1,462,500
^b Jaguar Holding Co. II/Pharmaceutical Product Development LLC, senior note, 144A, 6.375%, 8/01/23	United States	500,000	525,600
^b Valeant Pharmaceuticals International, senior note, 144A, 6.375%, 10/15/20	United States	1,100,000	1,094,830
^b Valeant Pharmaceuticals International Inc.,			

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senior bond, 144A, 6.125%, 4/15/25	United States	300,000	254,250
senior note, 144A, 5.625%, 12/01/21	United States	700,000	645,750
senior note, first lien, 144A, 7.00%, 3/15/24	United States	200,000	212,750
			6,140,850

Real Estate 1.2%

Equinix Inc.,

senior bond, 5.375%, 4/01/23	United States	1,300,000	1,361,750
senior bond, 5.875%, 1/15/26	United States	200,000	220,000
MPT Operating Partnership LP/MPT Finance Corp.,			
senior bond, 5.25%, 8/01/26	United States	300,000	312,750
senior note, 6.375%, 3/01/24	United States	600,000	654,750
			2,549,250

FRANKLIN UNIVERSAL TRUST

STATEMENT OF INVESTMENTS

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Retailing 1.3%			
Dollar Tree Inc., senior note, 5.75%, 3/01/23	United States	\$ 500,000	\$ 530,000
Netflix Inc., senior bond, 5.875%, 2/15/25	United States	1,100,000	1,193,500
^b PetSmart Inc., senior note, 144A, 7.125%, 3/15/23	United States	300,000	245,250
senior note, 144A, 8.875%, 6/01/25	United States	300,000	250,500
senior secured note, first lien, 144A, 5.875%, 6/01/25	United States	600,000	538,500
			2,757,750
Semiconductors & Semiconductor Equipment 0.9%			
^b Microsemi Corp., senior note, 144A, 9.125%, 4/15/23	United States	261,000	299,552
Qorvo Inc., senior bond, 7.00%, 12/01/25	United States	1,300,000	1,478,750
			1,778,302
Software & Services 2.4%			
^b CyrusOne LP/CyrusOne Finance Corp., senior note, 144A, 5.00%, 3/15/24	United States	400,000	418,000
^b First Data Corp., secured note, second lien, 144A, 5.75%, 1/15/24	United States	1,700,000	1,794,010
senior note, 144A, 7.00%, 12/01/23	United States	400,000	432,000
Infor (U.S.) Inc., senior note, 6.50%, 5/15/22	United States	1,700,000	1,742,500
^b Symantec Corp., senior note, 144A, 5.00%, 4/15/25	United States	500,000	524,850
			4,911,360
Technology Hardware & Equipment 2.5%			
^b Blackboard Inc., secured note, second lien, 144A, 9.75%, 10/15/21	United States	1,542,000	1,405,148
CDW LLC/CDW Finance Corp., senior note, 5.00%, 9/01/25	United States	800,000	838,000
^b CommScope Technologies LLC, senior bond, 144A, 6.00%, 6/15/25	United States	900,000	960,750
^b Dell International LLC/EMC Corp., senior note, 144A, 5.875%, 6/15/21	United States	200,000	210,190
senior note, 144A, 7.125%, 6/15/24	United States	200,000	221,646
senior secured bond, first lien, 144A, 6.02%, 6/15/26	United States	200,000	223,643

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	senior secured note, first lien, 144A, 5.45%, 6/15/23	United States	300,000	329,062
b	Tempo Acquisition LLC/Tempo Acquisition Finance Corp., senior note, 144A, 6.75%, 6/01/25	United States	1,000,000	1,025,000
				5,213,439
Telecommunication Services 6.0%				
b	Block Communications Inc., senior note, 144A, 6.875%, 2/15/25	United States	300,000	324,187
	CenturyLink Inc., senior bond, 6.75%, 12/01/23	United States	200,000	205,000
	senior bond, 5.625%, 4/01/25	United States	300,000	286,500
b	Digicel Group Ltd., senior note, 144A, 8.25%, 9/30/20	Bermuda	900,000	869,062
b	Digicel Ltd., senior note, 144A, 6.00%, 4/15/21	Bermuda	500,000	485,095
	senior note, 144A, 6.75%, 3/01/23	Bermuda	300,000	288,677
	Hughes Satellite Systems Corp., senior bond, 6.625%, 8/01/26	United States	1,400,000	1,531,250
	Intelsat Jackson Holdings SA, senior note, 7.50%, 4/01/21	Luxembourg	900,000	848,520
b	Sprint Communications Inc., senior note, 144A, 9.00%, 11/15/18	United States	223,000	241,119
	senior note, 144A, 7.00%, 3/01/20	United States	500,000	548,750
	Sprint Corp., senior bond, 7.875%, 9/15/23	United States	500,000	572,565
	senior bond, 7.125%, 6/15/24	United States	500,000	550,625

FRANKLIN UNIVERSAL TRUST

STATEMENT OF INVESTMENTS

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Telecommunication Services (continued)			
^b Sprint Spectrum Co. LLC/Sprint Spectrum Co. II LLC, first lien, 144A, 3.36%, 3/20/23	United States	\$ 1,400,000	\$ 1,421,913
T-Mobile USA Inc., senior bond, 6.50%, 1/15/24	United States	200,000	214,000
senior bond, 6.375%, 3/01/25	United States	500,000	539,687
senior note, 6.125%, 1/15/22	United States	100,000	104,500
senior note, 6.00%, 4/15/24	United States	200,000	213,250
^b Wind Acquisition Finance SA, secured note, second lien, 144A, 7.375%, 4/23/21	Italy	1,700,000	1,770,125
senior secured note, first lien, 144A, 4.75%, 7/15/20	Italy	300,000	304,875
^b Zayo Group LLC/Zayo Capital Inc., senior note, 144A, 5.75%, 1/15/27	United States	1,000,000	1,063,730
			12,383,430
Transportation 1.3%			
^b DAE Funding LLC, senior note, 144A, 4.50%, 8/01/22	United Arab Emirates	700,000	714,014
senior note, 144A, 5.00%, 8/01/24	United Arab Emirates	700,000	712,334
^b Park Aerospace Holdings Ltd., senior note, 144A, 5.25%, 8/15/22	Ireland	500,000	521,250
senior note, 144A, 5.50%, 2/15/24	Ireland	700,000	729,750
			2,677,348
Utilities 3.7%			
Calpine Corp., senior bond, 5.75%, 1/15/25	United States	1,600,000	1,472,000
Dynegy Inc., senior bond, 7.625%, 11/01/24	United States	1,700,000	1,761,625
Ferrellgas Partners LP/Ferrellgas Partners Finance Corp., senior note, 8.625%, 6/15/20	United States	800,000	724,000
^b InterGen NV, secured bond, 144A, 7.00%, 6/30/23	Netherlands	1,000,000	975,000
NRG Yield Operating LLC, senior bond, 5.375%, 8/15/24	United States	600,000	630,000
senior bond, 5.00%, 9/15/26	United States	900,000	924,750
Talen Energy Supply LLC, senior note, 6.50%, 6/01/25	United States	1,600,000	1,172,000
			7,659,375
Total Corporate Bonds (Cost \$167,177,954)			171,066,120

			Shares
Escrows and Litigation Trusts 0.0%			
a,c	Midstates Petroleum Co. Inc./Midstates Petroleum Co. LLC, Escrow Account	United States	700,000
a,c	NewPage Corp., Litigation Trust	United States	1,200,000
a	Penn Virginia Corp., Escrow Account	United States	700,000
a,c	Vistra Energy Corp., Escrow Account	United States	700,000
			12,250
			8,120
Total Escrows and Litigation Trusts (Cost \$20,297)			20,370
Total Investments before Short Term Investments (Cost \$214,287,958)			260,751,690

FRANKLIN UNIVERSAL TRUST

STATEMENT OF INVESTMENTS

	Country	Shares	Value
Short Term Investments (Cost \$3,783,213) 1.8%			
Money Market Funds 1.8%			
^{g,h} Institutional Fiduciary Trust Money Market Portfolio, 0.66%	United States	3,783,213	\$ 3,783,213
Total Investments (Cost \$218,071,171) 127.8%			264,534,903
Notes Payable (29.0)%			(59,973,346)
Other Assets, less Liabilities 1.2%			2,402,946
Net Assets 100.0%			\$ 206,964,503

See Abbreviations on page 27.

Rounds to less than 0.1% of net assets.

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

^aNon-income producing.

^bSecurity 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 August 31, 2017, the aggregate value of these securities was \$86,063,300, representing 41.6% of net assets.

^cFair valued using significant unobservable inputs. See Note 9 regarding fair value measurements.

^dPerpetual security with no stated maturity date.

^eSee Note 8 regarding defaulted securities.

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

^gSee Note 4(c) regarding investments in affiliated management investment companies.

^hThe rate shown is the annualized seven-day yield at period end.

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FRANKLIN UNIVERSAL TRUST

Financial Statements**Statement of Assets and Liabilities**

August 31, 2017

Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$ 214,287,958
Cost - Non-controlled affiliates (Note 4c)	3,783,213
Value - Unaffiliated issuers	\$ 260,751,690
Value - Non-controlled affiliates (Note 4c)	3,783,213
Receivables:	
Investment securities sold	121,876
Dividends and interest	3,356,270
Total assets	268,013,049
Liabilities:	
Payables:	
Management fees	164,893
Distributions to shareholders	804,220
Accrued interest (Note 3)	14,350
Senior fixed rate Notes, at par value of \$60,000,000 less unamortized Note issuance costs of \$26,654 (Note 3)	59,973,346
Accrued expenses and other liabilities	91,737
Total liabilities	61,048,546
Net assets, at value	\$ 206,964,503
Net assets consist of:	
Paid-in capital	\$ 172,984,952
Distributions in excess of net investment income	(841,002)
Net unrealized appreciation (depreciation)	46,463,732
Accumulated net realized gain (loss)	(11,643,179)
Net assets, at value	\$ 206,964,503
Shares outstanding	25,131,894
Net asset value per share	\$8.24

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FRANKLIN UNIVERSAL TRUST

FINANCIAL STATEMENTS

Statement of Operations

for the year ended August 31, 2017

Investment income:	
Dividends:	
Unaffiliated issuers	\$ 2,857,389
Non-controlled affiliates (Note 4c)	10,975
Interest:	
Unaffiliated issuers	10,666,185
Total investment income	13,534,549
Expenses:	
Management fees (Note 4a)	1,942,456
Interest expense (Note 3)	1,722,000
Transfer agent fees	87,077
Custodian fees (Note 5)	2,255
Reports to shareholders	38,306
Professional fees	77,384
Trustees fees and expenses	8,548
Amortization of Note issuance costs (Note 3)	26,113
Other	76,469
Total expenses	3,980,608
Expense reductions (Note 5)	(151)
Expenses waived/paid by affiliates (Note 4c)	(15,952)
Net expenses	3,964,505
Net investment income	9,570,044
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	(2,029,380)
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	16,392,768
Net realized and unrealized gain (loss)	14,363,388

Net increase (decrease) in net assets resulting from operations	\$ 23,933,432
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FRANKLIN UNIVERSAL TRUST

FINANCIAL STATEMENTS

Statements of Changes in Net Assets

	Year Ended August 31,	
	2017	2016
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 9,570,044	\$ 9,789,726
Net realized gain (loss)	(2,029,380)	650,542
Net change in unrealized appreciation (depreciation)	16,392,768	15,218,867
Net increase (decrease) in net assets resulting from operations	23,933,432	25,659,135
Distributions to shareholders from:		
Net investment income	(9,650,653)	(11,724,028)
Net increase (decrease) in net assets	14,282,779	13,935,107
Net assets:		
Beginning of year	192,681,724	178,746,617
End of year	\$ 206,964,503	\$ 192,681,724
Distributions in excess of net investment income included in net assets:		
End of year	\$ (841,002)	\$ (1,619,036)

20 Annual Report | The accompanying notes are an integral part of these financial statements.

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FRANKLIN UNIVERSAL TRUST

FINANCIAL STATEMENTS

Statement of Cash Flows

for the year ended August 31, 2017

Cash flow from operating activities:	
Dividends, interest and other income received	\$ 13,505,352
Operating expenses paid	(2,160,460)
Interest expense paid	(1,722,000)
Purchases of long-term investments	(58,917,935)
Sales and maturities of long-term investments	60,723,218
Net purchases of short-term investments	(1,777,528)
Cash provided - operating activities	9,650,647
Cash flow used from financing activities - distributions to shareholders	(9,650,647)
Net increase (decrease) in cash	
Cash at beginning of year	
Cash at end of year	\$

Reconciliation of Net Increase (Decrease) in Net Assets resulting from Operating Activities to Net Cash Provided by**Operating Activities**

for the year ended August 31, 2017

Net increase (decrease) in net assets resulting from operating activities	\$ 23,933,432
Adjustments to reconcile net increase (decrease) in net assets resulting from operating activities to net cash provided by operating activities:	
Amortization of Note issuance costs	26,113
Net amortization income	71,337
Reinvested dividends from non-controlled affiliates	(10,975)
Decrease in dividends and interest receivable and other assets	19,855
Increase in receivable for investments sold	(121,876)
Increase in payables to affiliates, accrued expenses, and other liabilities	55,932
Decrease in cost of investments	2,069,597
Increase in unrealized appreciation on investments	(16,392,768)
Net cash provided by operating activities	\$ 9,650,647

FRANKLIN UNIVERSAL TRUST

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Franklin Universal Trust (Fund) is registered under the Investment Company Act of 1940 (1940 Act) as a closed-end management investment company and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP).

The following summarizes the Fund's significant accounting policies.

a. 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 as of 4 p.m. Eastern time each day the New York Stock Exchange (NYSE) is open for trading. Senior fixed rate notes issued by the Fund are carried at cost. Under compliance policies and procedures approved by the Fund's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The VC 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 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. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. 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.

Investments in open-end mutual funds are valued at the closing NAV.

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 VC 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 VC 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 VC 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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Occasionally, events occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of

FRANKLIN UNIVERSAL TRUST

NOTES TO FINANCIAL STATEMENTS

the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, the VC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities 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.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

b. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of August 31, 2017, the Fund has

determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

c. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These

reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

d. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

e. Guarantees and Indemnifications

Under the Fund's organizational documents, its officers and trustees are indemnified by the Fund against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under

FRANKLIN UNIVERSAL TRUST

NOTES TO FINANCIAL STATEMENTS

1. Organization and Significant Accounting Policies (continued)

e. Guarantees and Indemnifications (*continued*)

these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund expects the risk of loss to be remote.

2. Shares of Beneficial Interest

At August 31, 2017, there were an unlimited number of shares authorized (\$0.01 par value). During the years ended August 31, 2017 and August 31, 2016, there were no shares issued; all reinvested distributions were satisfied with previously issued shares purchased in the open market.

Under the Board approved open-market share repurchase program, the Fund may purchase, from time to time, Fund shares in open-market transactions, at the discretion of management. During the years ended August 31, 2017 and August 31, 2016, there were no shares repurchased.

3. Senior Fixed Rate Notes

On August 28, 2013, the Fund issued \$60 million principal amount of a new class of five-year senior fixed rate notes (Notes). The Notes bear interest, payable semi-annually, at a rate of 2.87% per year, to maturity on August 28, 2018. The Notes are general unsecured obligations of the Fund and rank

senior to trust shares and all existing or future unsecured indebtedness of the Fund. For the year ended August 31, 2017, total interest paid by the Fund on the Notes was \$1,722,000. The Fund is required to maintain on a monthly basis a specified discounted asset value for its portfolio in compliance with guidelines established in the Notes Agreement, and is required under the 1940 Act to maintain asset coverage for the Notes of at least 300%. The Fund has met these requirements during the year ended August 31, 2017. The issuance costs of \$126,916 incurred by the Fund are deferred and amortized on an interest method basis over the term of the Notes. For the year ended August 31, 2017, the Fund amortized \$26,113 of Notes issuance costs. Subject to certain restrictions and make whole premiums, the Fund may prepay the Notes at any time. At August 31, 2017, if the Notes were fully prepaid, the make whole premium related to the current balance of the Notes would have been approximately \$677,000.

The Fund employs an income-based approach to determine the fair value of the Notes, which uses the Notes' current credit rating, remaining time to maturity, stated coupon rates, the current yield of a comparable asset, and a liquidity premium. At August 31, 2017, the estimated fair value of the Notes was approximately \$60,526,000. The inputs used in determining the fair value of the Notes represent Level 3 in the fair value hierarchy. See Note 9 regarding fair value measurements for additional information about fair value hierarchy and Level 3 inputs.

4. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager

a. Management Fees

The Fund pays an investment management fee to Advisers of 0.75% per year of the average weekly managed assets. Managed assets are defined as the Fund's gross asset value minus the sum of accrued liabilities, other than the principal amount of the Notes.

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Fund. The fee is paid by Advisers based on the Fund's average daily net assets, and is not an additional expense of the Fund.

FRANKLIN UNIVERSAL TRUST

NOTES TO FINANCIAL STATEMENTS

c. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. Prior to September 1, 2013, the waiver was accounted for as a reduction to management fees. During the year ended August 31, 2017, the Fund held investments in affiliated management investment companies as follows:

	Number of Shares Held at Beginning of Year	Gross Additions	Gross Reductions	Number of Shares Held at End of Year	Value at End of Year	Realized Dividend Income	Unrealized Appreciation (Depreciation)	Net Change in
Non-Controlled Affiliates								
Institutional Fiduciary Trust Money Market Portfolio, 0.66%	1,994,710	41,334,585	(39,546,082)	3,783,213	\$ 3,783,213	\$ 10,975	\$	\$

d. Interfund Transactions

The Fund engaged in purchases and sales of investments with funds or other accounts that have common investment managers (or affiliated investment managers), directors, trustees or officers. During the year ended August 31, 2017, these purchase and sale transactions aggregated \$0 and \$529,125, respectively.

5. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended August 31, 2017, the custodian fees were reduced as noted in the Statement of Operations.

6. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains. Capital loss carryforwards with no expiration, if any, must be fully utilized before those losses with expiration dates.

At August 31, 2017, the Fund had capital loss carryforwards of \$8,755,072 expiring in 2018.

Capital loss carryforwards not subject to expiration:

Short term	\$ 525,190
Long term	2,362,810
Total capital loss carryforwards	\$ 2,888,000

The tax character of distributions paid during the years ended August 31, 2017 and 2016, was as follows:

	2017	2016
Distributions paid from ordinary income	\$ 9,650,653	\$ 11,724,028

FRANKLIN UNIVERSAL TRUST

NOTES TO FINANCIAL STATEMENTS

6. Income Taxes (continued)

At August 31, 2017, the cost of investments, net unrealized appreciation (depreciation) and undistributed ordinary income for income tax purposes were as follows:

Cost of investments	\$ 218,452,489
Unrealized appreciation	\$ 57,882,561
Unrealized depreciation	(11,800,147)
Net unrealized appreciation (depreciation)	\$ 46,082,414
Distributable earnings - undistributed ordinary income	\$ 467,531

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of defaulted securities and bond discounts and premiums.

7. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended August 31, 2017, aggregated \$58,917,935 and \$60,845,094, respectively.

8. Credit Risk and Defaulted Securities

At August 31, 2017, the Fund had 61.9% of its portfolio invested in high yield or other securities rated below investment grade and unrated securities, if any. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

The Fund held defaulted securities and/or other securities for which the income has been deemed uncollectible. At August 31, 2017, the aggregate value of these securities was \$144,000, representing 0.1% of the Fund's portfolio. The Fund discontinues accruing income on securities for which income has been deemed uncollectible and provides an estimate for losses on interest receivable. The securities have been identified in the accompanying Statement of Investments.

9. 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.

FRANKLIN UNIVERSAL TRUST

NOTES TO FINANCIAL STATEMENTS

A summary of inputs used as of August 31, 2017, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:				
Equity Investments: ^a				
Energy.	\$ 3,637,805	\$ 210,956	\$ 680	\$ 3,849,441
Materials	2,283,700	53		2,283,753
Transportation		182,612		182,612
All Other Equity Investments ^b	82,517,708			82,517,708
Convertible Bonds		831,686		831,686
Corporate Bonds		171,066,120		171,066,120
Escrows and Litigation Trusts		12,250	8,120 ^c	20,370
Short Term Investments	3,783,213			3,783,213
Total Investments in Securities	\$ 92,222,426	\$ 172,303,677	\$ 8,800	\$ 264,534,903

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

^bFor detailed categories, see the accompanying Statement of Investments.

^cIncludes securities determined to have no value at August 31, 2017.

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

10. New Accounting Pronouncements

In March 2017, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2017-08, Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities. The amendments in the ASU shorten the amortization period for certain callable debt securities acquired at a premium, to be amortized to the earliest call date. The ASU does not require an accounting change for securities acquired at a discount, which continues to be amortized to maturity. The ASU is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. Management is currently evaluating the impact, if any, of applying this provision.

11. 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.

Abbreviations

Selected Portfolio

ADR American Depositary Receipt
FRN Floating Rate Note
PIK Payment-In-Kind

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FRANKLIN UNIVERSAL TRUST

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Franklin Universal Trust

In our opinion, the accompanying statement of assets and liabilities, including the statement of investments, and the related statements of operations and of changes in net assets and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Franklin Universal Trust (the Fund) as of August 31, 2017, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities as of August 31, 2017 by correspondence with the custodian and transfer agent, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California

October 17, 2017

Tax Information (unaudited)

Under Section 854(b)(1)(A) of the Internal Revenue Code (Code), the Fund hereby reports 29.05% of the ordinary income dividends as income qualifying for the dividends received deduction for the fiscal year ended August 31, 2017.

Under Section 854(b)(1)(B) of the Code, the Fund hereby reports the maximum amount allowable but no less than \$2,860,312 as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Code for the fiscal year ended August 31, 2017. Distributions, including qualified dividend income, paid during calendar year 2017 will be reported to shareholders on Form 1099-DIV by mid-February 2018. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

Under Section 871(k)(1)(C) of the Code, the Fund hereby reports the maximum amount allowable but no less than \$6,352,893 as interest related dividends for purposes of the tax imposed under Section 871(a)(1)(A) of the Code for the fiscal year ended August 31, 2017.

FRANKLIN UNIVERSAL TRUST

Annual Meeting of Shareholders

March 24, 2017

An annual shareholders meeting of Franklin Universal Trust (Fund) was held on March 24, 2017. At the meeting, the holders of 20,396,118 shares of the Fund's common stock were represented in person or by proxy, constituting a quorum. The following persons were elected by the shareholders to serve as Trustees of the Fund.

The results of the voting at the meeting are as follows:

Nominees	Shares For	% of Voted	% of Outstanding Shares	Shares Withheld	% of Voted	% of Outstanding Shares
Harris J. Ashton	19,664,080	96.41%	78.24%	732,038	3.59%	2.91%
Mary C. Choksi	19,701,140	96.59%	78.39%	694,978	3.41%	2.77%
Edith E. Holiday	19,670,166	96.44%	78.27%	725,952	3.56%	2.89%
Gregory E. Johnson	19,692,717	96.55%	78.36%	703,401	3.45%	2.80%
Rupert H. Johnson, Jr.	19,691,654	96.55%	78.35%	704,464	3.45%	2.80%
J. Michael Luttig	19,733,520	96.75%	78.52%	662,598	3.25%	2.64%
Larry D. Thompson	19,660,272	96.39%	78.23%	735,846	3.61%	2.93%
John B. Wilson	19,717,938	96.67%	78.46%	678,180	3.33%	2.70%

Dividend Reinvestment and Cash Purchase Plan

The Fund's Dividend Reinvestment and Cash Purchase Plan (Plan) offers you a prompt and simple way to reinvest dividends and capital gain distributions in shares of the Fund. The Plan also allows you to purchase additional shares of the Fund by making voluntary cash payments. American Stock Transfer & Trust Company, LLC (Plan Agent), P.O. Box 922, Wall Street Station, New York, NY 10269-0560, acts as your Plan Agent in administering the Plan.

You are automatically enrolled in the Plan unless you elect to receive dividends or distributions in cash. If you own shares in your own name, you should notify the Plan Agent, in writing, if you wish to receive dividends or distributions in cash.

If the Fund declares a dividend or capital gain distribution payable either in cash or in stock of the Fund and the market price of shares on the valuation date equals or exceeds the net asset value, the Fund will issue new shares to you at the higher of net asset value or 95% of the then current market price. Whenever the Fund declares a distribution from capital gains or an income dividend payable in either cash or shares, if the net asset value per share of the Fund's common stock exceeds the market price per share on the valuation date, the Plan Agent shall apply the amount of such dividend or distribution payable to participants to the purchase of shares (less their pro rata share of brokerage commissions incurred with respect to open market purchases in connection with the reinvestment of such dividend or distribution). If the price exceeds the net asset value before the Plan Agent has completed its purchases, the average purchase price may exceed the net asset value, resulting in fewer shares being acquired than if the Fund had issued new shares. All reinvestments are in full and fractional shares, carried to three decimal places. The Fund will not issue shares under the Plan at a price below net asset value.

The Plan permits you on a voluntary basis to submit in cash payments of not less than \$100 each up to a total of \$5,000 per month to purchase additional shares of the Fund. It is entirely up to you whether you wish to buy additional shares with voluntary cash payments, and you do not have to send in the same amount each time if you do. These payments should be made by check or money order payable to American Stock Transfer & Trust Company, LLC and sent to American Stock Transfer & Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, NY 10269-0560, Attn: Franklin Universal Trust.

Your cash payment will be aggregated with the payments of other participants and invested on your behalf by the Plan Agent in shares of the Fund that are purchased in the open market.

The Plan Agent will invest cash payments on approximately the 5th of each month in which no dividend or distribution is payable and, during each month in which a dividend or distribution is payable, will invest cash payments beginning on the dividend payment date. *Under no circumstances will interest be paid on your funds held by the Plan Agent.* Accordingly, you should send any voluntary cash payments you wish to make shortly before an investment date but in sufficient time to ensure that your payment will reach the Plan Agent not less than two business days before an investment date. Payments received less than two business days before an investment date will be invested during the next month or, if there are more than 30 days until the next investment date, will be returned to you. You may obtain a refund of any cash payment by written notice, if the Plan Agent receives the written notice not less than 48 hours before an investment date.

There is no direct charge to participants for reinvesting dividends and capital gain distributions, since the Plan Agent's fees are paid by the Fund. However, when shares are purchased in the open market, each participant will pay a pro rata portion of any brokerage commissions incurred. The Plan Agent will deduct a \$5.00 service fee from each of your voluntary cash payments.

The automatic reinvestment of dividends and capital gain distributions does not relieve you of any taxes which may be payable on dividends or distributions. In connection with the reinvestment of dividends and capital gain distributions, if the Fund issues new shares, shareholders receiving such shares generally will be treated as having a distribution equal to the market value of the shares received, and if shares are purchased on the open market, shareholders generally will be treated as having received a distribution equal to the cash distribution that would have been paid.

The Fund does not issue new shares in connection with voluntary cash payments. All investments are in full and fractional shares, carried to three decimal places. If the market price exceeds the net asset value at the time the Plan Agent purchases the additional shares, you will receive shares at a price greater than the net asset value.

FRANKLIN UNIVERSAL TRUST

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

You will receive a monthly account statement from the Plan Agent showing total dividends and capital gain distributions, date of investment, shares acquired and price per share, and total shares of record held by you and by the Plan Agent for you. You are entitled to vote all shares of record, including shares purchased for you by the Plan Agent, and, if you vote by proxy, your proxy will include all such shares.

As long as you participate in the Plan, the Plan Agent will hold the shares it has acquired for you in safekeeping, in its name or in the name of its nominee. This convenience provides added protection against loss, theft or inadvertent destruction of certificates. However, you may request that a certificate representing your Plan shares be issued to you.

You may withdraw from the Plan without penalty at any time by notifying the Plan Agent, in writing, at the address above. If you withdraw, you will receive, without charge, stock certificates issued in your name for all full shares. The Plan Agent will convert any fractional shares you hold at the time of your withdrawal to cash at current market price and send you a check for the proceeds.

If you hold shares in your own name, please address all notices, correspondence, questions, or other communications regarding the Plan to the Plan Agent at the address noted above. If your shares are not held in your name, you should contact your brokerage firm, bank, or other nominee for more information and to determine if your nominee will participate in the Plan on your behalf.

The Fund or the Plan Agent may amend or terminate the Plan. You will receive written notice at least 90 days before the effective date of termination or of any amendment. In the case of termination, you will receive written notice at least 90 days before the record date of any dividend or capital gain distribution by the Fund.

Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of US registered portfolios overseen in the Franklin Templeton Investments fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932)	Trustee	Since 1988	140	Bar-S Foods (meat packing company) (1981-2010).

One Franklin
Parkway

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Director of various companies; and **formerly**, Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).

Mary C. Choksi (1950)	Trustee	Since 2014	134	Avis Budget Group Inc. (car rental) (2007-present), Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (August 2017-present).
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One Franklin
Parkway

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Director of various companies; and **formerly**, Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group

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(1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).

Edith E. Holiday (1952)	Trustee	Since 2004	140	Hess Corporation (exploration and refining of oil and gas) (1993-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).
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One Franklin Parkway
San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Director or Trustee of various companies and trusts; and **formerly**, Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison - United States Treasury Department (1988-1989).

J. Michael Luttig (1954)	Trustee	Since 2009	140	Boeing Capital Corporation (aircraft financing) (2006-2013).
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One Franklin Parkway
San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (aerospace company) (2006-present); and **formerly**, Federal Appeals Court Judge, U.S. Court of Appeals for the Fourth Circuit (1991-2006).

FRANKLIN UNIVERSAL TRUST

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	140	The Southern Company (energy company) (2014-present; previously 2010-2012), Graham Holdings Company (education and media organization) (2011-present) and Cbeyond, Inc. (business communications provider) (2010-2012).

Principal Occupation During at Least the Past 5 Years:

Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); Independent Compliance Monitor and Auditor, Volkswagen AG (manufacture of automobiles and commercial vehicles) (April 2017 - present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and **formerly**, Executive Vice President - Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President - Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

John B. Wilson (1959) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2006 and Lead Independent Trustee since 2008	114	None
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Principal Occupation During at Least the Past 5 Years:

President and Founder, Hyannis Port Capital, Inc. (real estate and private equity investing) (2002-present); serves on private and non-profit boards; and **formerly**, President, Staples International and Head of Global Transformation (office supplies) (2012-2016); Chief Operating Officer and Executive Vice President, Gap, Inc. (retail) (1996-2000); Chief Financial Officer and Executive Vice President - Finance and Strategy, Staples, Inc. (1992-1996); Senior Vice President - Corporate Planning, Northwest Airlines, Inc. (airlines) (1990-1992); and Vice President and Partner, Bain & Company (consulting firm) (1986-1990).

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2013	156	None

Principal Occupation During at Least the Past 5 Years:

Chairman of the Board, Member - Office of the Chairman, Director and Chief Executive Officer, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 44 of the investment companies in Franklin Templeton Investments; Vice Chairman, Investment Company Institute; and **formerly**, President, Franklin Resources, Inc. (1994-2015).

**Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, Trustee and Senior Vice President	Chairman of the Board since 2013, Trustee and Senior Vice President since 1988	140	None
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Principal Occupation During at Least the Past 5 Years:

Vice Chairman, Member - Office of the Chairman and Director, Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 42 of the investment companies in Franklin Templeton Investments.

Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Deputy General Counsel, Franklin Templeton Investments; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 45 of the investment companies in Franklin Templeton Investments.

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Gaston Gardey (1967) One Franklin Parkway	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2009	Not Applicable	Not Applicable

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Treasurer, U.S. Fund Administration & Reporting, Franklin Templeton Investments; and officer of 27 of the investment companies in Franklin Templeton Investments.

Aliya S. Gordon (1973)	Vice President	Since 2009	Not Applicable	Not Applicable
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One Franklin Parkway

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments.

Steven J. Gray (1955)	Vice President	Since 2009	Not Applicable	Not Applicable
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One Franklin Parkway

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5

Years:

Senior Associate General Counsel, Franklin Templeton Investments; Vice President, Franklin Templeton Distributors, Inc. and FT AlphaParity, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments.

Matthew T. Hinkle (1971)	Chef Executive Officer Finance and Administration	Since June 2017	Not Applicable	Not Applicable
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One Franklin Parkway

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5

Years:

Senior Vice President, U.S. Fund Administration Reporting & Fund Tax, Franklin Templeton Investments; officer of 45 of the investment companies in Franklin Templeton Investments; and **formerly**, Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton Investments (2009-2017).

Edward B. Jamieson (1948)	President and Chief Executive Officer Investment Management	President since 1993 and Chief Executive Officer Investment Management since 2002	Not Applicable	Not Applicable
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One Franklin Parkway

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5

Years:

President and Director, Franklin Advisers, Inc.; Executive Vice President, Franklin Templeton Institutional, LLC; and officer and/or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 10 of the investment companies in Franklin Templeton Investments.

Robert Lim (1948)	Vice President AML Compliance	Since 2016	Not Applicable	Not Applicable
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One Franklin Parkway

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments.

Kimberly H. Novotny (1972)	Vice President	Since 2013	Not Applicable	Not Applicable
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300 S.E. 2nd
Street Fort

Lauderdale, FL
33301-1923

Principal Occupation During at Least the Past 5 Years:

Associate General Counsel, Franklin Templeton Investments; Vice President and Corporate Secretary, Fiduciary Trust International of the South; Vice President, Templeton Investment Counsel, LLC; Assistant Secretary, Franklin Resources, Inc.; and officer of 45 of the investment companies in Franklin Templeton Investments.

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Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Robert C. Rosselot (1960) 300 S.E. 2nd Street	Chief Compliance Officer	Since 2013	Not Applicable	Not Applicable

Fort Lauderdale, FL 33301-1923

**Principal Occupation During at Least the Past 5
Years:**

Director, Global Compliance, Franklin Templeton Investments; Vice President, Franklin Templeton Companies, LLC; officer of 45 of the investment companies in Franklin Templeton Investments; and **formerly**, Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).

Karen L. Skidmore (1952) One Franklin Parkway	Vice President and Secretary	Since 2006	Not Applicable	Not Applicable
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San Mateo, CA 94403-1906

**Principal Occupation During at Least the Past 5
Years:**

Senior Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments.

Navid J. Tofigh (1972) One Franklin Parkway	Vice President	Since 2015	Not Applicable	Not Applicable
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San Mateo, CA 94403-1906

**Principal Occupation During at Least the Past 5
Years:**

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Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments.

Craig S. Tyle (1960)	Vice President	Since 2005	Not Applicable	Not Applicable
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One Franklin Parkway

San Mateo, CA 94403-1906

Principal Occupation During at Least the Past 5

Years:

General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 45 of the investment companies in Franklin Templeton Investments.

Lori A. Weber (1964)	Vice President	Since 2011	Not Applicable	Not Applicable
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300 S.E. 2nd Street

Fort Lauderdale, FL 33301-1923

Principal Occupation During at Least the Past 5

Years:

Senior Associate General Counsel, Franklin Templeton Investments; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments.

*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton Investments fund complex. These portfolios have a common investment manager or affiliated investment managers.

**Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

Note 3: Effective November 1, 2016, Frank A. Olson ceased to be a trustee of the Trust.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated John B. Wilson as its audit committee financial expert. The Board believes that Mr. Wilson qualifies as such an expert in view of his extensive business background and experience, including service as chief financial officer of Staples, Inc. from 1992 to 1996. Mr. Wilson has been a Member and Chairman of the Fund's Audit Committee since 2006. As a

result of such background and experience, the Board believes that Mr. Wi