

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	

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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

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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.,	&n		