

FRANKLIN UNIVERSAL TRUST
Form N-CSRS
May 02, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-CSRS

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

(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: **2/28/19**

Item 1. Reports to Stockholders.

Semiannual Report

February 28, 2019

Internet Delivery of Fund Reports Unless You Request Paper Copies: Effective January 1, 2021, as permitted by the SEC, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request them from the Fund or your financial intermediary. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. If you have not signed up for electronic delivery, we would encourage you to join fellow shareholders who have. You may elect to receive shareholder reports and other communications electronically from the Fund by calling (800) 416-5585 or by contacting your financial intermediary.

You may elect to continue to receive paper copies of all your future shareholder reports free of charge by contacting your financial intermediary or, if you invest directly with a Fund, calling (800) 416-5585 to let the Fund know of your request. Your election to receive reports in paper will apply to all funds held in your account.

Franklin Templeton

Successful investing begins with ambition. And achievement only comes when you reach for it. That's why we continually strive to deliver better outcomes for investors. No matter what your goals are, our deep, global investment expertise allows us to offer solutions that can help.

During our more than 70 years of experience, we've managed through all kinds of markets—up, down and those in between. We're always preparing for what may come next. It's because of this, combined with our strength as one of the world's largest asset managers that we've earned the trust of millions of investors around the world.

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Not FDIC Insured | May Lose Value | No Bank Guarantee

Semiannual Report

Franklin Universal Trust

Dear Shareholder:

This semiannual report for Franklin Universal Trust covers the period ended February 28, 2019.

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 six months under review, the Fund's cumulative total returns were +4.50% based on net asset value and +5.79% 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 U.S. dollar-denominated high yield debt market, posted a +1.66% 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 +8.54% 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 U.S. economy grew during the six-month period. The economy grew in 2018's fourth quarter, though at a slower pace from the previous quarter. Growth in consumer spending, business investment and inventory investment were partly offset by a decline in housing investment and an increase in imports (a subtraction from growth calculation). The manufacturing and services sectors expanded during the period. The unemployment rate was 3.8% in August 2018, and though

it varied during the period, it remained unchanged at period-end.³ The annual inflation rate, as measured by the Consumer Price Index, decreased from 2.7% in August 2018 to 1.5% at period-end.³

The U.S. Federal Reserve (Fed) raised its target range for the federal funds rate by 0.25% two times during the period, to 2.25%–2.50%, and continued reducing its balance sheet as part of its plan to normalize monetary policy. At its January meeting, the Fed held its target range for the federal funds rate unchanged and mentioned it would be patient in deciding further rate adjustments. Furthermore, the Fed's January meeting minutes indicated most policymakers favored announcing the end of balance sheet normalization by the end of 2019.

The 10-year Treasury yield, which moves inversely to its price, decreased during the period. The yield rose to multi-year highs during the period's first half amid investor concerns about higher inflation and the Fed's interest-rate path. Better-than-expected U.S. economic reports and optimism surrounding trade talks between U.S. and China also pushed the yield higher. However, some factors weighed on the Treasury yield at certain points during the period, including concerns about political turmoil in Italy, political uncertainties in the U.S., U.S. trade disputes with China and other trading partners, slowing global economic growth and the Fed's indications of a cautious approach to its monetary policy decisions. Overall, the 10-year Treasury yield declined from 2.86% at the beginning of the period to 2.73% 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. 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.

See www.franklintempletondatasources.com for additional data provider information.

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

Despite a challenging start, the Fund's primary asset classes delivered positive results over the period under review. In the first four months, high-yield corporate bonds and utility stocks experienced significant declines as concerns about global growth, simmering trade tensions and slumping commodity prices overwhelmed financial markets and led to selloffs in most sectors. The Fed's move away from accommodative monetary policies during this time also created uncertainty over future interest rate hikes, further hurting investor sentiment as disappointing progress in U.S.-China trade talks muddied the market outlook. By December, concerns about a U.S. government shutdown and growing disarray surrounding Britain's plans to exit the European Union reinforced a risk-averse mood.

Portfolio Composition

2/28/19

	% of Total Investments*
Corporate Bonds	67.1%
Utilities Common Stocks	29.1%
Natural Resources Common Stocks	1.0%
Materials Common Stocks	0.9%
Transportation Common Stocks	0.1%
Escrows and Litigation Trusts**	0.0%
Short-Term Investments & Other Net Assets	1.8%

*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%.

Corporate bonds and utilities recovered in the first two months of 2019 due to a reversal of a number of trends. More dovish comments from the Fed, progress in U.S.-China trade talks and higher oil prices combined to provide what we considered a much more favorable backdrop for our investment strategy as we approached period-end.

High-Yield Corporate Bonds

The Credit Suisse High Yield Index posted a +1.66% total return for the six-month period under review. After losing ground in the last four months of 2018, gains in early 2019 lifted the overall return back into positive territory. Spreads over treasuries widened during the period, advancing from 374 basis points (bps) to 433 bps at period-end. It is worth noting that high-yield spreads narrowed during the first two months of 2019, after reaching 575 bps at December-end.

In terms of quality, lower-rated bonds underperformed early in the period as CCC rated credits were disproportionately

Top 10 Holdings*

Based on Total Investments**

2/28/19 vs. 8/31/18

Issuer	2/28/19
NextEra Energy Inc.	2.1%
Sempra Energy	2.0%
American Electric Power Co. Inc.	2.0%
Dominion Energy Inc.	1.8%
CMS Energy Corp.	1.8%
Evergy Inc.	1.7%
Pinnacle West Capital Corp.	1.6%
Duke Energy Corp.	1.5%
Exelon Corp.	1.4%
DTE Energy Co.	1.4%

Issuer	8/31/18
NextEra Energy Inc.	2.3%
Evergy Inc.	2.3%
Sempra Energy	2.3%
American Electric Power Co. Inc.	2.1%
CMS Energy Corp.	2.0%
Dominion Energy Inc.	1.9%
Duke Energy Corp.	1.5%
Pinnacle West Capital Corp.	1.4%
Exelon Corp.	1.4%
Alliant Energy Corp.	1.4%

*Excludes short-term investments.

**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.

impacted by market volatility. Although these lower-rated credits outperformed their BB and B rated counterparts later in the period, they still underperformed for the six-month period overall as BB rated bonds led performance. From a sector standpoint, issuers in the supermarket, electric and utility industries contributed to relative performance, and the pharmaceuticals and health care industries also outperformed the index. Meanwhile, energy-related industries generally underperformed, primarily due to declining oil prices through the end of 2018.

We maintain a positive outlook on high-yield market fundamentals, but remain committed to our credit selection discipline. Despite a few notable exceptions in recent months, high-yield default rates remain low and we believe valuations are still attractive, albeit less so than at the beginning of 2019. A more dovish stance from the Fed and expectations for fewer rate increases in 2019 continue to support a favorable backdrop for the asset class. However, while the U.S. economy generally

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remains strong, we continue to believe that we are in the later stages of the economic cycle, and we remain wary of an array of political risks that could exert their influence on the market at any time.

Utility Stocks

Utility stocks, as measured by the S&P Utilities Index, posted a +8.54% total return for the six-month period, compared to the -3.04% total return of the S&P 500 Index over the same time. In late 2018, utilities began to outperform the S&P 500 due to disappointing global economic indicators, which led to Fed comments that indicated less urgency on the number and pace of future federal funds rate increases. Utilities stocks historically are correlated to the direction of interest rates, and the recent decline in long-term treasury rates has been good for the sector compared to other economically sensitive S&P sectors. We believe utilities will continue their correlation to fixed income markets.

We believe the fundamental strength of the utilities sector remains high, as risks of regulatory interference for most companies remain low. The California wildfires of the past two years, and subsequent policy debate in that state around the compensation of losses, remains a significant exception to the otherwise stable regulatory environment. In response, we have reduced our holdings in California in favor of other states during the past six months.

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

Sincerely,

Glenn I. Voyles, CFA

Portfolio Manager

The foregoing information reflects our analysis, opinions and portfolio holdings as of February 28, 2019, 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.

Performance Summary as of February 28, 2019

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 2/28/19¹

	Cumulative Total Return ²		Average Annual Total Return ²	
	Based on NAV ³	Based on market price ⁴	Based on NAV ³	Based on market price ⁴
6-Month	+4.50%	+5.79%	+4.50%	+5.79%
1-Year	+9.25%	+8.03%	+9.25%	+8.03%
5-Year	+31.69%	+32.30%	+5.66%	+5.76%
10-Year	+240.43%	+248.39%	+13.03%	+13.29%

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	2/28/19	8/31/18	Change
Net Asset Value (NAV)	\$8.15	\$7.99	+\$0.16
Market Price (NYSE)	\$6.96	\$6.77	+\$0.19
Distributions (9/1/18 - 2/28/19)			

Net Investment

Income

\$0.1920

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 10/31/19. 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.

Financial Highlights

	Six Months Ended					
	February 28, 2019 (unaudited)	2018	Year Ended August 31,			2014
			2017	2016	2015	
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$ 7.99	\$ 8.24	\$ 7.67	\$ 7.11	\$ 8.34	\$ 7.61
Income from investment operations:						
Net investment income ^a	0.19	0.39	0.38	0.39	0.45	0.47
Net realized and unrealized gains (losses)	0.16	(0.26)	0.57	0.64	(1.21)	0.73
Total from investment operations	0.35	0.13	0.95	1.03	(0.76)	1.20
Less distributions from net investment income	(0.19)	(0.38)	(0.38)	(0.47)	(0.47)	(0.47)
Net asset value, end of period	\$ 8.15	\$ 7.99	\$ 8.24	\$ 7.67	\$ 7.11	\$ 8.34
Market value, end of period ^b	\$ 6.96	\$ 6.77	\$ 7.24	\$ 6.84	\$ 6.10	\$ 7.39
Total return (based on market value per share) ^c	5.79%	(1.18)%	11.81%	20.76%	(11.57)%	16.71%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	2.47%	1.98%	2.00%	2.13%	1.97%	1.97%
	2.46%	1.98% ^f	1.99%	2.12%	1.97% ^f	1.97% ^f

Expenses net of waiver and payments by affiliates ^c						
Net investment income	4.88%	4.91%	4.81%	5.48%	5.63%	5.76%

Supplemental data

Net assets, end of period (000 s)	\$204,785	\$200,796	\$206,965	\$192,682	\$178,747	\$209,674
Portfolio turnover rate	7.83%	22.96%	23.25%	21.13%	20.30%	18.25%
Total debt outstanding at end of period (000 s)	\$65,000	\$65,000	\$60,000	\$60,000	\$60,000	\$60,000
Asset coverage per \$1,000 of debt	\$4,151	\$4,089	\$4,449	\$4,211	\$3,979	\$4,495
Average amount of senior rate fixed Notes per share during the period	\$2.59	\$2.39	\$2.39	\$2.39	\$2.39	\$2.39

^aBased on average daily shares outstanding.

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

^cTotal return is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

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

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

FRANKLIN UNIVERSAL TRUST

Statement of Investments, February 28, 2019 (unaudited)

	Country	Shares/ Warrants	Value
Common Stocks and Other Equity Interests 41.0%			
Energy 1.3%			
^a Birch Permian Holdings Inc	United States	66,542	\$ 765,233
^a Chaparral Energy Inc., A	United States	5,868	31,687
^{a,b} Chaparral Energy Inc., A, 144A	United States	214	1,156
Enbridge Inc.	Canada	39,360	1,455,926
^a Goodrich Petroleum Corp.	United States	19,379	251,346
^a Halcon Resources Corp.	United States	52,355	78,533
^a Halcon Resources Corp., wts., 9/09/20	United States	4,668	93
^a Midstates Petroleum Co. Inc.	United States	238	2,056
^{a,c} Midstates Petroleum Co. Inc., wts., 4/21/20	United States	2,311	
^a Riviera Resources Inc.	United States	5,272	78,395
^a Roan Resources Inc.	United States	5,272	40,963
			2,705,388
Materials 1.2%			
BHP Group PLC, ADR	United Kingdom	25,185	1,167,828
Freeport-McMoRan Inc.	United States	80,380	1,036,902
South32 Ltd., ADR	Australia	10,074	140,482
^a Verso Corp., A	United States	3,330	65,434
^a Verso Corp., wts., 7/25/23	United States	350	1,383
			2,412,029
Transportation 0.1%			
^a CEVA Logistics AG	Switzerland	5,770	173,710
Utilities 38.4%			
Alliant Energy Corp.	United States	80,000	3,669,600
American Electric Power Co. Inc.	United States	65,000	5,274,750
CenterPoint Energy Inc.	United States	122,800	3,701,192
CMS Energy Corp.	United States	90,000	4,896,000
Consolidated Edison Inc.	United States	40,000	3,298,000
Dominion Energy Inc.	United States	67,200	4,978,848
DTE Energy Co.	United States	30,000	3,706,800

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Duke Energy Corp.	United States	46,060	4,129,740
Edison International	United States	36,000	2,156,040
Entergy Corp.	United States	30,000	2,799,900
Evergy Inc.	United States	80,000	4,472,800
Exelon Corp.	United States	80,000	3,887,200
FirstEnergy Corp.	United States	40,000	1,630,000
NextEra Energy Inc.	United States	30,000	5,631,600
NiSource Inc.	United States	60,000	1,618,800
Pinnacle West Capital Corp.	United States	44,800	4,199,552
PPL Corp.	United States	24,500	788,165
Public Service Enterprise Group Inc.	United States	45,000	2,646,450
Sempra Energy	United States	45,000	5,419,800
The Southern Co.	United States	68,250	3,391,342
WEC Energy Group Inc.	United States	40,000	3,051,200
Xcel Energy Inc.	United States	60,000	3,291,600
			78,639,379
Total Common Stocks and Other Equity Interests			
(Cost \$40,525,132)			83,930,506

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STATEMENT OF INVESTMENTS (UNAUDITED)

	Country	Principal Amount*	Value
Corporate Bonds 88.3%			
Automobiles & Components 0.8%			
^b Allison Transmission Inc., senior bond, 144A, 4.75%, 10/01/27	United States	\$ 600,000	\$ 577,500
The Goodyear Tire & Rubber Co., senior bond, 5.00%, 5/31/26	United States	1,100,000	1,047,750
			1,625,250
Banks 1.3%			
CIT Group Inc., senior note, 5.25%, 3/07/25	United States	600,000	628,500
^d JPMorgan Chase & Co., junior sub. bond, R, 6.00% to 8/01/23, FRN thereafter, Perpetual	United States	900,000	930,344
junior sub. bond, V, 5.00% to 7/30/19, FRN thereafter, Perpetual	United States	1,100,000	1,100,000
			2,658,844
Capital Goods 6.5%			
^b BBA U.S. Holdings Inc., senior note, 144A, 5.375%, 5/01/26	United States	500,000	510,625
^b Beacon Roofing Supply Inc., senior note, 144A, 4.875%, 11/01/25	United States	600,000	560,812
^b BWX Technologies Inc., senior note, 144A, 5.375%, 7/15/26	United States	600,000	615,000
^b Cloud Crane LLC, secured note, second lien, 144A, 10.125%, 8/01/24	United States	300,000	320,250
CNH Industrial Capital LLC, senior note, 3.875%, 10/15/21	United States	300,000	301,350
H&E Equipment Services Inc., senior note, 5.625%, 9/01/25	United States	1,300,000	1,291,875
^b HD Supply Inc., senior note, 144A, 5.375%, 10/15/26	United States	600,000	612,000
^b Jeld-Wen Inc., senior bond, 144A, 4.875%, 12/15/27	United States	300,000	278,625
senior note, 144A, 4.625%, 12/15/25	United States	300,000	283,125
^b NCI Building Systems Inc., senior secured note, 144A, 8.00%, 4/15/26	United States	900,000	852,750
^b Stevens Holding Co. Inc., senior note, 144A, 6.125%, 10/01/26	United States	1,200,000	1,230,000
Tennant Co., senior note, 5.625%, 5/01/25	United States	1,600,000	1,598,000
^b Terex Corp., senior note, 144A, 5.625%, 2/01/25	United States	1,400,000	1,363,250
^b TransDigm Inc., senior secured note, 144A, 6.25%, 3/15/26	United States	1,700,000	1,746,750
^b Vertiv Group Corp., senior note, 144A, 9.25%, 10/15/24	United States	1,700,000	1,710,710
			13,275,122

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Commercial & Professional Services 2.3%

^b Multi-Color Corp., senior note, 144A, 4.875%, 11/01/25	United States	1,100,000	1,117,875
United Rentals North America Inc., senior bond, 5.75%, 11/15/24	United States	1,400,000	1,447,250
senior bond, 5.875%, 9/15/26	United States	100,000	102,750
senior bond, 5.50%, 5/15/27	United States	500,000	501,250
^b West Corp., senior note, 144A, 8.50%, 10/15/25	United States	1,800,000	1,495,728
			4,664,853

Consumer Durables & Apparel 3.5%

^b Ashton Woods USA LLC, senior note, 144A, 6.75%, 8/01/25	United States	1,500,000	1,350,525
^b Hanesbrands Inc., senior note, 144A, 4.625%, 5/15/24	United States	1,000,000	1,003,900
PulteGroup Inc., senior bond, 5.00%, 1/15/27	United States	1,500,000	1,441,875
^b Taylor Morrison Communities Inc./Taylor Morrison Holdings II Inc., senior note, 144A, 5.25%, 4/15/21	United States	400,000	402,000
senior note, 144A, 5.625%, 3/01/24	United States	600,000	595,500
Toll Brothers Finance Corp., senior bond, 5.625%, 1/15/24	United States	700,000	732,375
Weekley Homes LLC/Weekley Finance Corp., senior note, 6.625%, 8/15/25	United States	1,700,000	1,610,750
			7,136,925

Consumer Services 7.2%

^b 1011778 BC ULC/New Red Finance Inc., senior secured note, first lien, 144A, 4.25%, 5/15/24	Canada	900,000	878,098
^b 24 Hour Holdings III LLC, senior note, 144A, 8.00%, 6/01/22	United States	1,800,000	1,773,000
^b Ascend Learning LLC, senior note, 144A, 6.875%, 8/01/25	United States	1,200,000	1,174,500

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STATEMENT OF INVESTMENTS (UNAUDITED)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Consumer Services (continued)			
^b Boyne USA Inc., secured note, second lien, 144A, 7.25%, 5/01/25	United States	\$ 1,500,000	\$ 1,612,500
^b Downstream Development Authority of the Quapaw Tribe of Oklahoma, secured note, 144A, 10.50%, 2/15/23	United States	1,500,000	1,533,750
^b Golden Nugget Inc., senior note, 144A, 6.75%, 10/15/24	United States	1,100,000	1,108,250
senior note, 144A, 8.75%, 10/01/25	United States	600,000	619,500
^b KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, senior note, 144A, 5.00%, 6/01/24	United States	600,000	609,168
senior note, 144A, 5.25%, 6/01/26	United States	600,000	613,062
^b MGM Growth Properties Operating Partnership LP/MGP Finance Co-Issuer Inc., senior note, 144A, 5.75%, 2/01/27	United States	500,000	512,500
^b Stars Group Holdings BV/Stars Group U.S. Co-Borrower LLC, senior note, 144A, 7.00%, 7/15/26	Canada	1,600,000	1,641,296
^b Studio City Finance Ltd., senior note, 144A, 7.25%, 2/11/24	Macau	1,300,000	1,325,870
^b Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., senior bond, 144A, 5.50%, 3/01/25	United States	1,300,000	1,298,765
			14,700,259
Diversified Financials 1.7%			
^b FirstCash Inc., senior note, 144A, 5.375%, 6/01/24	United States	1,100,000	1,119,580
^b MSCI Inc., senior note, 144A, 5.375%, 5/15/27	United States	700,000	724,500
Navient Corp., senior note, 6.625%, 7/26/21	United States	400,000	414,500
senior note, 6.50%, 6/15/22	United States	500,000	513,750
senior note, 7.25%, 9/25/23	United States	600,000	621,000
			3,393,330
Energy 10.5%			
^b Aker BP ASA, senior note, 144A, 5.875%, 3/31/25	Norway	1,000,000	1,033,356
California Resources Corp., ^b secured note, second lien, 144A, 8.00%, 12/15/22	United States	515,000	412,644
senior bond, 6.00%, 11/15/24	United States	15,000	10,650
senior note, 5.50%, 9/15/21.	United States	10,000	8,050

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Callon Petroleum Co., senior note, 6.375%, 7/01/26	United States	1,300,000	1,306,500
Calumet Specialty Products Partners LP/Calumet Finance Corp., senior note, 7.75%, 4/15/23	United States	800,000	694,000
Cheniere Corpus Christi Holdings LLC, senior secured note, first lien, 7.00%, 6/30/24	United States	600,000	666,000
senior secured note, first lien, 5.875%, 3/31/25	United States	1,000,000	1,067,510
Cheniere Energy Partners LP, ^b senior note, 144A, 5.625%, 10/01/26	United States	700,000	714,875
senior secured note, first lien, 5.25%, 10/01/25	United States	1,200,000	1,219,500
Chesapeake Energy Corp., senior note, 7.50%, 10/01/26	United States	1,800,000	1,786,500
Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp., senior note, 6.25%, 4/01/23	United States	500,000	515,760
senior note, 5.75%, 4/01/25	United States	800,000	809,250
CSI Compressco LP/CSI Compressco Finance Inc., senior note, 7.25%, 8/15/22	United States	1,300,000	1,166,750
^b Diamondback Energy Inc., senior note, 144A, 4.75%, 11/01/24	United States	900,000	914,625
Energy Transfer LP, senior bond, first lien, 7.50%, 10/15/20	United States	1,200,000	1,278,000
senior secured bond, first lien, 5.875%, 1/15/24	United States	200,000	215,000

FRANKLIN UNIVERSAL TRUST

STATEMENT OF INVESTMENTS (UNAUDITED)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Energy (continued)			
^{b,e} EnQuest PLC, senior note, 144A, PIK, 7.00%, 4/15/22	United Kingdom	\$ 688,666	\$ 565,567
HighPoint Operating Corp., senior note, 8.75%, 6/15/25	United States	1,700,000	1,657,500
Martin Midstream Partners LP/Martin Midstream Finance Corp., senior note, 7.25%, 2/15/21	United States	600,000	587,250
^{b,e} Murray Energy Corp., secured note, 1.5 lien, 144A, PIK, 12.00%, 4/15/24	United States	746,536	338,927
Oceaneering International Inc., senior note, 6.00%, 2/01/28	United States	800,000	760,000
QEP Resources Inc., senior bond, 5.375%, 10/01/22	United States	1,600,000	1,578,000
Sanchez Energy Corp., senior note, 7.75%, 6/15/21	United States	800,000	132,000
senior note, 6.125%, 1/15/23	United States	100,000	15,250
Sunoco LP/Sunoco Finance Corp., senior note, 4.875%, 1/15/23	United States	700,000	710,500
Weatherford International Ltd., senior note, 5.125%, 9/15/20	United States	200,000	168,000
senior note, 7.75%, 6/15/21	United States	600,000	540,000
senior note, 4.50%, 4/15/22	United States	400,000	277,000
senior note, 8.25%, 6/15/23	United States	600,000	430,500
			21,579,464
Food & Staples Retailing 0.3%			
^b Aramark Services Inc., senior bond, 144A, 5.00%, 2/01/28	United States	700,000	693,000
Food, Beverage & Tobacco 2.5%			
B&G Foods Inc., senior note, 5.25%, 4/01/25	United States	1,200,000	1,152,648
^b Cott Holdings Inc., senior note, 144A, 5.50%, 4/01/25	Canada	1,200,000	1,191,000
^b Lamb Weston Holdings Inc., senior note, 144A, 4.625%, 11/01/24	United States	700,000	705,250
senior note, 144A, 4.875%, 11/01/26	United States	1,000,000	1,006,250
^b Post Holdings Inc., senior bond, 144A, 5.00%, 8/15/26	United States	800,000	773,000
senior bond, 144A, 5.625%, 1/15/28	United States	300,000	291,000
			5,119,148

Health Care Equipment & Services 7.2%

^b Avantor Inc., senior secured note, first lien, 144A, 6.00%, 10/01/24	United States	700,000	715,750
^b Catalent Pharma Solutions Inc., senior note, 144A, 4.875%, 1/15/26	United States	1,400,000	1,393,000
^b Centene Corp., senior note, 144A, 5.375%, 6/01/26 CHS/Community Health Systems Inc., senior note, 6.875%, 2/01/22	United States	1,700,000	1,768,000
^b senior note, 144A, 8.125%, 6/30/24	United States	175,000	115,500
senior secured note, first lien, 6.25%, 3/31/23 HCA Inc., senior bond, 5.875%, 2/15/26	United States	718,000	595,940
senior bond, 5.875%, 2/01/29	United States	600,000	579,750
^b MEDNAX Inc., senior note, 144A, 6.25%, 1/15/27	United States	1,400,000	1,482,250
^b MPH Acquisition Holdings LLC, senior note, 144A, 7.125%, 6/01/24	United States	600,000	630,000
^{b,e} Polaris Intermediate Corp., senior note, 144A, PIK, 8.50%, 12/01/22	United States	1,500,000	1,512,075
Tenet Healthcare Corp., senior note, 5.50%, 3/01/19	United States	1,300,000	1,298,375
senior note, 8.125%, 4/01/22	United States	400,000	396,384
^b senior note, second lien, 144A, 6.25%, 2/01/27	United States	400,000	400,000
WellCare Health Plans Inc., senior note, 5.25%, 4/01/25	United States	1,000,000	1,071,250
^b senior note, 144A, 5.375%, 8/15/26	United States	1,000,000	1,030,625
	United States	1,200,000	1,229,640
	United States	500,000	515,625
			14,734,164

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STATEMENT OF INVESTMENTS (UNAUDITED)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Household & Personal Products 0.4%			
^b Prestige Brands Inc., senior note, 144A, 6.375%, 3/01/24	United States	\$ 900,000	\$ 909,000
Materials 10.7%			
^c ARD Finance SA, secured note, PIK, 7.125%, 9/15/23	Luxembourg	400,000	403,000
^b BWAY Holding Co., senior note, 144A, 7.25%, 4/15/25	United States	1,800,000	1,714,500
The Chemours Co., senior note, 6.625%, 5/15/23	United States	569,000	592,500
senior note, 5.375%, 5/15/27	United States	300,000	294,000
Crown Americas LLC/Crown Americas Capital Corp. VI, senior note, 4.75%, 2/01/26	United States	700,000	705,124
^b Eldorado Gold Corp., senior note, 144A, 6.125%, 12/15/20	Canada	500,000	488,750
^b Element Solutions Inc., senior note, 144A, 5.875%, 12/01/25	United States	1,000,000	1,016,880
^b First Quantum Minerals Ltd., senior note, 144A, 7.00%, 2/15/21	Zambia	431,000	438,919
senior note, 144A, 7.25%, 4/01/23	Zambia	600,000	591,750
senior note, 144A, 6.875%, 3/01/26	Zambia	800,000	748,000
^b FMG Resources (August 2006) Pty. Ltd., senior note, 144A, 4.75%, 5/15/22	Australia	800,000	803,000
senior note, 144A, 5.125%, 3/15/23	Australia	400,000	399,964
^b Grinding Media Inc./MC Grinding Media Canada Inc., senior secured note, 144A, 7.375%, 12/15/23	United States	1,000,000	1,006,250
^b New Enterprise Stone & Lime Co., senior note, 144A, 6.25%, 3/15/26	United States	900,000	873,000
^b New Gold Inc., senior note, 144A, 6.375%, 5/15/25	Canada	700,000	570,500
^b Northwest Acquisitions ULC/Dominion Finco Inc., secured note, second lien, 144A, 7.125%, 11/01/22	Canada	400,000	370,000
^b Novelis Corp., senior bond, 144A, 5.875%, 9/30/26.	United States	500,000	488,750
senior note, 144A, 6.25%, 8/15/24	United States	700,000	706,783
^b OCI NV, senior note, 144A, 6.625%, 4/15/23	Netherlands	500,000	518,125
^b Owens-Brockway Glass Container Inc., senior note, 144A, 5.00%, 1/15/22	United States	1,000,000	1,032,310
senior note, 144A, 5.875%, 8/15/23	United States	500,000	528,125
^b Plastipak Holdings Inc., senior note, 144A, 6.25%, 10/15/25	United States	1,700,000	1,564,000
^b Rain CII Carbon LLC / CII Carbon Corp., senior note, 144A, 7.25%, 4/01/25	United States	900,000	783,000
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	205,171

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senior secured note, first lien, 5.75%, 10/15/20	United States	484,554	486,129
^b senior secured note, first lien, 144A, 5.125%, 7/15/23	United States	1,000,000	1,001,250
^b Sealed Air Corp., senior bond, 144A, 5.50%, 9/15/25	United States	200,000	209,000
senior note, 144A, 6.50%, 12/01/20	United States	400,000	418,000
Steel Dynamics Inc., senior bond, 5.50%, 10/01/24	United States	900,000	927,000
senior bond, 5.00%, 12/15/26	United States	700,000	714,000
^b SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., senior note, 144A, 7.50%, 6/15/25	United States	1,300,000	1,326,000
			21,923,780

FRANKLIN UNIVERSAL TRUST

STATEMENT OF INVESTMENTS (UNAUDITED)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Media & Entertainment 9.6%			
^b Altice Luxembourg SA, senior secured note, 144A, 7.75%, 5/15/22	Luxembourg	\$ 1,700,000	\$ 1,697,875
AMC Networks Inc., senior note, 5.00%, 4/01/24	United States	1,200,000	1,193,628
CCO Holdings LLC/CCO Holdings Capital Corp., senior bond, 5.25%, 9/30/22	United States	1,700,000	1,736,125
^b senior bond, 144A, 5.75%, 2/15/26	United States	700,000	727,153
Clear Channel Worldwide Holdings Inc., senior note, 6.50%, 11/15/22	United States	1,000,000	1,027,500
senior sub. note, 7.625%, 3/15/20	United States	700,000	702,975
^b senior sub. note, 144A, 9.25%, 2/15/24.	United States	600,000	630,750
CSC Holdings LLC,			
^b senior bond, 144A, 5.50%, 4/15/27	United States	500,000	503,750
senior note, 6.75%, 11/15/21	United States	700,000	747,250
senior note, 5.25%, 6/01/24.	United States	700,000	701,512
^b senior note, 144A, 7.50%, 4/01/28	United States	300,000	318,000
^b senior secured note, first lien, 144A, 5.50%, 5/15/26	United States	1,200,000	1,221,000
DISH DBS Corp.,			
senior bond, 5.875%, 7/15/22	United States	700,000	671,125
senior note, 7.75%, 7/01/26	United States	1,100,000	954,250
^b Gray Escrow Inc., senior note, 144A, 7.00%, 5/15/27	United States	600,000	636,000
Netflix Inc.,			
senior bond, 5.875%, 2/15/25	United States	1,100,000	1,168,750
senior bond, 4.875%, 4/15/28	United States	200,000	195,250
^b senior bond, 144A, 5.875%, 11/15/28	United States	200,000	208,810
^b Nexstar Broadcasting Inc., senior note, 144A, 5.625%, 8/01/24	United States	900,000	895,500
^b Sirius XM Radio Inc.,			
senior bond, 144A, 6.00%, 7/15/24	United States	800,000	832,000
senior bond, 144A, 5.375%, 4/15/25	United States	700,000	715,969
Tegna Inc., senior note, 5.125%, 7/15/20	United States	800,000	808,000
^b Univision Communications Inc., senior secured bond, first lien, 144A, 6.75%, 9/15/22	United States	116,000	117,305
^b Virgin Media Secured Finance PLC,			
senior secured bond, first lien, 144A, 5.50%, 1/15/25	United Kingdom	800,000	816,000
senior secured bond, first lien, 144A, 5.50%, 8/15/26	United Kingdom	200,000	199,500
^b WMG Acquisition Corp.,			
secured note, first lien, 144A, 5.00%, 8/01/23	United States	200,000	201,250
senior note, 144A, 5.625%, 4/15/22	United States	82,000	83,230
			19,710,457

Pharmaceuticals, Biotechnology & Life Sciences 3.1%

Advanz Pharma Corp., senior secured note, first lien, 8.00%, 9/06/24	Canada	258,000	246,874
^b Bausch Health Americas Inc., senior note, 144A, 9.25%, 4/01/26	United States	1,500,000	1,620,000
^b Bausch Health Cos. Inc., senior bond, 144A, 6.125%, 4/15/25	United States	200,000	193,000
senior note, 144A, 5.625%, 12/01/21	United States	144,000	144,306
senior note, 144A, 5.875%, 5/15/23	United States	200,000	199,750
^f senior note, 144A, 5.75%, 8/15/27	United States	100,000	101,125
senior note, first lien, 144A, 7.00%, 3/15/24	United States	200,000	211,250
^b Endo DAC/Endo Finance LLC/Endo Finco Inc., senior bond, 144A, 6.00%, 2/01/25	United States	800,000	620,000
senior note, 144A, 6.00%, 7/15/23	United States	1,000,000	833,750
Horizon Pharma USA Inc., senior note, 6.625%, 5/01/23	United States	1,500,000	1,552,500

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FRANKLIN UNIVERSAL TRUST

STATEMENT OF INVESTMENTS (UNAUDITED)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Pharmaceuticals, Biotechnology & Life Sciences (continued)			
^b Jaguar Holding Co. II/Pharmaceutical Product Development LLC, senior note, 144A, 6.375%, 8/01/23	United States	\$ 700,000	\$ 707,000
			6,429,555
Real Estate 2.4%			
CyrusOne LP/CyrusOne Finance Corp., senior note, 5.00%, 3/15/24	United States	1,400,000	1,428,000
Equinix Inc., senior bond, 5.375%, 4/01/23	United States	1,300,000	1,327,625
senior bond, 5.875%, 1/15/26	United States	200,000	210,000
^b Five Point Operating Co. LP/Five Point Capital Corp., senior note, 144A, 7.875%, 11/15/25	United States	1,000,000	971,250
MPT Operating Partnership LP/MPT Finance Corp., senior bond, 5.25%, 8/01/26	United States	300,000	305,250
senior note, 6.375%, 3/01/24	United States	600,000	631,500
			4,873,625
Retailing 1.4%			
^b Party City Holdings Inc., senior note, 144A, 6.625%, 8/01/26	United States	1,700,000	1,678,750
^b PetSmart Inc., senior note, 144A, 7.125%, 3/15/23	United States	300,000	204,750
senior note, 144A, 8.875%, 6/01/25	United States	300,000	204,000
senior secured note, first lien, 144A, 5.875%, 6/01/25	United States	900,000	720,000
			2,807,500
Semiconductors & Semiconductor Equipment 0.7%			