

FRANKLIN UNIVERSAL TRUST  
Form N-Q  
July 28, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANY**

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: 05/31/17

Item 1. Schedule of Investments.

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FRANKLIN UNIVERSAL TRUST

**Statement of Investments, May 31, 2017 (unaudited)**

|  | Country        | Shares/<br>Warrants | Value      |
|--|----------------|---------------------|------------|
| <b>Common Stocks and Other Equity Interests 42.4%</b>      |                |                     |            |
| <b>Energy 2.1%</b>   |                |                     |            |
| <sup>a</sup> Chaparral Energy Inc., A                      | United States  | 27,903              | \$ 641,769 |
| <sup>a,b</sup> Chaparral Energy Inc., A, 144A              | United States  | 214                 | 5,501      |
| <sup>a</sup> Chaparral Energy Inc., B                      | United States  | 5,868               | 134,964    |
| <sup>a</sup> CHC Group LLC                                 | Cayman Islands | 10,468              | 120,382    |
| Enbridge Inc   | Canada         | 39,360              | 1,515,754  |
| <sup>a</sup> Energy XXI Gulf Coast Inc                     | United States  | 12,053              | 313,740    |
| <sup>a</sup> Energy XXI Gulf Coast Inc., wts., 12/30/21.   | United States  | 5,433               | 9,236      |
| <sup>a</sup> Goodrich Petroleum Corp                       | United States  | 19,379              | 234,098    |
| <sup>a,b</sup> Halcon Resources Corp                       | United States  | 52,355              | 312,770    |
| <sup>a</sup> Halcon Resources Corp., wts., 9/09/20         | United States  | 4,668               | 3,968      |
| <sup>a</sup> Linn Energy Inc                               | United States  | 14,316              | 439,501    |
| <sup>a</sup> Midstates Petroleum Co. Inc                   | United States  | 318                 | 5,457      |
| <sup>a,c</sup> Midstates Petroleum Co. Inc., wts., 4/21/20 | United States  | 2,256               | 149        |
| <sup>a</sup> Penn Virginia Corp                            | United States  | 8,772               | 375,442    |
| <sup>a</sup> W&T Offshore Inc                              | United States  | 49,360              | 100,694    |
|  |                |                     | 4,213,425  |
| <b>Materials 0.9%</b>                                      |                |                     |            |
| BHP Billiton PLC, ADR.                                     | United Kingdom | 25,185              | 763,105    |
| <sup>a</sup> Freeport-McMoRan Inc                          | United States  | 80,380              | 923,566    |
| South32 Ltd., ADR  | Australia      | 10,074              | 98,826     |
| <sup>a</sup> Verso Corp., A                                | United States  | 3,330               | 11,389     |
| <sup>a</sup> Verso Corp., wts., 7/25/23                    | United States  | 350                 | 53         |
|  |                |                     | 1,796,939  |
| <b>Transportation 0.0%†</b>                                |                |                     |            |
| <sup>a,c</sup> CEVA Holdings LLC                           | United States  | 179                 | 37,680     |
| <b>Utilities 39.4%</b>                                     |                |                     |            |
| Alliant Energy Corp  | United States  | 80,000              | 3,317,600  |
| American Electric Power Co. Inc                            | United States  | 75,000              | 5,383,500  |
| CenterPoint Energy Inc                                     | United States  | 122,800             | 3,513,308  |
| CMS Energy Corp  | United States  | 65,000              | 3,081,650  |
| Consolidated Edison Inc                                    | United States  | 40,000              | 3,311,600  |

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|                                     |               |        |           |
|-------------------------------------|---------------|--------|-----------|
| Dominion Energy Inc                 | United States | 80,000 | 6,461,600 |
| DTE Energy Co                       | United States | 25,000 | 2,738,000 |
| Duke Energy Corp                    | United States | 57,560 | 4,931,741 |
| Edison International                | United States | 61,000 | 4,975,770 |
| Energy Corp                         | United States | 30,000 | 2,371,800 |
| Exelon Corp                         | United States | 55,000 | 1,997,050 |
| FirstEnergy Corp                    | United States | 60,000 | 1,754,400 |
| Great Plains Energy Inc             | United States | 70,000 | 2,011,100 |
| NextEra Energy Inc                  | United States | 41,500 | 5,869,760 |
| PG&E Corp                           | United States | 50,000 | 3,419,000 |
| Pinnacle West Capital Corp          | United States | 56,000 | 4,947,600 |
| PPL Corp                            | United States | 24,500 | 977,795   |
| Public Service Enterprise Group Inc | United States | 45,000 | 2,020,950 |
| Sempra Energy.                      | United States | 50,000 | 5,824,500 |
| The Southern Co                     | United States | 68,250 | 3,454,132 |
| Vistra Energy Corp                  | United States | 11,988 | 177,063   |
| WEC Energy Group Inc                | United States | 40,000 | 2,510,400 |
| Westar Energy Inc                   | United States | 60,000 | 3,177,000 |

Quarterly Statement of Investments | See Notes to Statement of Investments. | 1

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FRANKLIN UNIVERSAL TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|  | Country           | Shares/<br>Warrants | Value          |
|--|-------------------|---------------------|----------------|
| <b>Common Stocks and Other Equity Interests</b> (continued)  |                   |                     |                |
| <b>Utilities</b> (continued)   |                   |                     |                |
| Xcel Energy Inc  | United States     | 60,000 \$           | 2,874,600      |
|  |                   |                     | 81,101,919     |
| <b>Total Common Stocks and Other Equity Interests</b><br><b>(Cost \$45,840,032)</b>                    |                   |                     | 87,149,963     |
| <b>Convertible Preferred Stocks 0.0%†</b>  |                   |                     |                |
| <b>Transportation 0.0%†</b>  |                   |                     |                |
| <sup>a,c</sup> CEVA Holdings LLC, cvt. pfd., A-1   | United States     | 6                   | 1,950          |
| <sup>a,c</sup> CEVA Holdings LLC, cvt. pfd., A-2   | United States     | 388                 | 93,218         |
| <b>Total Convertible Preferred Stocks (Cost \$587,092)</b>   |                   |                     | 95,168         |
|  |                   | <b>Principal</b>    | <b>Amount*</b> |
| <b>Convertible Bonds (Cost \$995,870) 0.4%</b>   |                   |                     |                |
| <b>Energy 0.4%</b>   |                   |                     |                |
| CHC Group LLC/CHC Finance Ltd., cvt., zero cpn., 10/01/20  | Cayman Islands \$ | 538,308             | 888,208        |
| <b>Corporate Bonds 84.2%</b>   |                   |                     |                |
| <b>Automobiles &amp; Components 0.7%</b>   |                   |                     |                |
| The Goodyear Tire & Rubber Co.,<br>senior bond, 5.00%, 5/31/26   | United States     | 1,100,000           | 1,136,432      |
| senior note, 5.125%, 11/15/23  | United States     | 300,000             | 316,500        |
|  |                   |                     | 1,452,932      |
| <b>Banks 2.5%</b>  |                   |                     |                |
| CIT Group Inc.,<br>senior note, 5.375%, 5/15/20  | United States     | 500,000             | 538,750        |
| senior note, 5.00%, 8/15/22  | United States     | 1,200,000           | 1,301,640      |
| <sup>d</sup> Citigroup Inc., junior sub. bond, M, 6.30% to 5/15/24, FRN thereafter, Perpetual          | United States     | 1,100,000           | 1,161,875      |
| <sup>d</sup> JPMorgan Chase & Co.,<br>junior sub. bond, R, 6.00% to 8/01/23, FRN thereafter, Perpetual | United States     | 900,000             | 961,875        |

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|  |               |           |            |
|--|---------------|-----------|------------|
| junior sub. bond, V, 5.00% to 7/30/19, FRN thereafter, Perpetual.                      | United States | 1,100,000 | 1,119,525  |
|  |               |           | 5,083,665  |
| <b>Capital Goods 4.9%</b>  |               |           |            |
| <sup>e</sup> Cloud Crane Escrow LLC, secured note, second lien, 144A, 10.125%, 8/01/24 | United States | 100,000   | 109,000    |
| <sup>e</sup> Cloud Crane LLC, secured note, second lien, 144A, 10.125%, 8/01/24        | United States | 200,000   | 218,000    |
| CNH Industrial Capital LLC, senior note, 3.875%, 10/15/21                              | United States | 1,700,000 | 1,738,250  |
| <sup>e</sup> Cortes NP Acquisition Corp., senior note, 144A, 9.25%, 10/15/24           | United States | 1,700,000 | 1,844,500  |
| <sup>e</sup> HD Supply Inc., senior note, 144A, 5.75%, 4/15/24                         | United States | 400,000   | 427,500    |
| Navistar International Corp., senior bond, 8.25%, 11/01/21                             | United States | 800,000   | 813,496    |
| Oshkosh Corp., senior note, 5.375%, 3/01/22  | United States | 500,000   | 521,250    |
| <sup>e</sup> Tennant Co., senior note, 144A, 5.625%, 5/01/25                           | United States | 1,000,000 | 1,047,500  |
| <sup>e</sup> Terex Corp., senior note, 144A, 5.625%, 2/01/25.                          | United States | 1,400,000 | 1,436,750  |
| TransDigm Inc.,  |               |           |            |
| senior sub. bond, 6.50%, 7/15/24   | United States | 1,000,000 | 1,042,500  |
| senior sub. bond, 6.50%, 5/15/25   | United States | 100,000   | 103,875    |
| senior sub. note, 6.00%, 7/15/22.  | United States | 700,000   | 727,037    |
| esenior sub. note, 144A, 6.50%, 5/15/25  | United States | 100,000   | 103,875    |
|  |               |           | 10,133,533 |



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FRANKLIN UNIVERSAL TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|  | Country       | Principal Amount* | Value        |
|--|---------------|-------------------|--------------|
| <b>Corporate Bonds (continued)</b>   |               |                   |              |
| <b>Commercial &amp; Professional Services 1.0%</b>   |               |                   |              |
| United Rentals North America Inc.,<br>senior bond, 5.75%, 11/15/24.  | United States | \$ 1,400,000      | \$ 1,485,764 |
| senior bond, 5.875%, 9/15/26.  | United States | 100,000           | 106,374      |
| senior bond, 5.50%, 5/15/27  | United States | 500,000           | 515,000      |
|  |               |                   | 2,107,138    |
| <b>Consumer Durables &amp; Apparel 4.7%</b>  |               |                   |              |
| Beazer Homes USA Inc.,<br>senior note, 8.75%, 3/15/22  | United States | 1,300,000         | 1,456,000    |
| esenior note, 144A, 6.75%, 3/15/25   | United States | 100,000           | 104,250      |
| <sup>e</sup> Hanesbrands Inc., senior note, 144A, 4.625%, 5/15/24  | United States | 1,500,000         | 1,507,500    |
| KB Home,<br>senior bond, 7.50%, 9/15/22  | United States | 1,100,000         | 1,252,900    |
| senior note, 4.75%, 5/15/19  | United States | 200,000           | 207,000      |
| senior note, 7.00%, 12/15/21   | United States | 300,000           | 339,375      |
| Newell Brands Inc., senior note, 5.00%, 11/15/23   | United States | 700,000           | 752,807      |
| PulteGroup Inc., senior bond, 5.00%, 1/15/27   | United States | 1,700,000         | 1,731,875    |
| <sup>e</sup> Taylor Morrison Communities Inc./Taylor Morrison Holdings II Inc.,<br>senior note, 144A, 5.25%, 4/15/21 | United States | 400,000           | 410,000      |
| senior note, 144A, 5.875%, 4/15/23   | United States | 100,000           | 107,250      |
| senior note, 144A, 5.625%, 3/01/24   | United States | 1,000,000         | 1,052,500    |
| Toll Brothers Finance Corp., senior bond, 5.625%, 1/15/24.   | United States | 700,000           | 756,000      |
|  |               |                   | 9,677,457    |
| <b>Consumer Services 4.8%</b>  |               |                   |              |
| <sup>e</sup> 1011778 BC ULC/New Red Finance Inc., senior secured note, first lien, 144A, 4.25%,<br>5/15/24.          | Canada        | 900,000           | 901,125      |
| <sup>e</sup> 24 Hour Holdings III LLC, senior note, 144A, 8.00%, 6/01/22   | United States | 1,000,000         | 845,000      |
| <sup>e</sup> International Game Technology PLC, senior secured bond, 144A, 6.50%, 2/15/25                            | United States | 2,200,000         | 2,403,500    |
| <sup>e</sup> KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC,<br>senior note, 144A, 5.00%, 6/01/24   | United States | 600,000           | 625,680      |
| senior note, 144A, 5.25%, 6/01/26  | United States | 600,000           | 631,050      |
| <sup>e</sup> ROC Finance LLC/ROC Finance 1 Corp., senior secured note, first lien, 144A, 6.75%,                      |               |                   |              |

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|   |               |           |           |
|---|---------------|-----------|-----------|
| 11/15/21  | United States | 1,700,000 | 1,765,875 |
| <sup>e</sup> Silversea Cruise Finance Ltd., senior secured note, first lien, 144A, 7.25%, 2/01/25 | United States | 500,000   | 536,575   |
| <sup>e</sup> Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., senior bond, 144A, 5.50%, 3/01/25 . | United States | 1,300,000 | 1,378,000 |
| <sup>e</sup> Wynn Macau Ltd., senior note, 144A, 5.25%, 10/15/21                                  | Macau         | 800,000   | 832,000   |
|   |               |           | 9,918,805 |
| <b>Diversified Financials 4.1%</b>  |               |           |           |
| E*TRADE Financial Corp.,  |               |           |           |
| senior note, 5.375%, 11/15/22   | United States | 300,000   | 315,575   |
| senior note, 4.625%, 9/15/23  | United States | 400,000   | 414,758   |
| <sup>e</sup> FirstCash Inc., senior note, 144A, 5.375%, 6/01/24                                   | United States | 1,100,000 | 1,128,875 |
| <sup>e</sup> MSCI Inc., senior note, 144A, 4.75%, 8/01/26   | United States | 600,000   | 618,000   |
| Navient Corp.,  |               |           |           |
| senior note, 4.875%, 6/17/19  | United States | 800,000   | 829,120   |
| senior note, 6.625%, 7/26/21  | United States | 800,000   | 852,240   |
| senior note, 7.25%, 9/25/23   | United States | 1,700,000 | 1,795,200 |
| <sup>e</sup> Park Aerospace Holdings Ltd.,  |               |           |           |
| senior note, 144A, 5.25%, 8/15/22   | Ireland       | 700,000   | 738,283   |
| senior note, 144A, 5.50%, 2/15/24   | Ireland       | 700,000   | 737,191   |

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FRANKLIN UNIVERSAL TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|  | Country        | Principal Amount* | Value        |
|--|----------------|-------------------|--------------|
| <b>Corporate Bonds</b> (continued)   |                |                   |              |
| <b>Diversified Financials</b> (continued)  |                |                   |              |
| <sup>e</sup> Tempo Acquisition LLC/Tempo Acquisition Finance Corp., senior note, 144A, 6.75%, 6/01/25. | United States  | \$ 1,000,000      | \$ 1,023,100 |
|  |                |                   | 8,452,342    |
| <b>Energy 9.1%</b>   |                |                   |              |
| <sup>e</sup> Bill Barrett Corp., senior note, 144A, 8.75%, 6/15/25                                     | United States  | 1,700,000         | 1,636,250    |
| <sup>f</sup> BreitBurn Energy Partners LP/BreitBurn Finance Corp., senior bond, 7.875%, 4/15/22.       | United States  | 200,000           | 58,500       |
| senior note, 8.625%, 10/15/20  | United States  | 600,000           | 175,500      |
| California Resources Corp., esecured note, second lien, 144A, 8.00%, 12/15/22                          | United States  | 615,000           | 462,788      |
| senior bond, 6.00%, 11/15/24.  | United States  | 15,000            | 9,525        |
| senior note, 5.50%, 9/15/21  | United States  | 10,000            | 7,000        |
| Calumet Specialty Products Partners LP/Calumet Finance Corp., senior note, 7.75%, 4/15/23              | United States  | 800,000           | 720,000      |
| esenior note, 144A, 11.50%, 1/15/21  | United States  | 300,000           | 351,750      |
| Cheniere Corpus Christi Holdings LLC, senior note, first lien, 7.00%, 6/30/24.                         | United States  | 600,000           | 675,000      |
| senior secured note, first lien, 5.875%, 3/31/25.  | United States  | 1,000,000         | 1,077,500    |
| CONSOL Energy Inc., senior note, 5.875%, 4/15/22   | United States  | 300,000           | 297,375      |
| senior note, 8.00%, 4/01/23  | United States  | 600,000           | 635,250      |
| Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp., esenior note, 144A, 5.75%, 4/01/25  | United States  | 800,000           | 820,000      |
| senior note, 6.25%, 4/01/23  | United States  | 500,000           | 520,935      |
| CSI Compressco LP/CSI Compressco Finance Inc., senior note, 7.25%, 8/15/22                             | United States  | 800,000           | 772,000      |
| Energy Transfer Equity LP, senior note, first lien, 7.50%, 10/15/20                                    | United States  | 1,200,000         | 1,347,000    |
| senior secured bond, first lien, 5.875%, 1/15/24   | United States  | 200,000           | 214,500      |
| <sup>e,g</sup> EnQuest PLC, 144A, PIK, 8.00%, 10/15/23   | United Kingdom | 642,878           | 525,218      |
| Ferrellgas LP/Ferrellgas Finance Corp., senior note, 6.75%, 6/15/23                                    | United States  | 700,000           | 680,750      |
| <sup>e</sup> Ferrellgas Partners LP/Ferrellgas Partners Finance Corp., senior note, 144A, 8.625%,      |                |                   |              |

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|  |               |           |            |
|--|---------------|-----------|------------|
| 6/15/20.   | United States | 800,000   | 780,000    |
| Martin Midstream Partners LP/Martin Midstream Finance Corp., senior note, 7.25%,   |               |           |            |
| 2/15/21.   | United States | 600,000   | 618,000    |
| <sup>e</sup> Murray Energy Corp., secured note, second lien, 144A, 11.25%, 4/15/21 | United States | 700,000   | 540,750    |
| QEP Resources Inc., senior bond, 5.375%, 10/01/22.                                 | United States | 1,600,000 | 1,572,000  |
| Sabine Pass Liquefaction LLC,  |               |           |            |
| first lien, 6.25%, 3/15/22   | United States | 200,000   | 227,059    |
| first lien, 5.625%, 4/15/23  | United States | 500,000   | 558,003    |
| Sanchez Energy Corp.,  |               |           |            |
| senior note, 7.75%, 6/15/21  | United States | 800,000   | 760,000    |
| senior note, 6.125%, 1/15/23   | United States | 100,000   | 88,500     |
| <sup>e,g</sup> W&T Offshore Inc.,  |               |           |            |
| secured note, second lien, 144A, PIK, 10.75%, 5/15/20                              | United States | 275,482   | 241,271    |
| senior secured note, third lien, 144A, PIK, 10.00%, 6/15/21                        | United States | 246,533   | 193,246    |
| Weatherford International Ltd.,  |               |           |            |
| senior note, 5.125%, 9/15/20   | United States | 200,000   | 201,500    |
| senior note, 7.75%, 6/15/21  | United States | 400,000   | 423,652    |
| senior note, 4.50%, 4/15/22  | United States | 400,000   | 373,000    |
| senior note, 8.25%, 6/15/23  | United States | 600,000   | 637,500    |
| WPX Energy Inc., senior note, 8.25%, 8/01/23                                       | United States | 400,000   | 440,000    |
|  |               |           | 18,641,322 |

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FRANKLIN UNIVERSAL TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|   | Country       | Principal Amount* | Value      |
|---|---------------|-------------------|------------|
| <b>Corporate Bonds</b> (continued)  |               |                   |            |
| <b>Food, Beverage &amp; Tobacco 3.8%</b>  |               |                   |            |
| Constellation Brands Inc.,<br>senior bond, 4.75%, 11/15/24.                     | United States | \$ 400,000        | \$ 438,429 |
| senior note, 4.25%, 5/01/23   | United States | 500,000           | 538,807    |
| senior note, 4.75%, 12/01/25  | United States | 100,000           | 109,850    |
| <sup>e</sup> Cott Holdings Inc., senior note, 144A, 5.50%, 4/01/25              | Canada        | 1,700,000         | 1,744,625  |
| <sup>e</sup> JBS USA LLC/Finance Inc.,<br>senior bond, 144A, 5.875%, 7/15/24    | United States | 900,000           | 884,250    |
| senior note, 144A, 7.25%, 6/01/21   | United States | 800,000           | 802,000    |
| <sup>e</sup> Lamb Weston Holdings Inc.,<br>senior note, 144A, 4.625%, 11/01/24. | United States | 500,000           | 515,000    |
| senior note, 144A, 4.875%, 11/01/26.  | United States | 1,000,000         | 1,030,000  |
| <sup>e</sup> Post Holdings Inc.,<br>senior bond, 144A, 5.00%, 8/15/26           | United States | 900,000           | 909,000    |
| senior note, 144A, 6.00%, 12/15/22  | United States | 300,000           | 320,250    |
| senior note, 144A, 5.50%, 3/01/25   | United States | 400,000           | 421,000    |
|   |               |                   | 7,713,211  |
| <b>Health Care Equipment &amp; Services 5.8%</b>                                |               |                   |            |
| CHS/Community Health Systems Inc.,<br>senior note, 8.00%, 11/15/19              | United States | 300,000           | 302,625    |
| senior note, 7.125%, 7/15/20  | United States | 400,000           | 395,000    |
| senior note, 6.875%, 2/01/22  | United States | 200,000           | 178,500    |
| senior secured note, first lien, 6.25%, 3/31/23                                 | United States | 600,000           | 622,200    |
| DaVita Inc., senior note, 5.75%, 8/15/22  | United States | 500,000           | 519,062    |
| <sup>e</sup> Envision Healthcare Corp., senior note, 144A, 6.25%, 12/01/24      | United States | 1,500,000         | 1,608,750  |
| HCA Inc.,<br>senior bond, 5.875%, 5/01/23.                                      | United States | 800,000           | 875,504    |
| senior bond, 5.875%, 2/15/26.   | United States | 1,400,000         | 1,524,250  |
| senior secured bond, first lien, 5.875%, 3/15/22                                | United States | 600,000           | 667,500    |
| <sup>e</sup> MPH Acquisition Holdings LLC, senior note, 144A, 7.125%, 6/01/24   | United States | 1,300,000         | 1,392,560  |
| Tenet Healthcare Corp.,<br>senior note, 5.00%, 3/01/19                          | United States | 1,100,000         | 1,127,500  |

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|  |               |           |            |
|--|---------------|-----------|------------|
| senior note, 5.50%, 3/01/19  | United States | 400,000   | 412,000    |
| senior note, 8.125%, 4/01/22   | United States | 1,000,000 | 1,058,750  |
| Wellcare Health Plans Inc., senior note, 5.25%, 4/01/25.   | United States | 1,200,000 | 1,267,500  |
|  |               |           | 11,951,701 |
| <b>Materials 11.4%</b>   |               |           |            |
| <sup>e</sup> American Builders & Contractors Supply Co. Inc., senior note, 144A, 5.625%, 4/15/21         | United States | 342,000   | 353,543    |
| <sup>9</sup> ARD Finance SA, secured note, PIK, 7.875%, 9/15/23  | Luxembourg    | 400,000   | 410,673    |
| <sup>e</sup> Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., senior note, 144A, 6.00%, 6/30/21 | Luxembourg    | 500,000   | 516,250    |
| <sup>e</sup> Axalta Coating Systems LLC, senior note, 144A, 4.875%, 8/15/24                              | United States | 400,000   | 410,500    |
| <sup>e</sup> BlueScope Steel Ltd./BlueScope Steel Finance, senior note, 144A, 6.50%, 5/15/21             | Australia     | 1,500,000 | 1,591,627  |
| <sup>e</sup> BWAY Holding Co., senior note, 144A, 7.25%, 4/15/25   | United States | 900,000   | 918,000    |
| <sup>e</sup> Cemex SAB de CV, senior secured bond, first lien, 144A, 5.70%, 1/11/25                      | Mexico        | 1,100,000 | 1,161,644  |
| The Chemours Co.,<br>senior bond, 7.00%, 5/15/25   | United States | 200,000   | 222,500    |
| senior note, 6.625%, 5/15/23   | United States | 1,100,000 | 1,179,629  |
| senior note, 5.375%, 5/15/27   | United States | 300,000   | 313,875    |

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FRANKLIN UNIVERSAL TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|   | Country       | Principal Amount* | Value        |
|---|---------------|-------------------|--------------|
| <b>Corporate Bonds</b> (continued)  |               |                   |              |
| <b>Materials</b> (continued)  |               |                   |              |
| <sup>e</sup> CVR Partners LP/CVR Nitrogen Finance Corp., secured note, second lien, 144A, 9.25%, 6/15/23.   | United States | \$ 1,000,000      | \$ 1,040,000 |
| <sup>e</sup> Eldorado Gold Corp., senior note, 144A, 6.125%, 12/15/20                                       | Canada        | 500,000           | 515,000      |
| <sup>e</sup> First Quantum Minerals Ltd., senior note, 144A, 7.00%, 2/15/21                                 | Canada        | 931,000           | 979,691      |
| senior note, 144A, 7.25%, 4/01/23   | Canada        | 600,000           | 607,500      |
| <sup>e</sup> FMG Resources August 2006 Pty. Ltd., senior note, 144A, 4.75%, 5/15/22.                        | Australia     | 800,000           | 814,000      |
| <sup>e</sup> Grinding Media Inc./MC Grinding Media Canada Inc., senior secured note, 144A, 7.375%, 12/15/23 | United States | 400,000           | 432,500      |
| <sup>e</sup> New Gold Inc., senior note, 144A, 6.375%, 5/15/25  | Canada        | 700,000           | 719,320      |
| <sup>e</sup> Novelis Corp., senior bond, 144A, 5.875%, 9/30/26  | United States | 500,000           | 518,750      |
| senior note, 144A, 6.25%, 8/15/24   | United States | 700,000           | 739,270      |
| <sup>e</sup> Owens-Brockway Glass Container Inc., senior note, 144A, 5.00%, 1/15/22                         | United States | 1,000,000         | 1,047,500    |
| senior note, 144A, 5.875%, 8/15/23  | United States | 500,000           | 547,187      |
| <sup>e</sup> Platform Specialty Products Corp., senior note, 144A, 10.375%, 5/01/21.                        | United States | 100,000           | 111,125      |
| senior note, 144A, 6.50%, 2/01/22   | United States | 600,000           | 621,000      |
| <sup>e</sup> Rain CII Carbon LLC/CII Carbon Corp., second lien, 144A, 8.25%, 1/15/21                        | United States | 500,000           | 520,315      |
| Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer Luxembourg SA,                   |               |                   |              |
| first lien, 5.75%, 10/15/20   | United States | 500,000           | 514,375      |
| efirst lien, 144A, 5.125%, 7/15/23  | United States | 1,000,000         | 1,038,750    |
| esenior note, 144A, 7.00%, 7/15/24  | United States | 200,000           | 215,624      |
| <sup>e</sup> Sealed Air Corp., senior bond, 144A, 5.50%, 9/15/25  | United States | 400,000           | 432,000      |
| senior note, 144A, 6.50%, 12/01/20  | United States | 400,000           | 448,000      |
| Steel Dynamics Inc., senior bond, 5.50%, 10/01/24.  | United States | 900,000           | 955,125      |
| senior bond, 5.00%, 12/15/26.   | United States | 700,000           | 714,000      |

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|  |               |           |            |
|--|---------------|-----------|------------|
| senior note, 5.125%, 10/01/21  | United States | 400,000   | 414,500    |
| Summit Materials LLC/Summit Materials Finance Corp., senior note, 8.50%, 4/15/22                                 | United States | 1,000,000 | 1,127,500  |
| <sup>e</sup> SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., senior note, 144A, 7.50%, 6/15/25 | United States | 1,200,000 | 1,182,000  |
|  |               |           | 23,333,273 |
| <b>Media 8.7%</b>  |               |           |            |
| <sup>e</sup> Altice U.S. Finance I Corp., senior secured bond, 144A, 5.50%, 5/15/26                              | United States | 900,000   | 945,000    |
| AMC Networks Inc., senior note, 5.00%, 4/01/24.  | United States | 900,000   | 915,741    |
| Cablevision Systems Corp., senior note, 8.625%, 9/15/17  | United States | 324,000   | 330,075    |
| CCO Holdings LLC/CCO Holdings Capital Corp.,<br>senior bond, 5.25%, 9/30/22                                      | United States | 1,700,000 | 1,764,294  |
| esenior bond, 144A, 5.75%, 2/15/26   | United States | 700,000   | 751,625    |
| Clear Channel Worldwide Holdings Inc.,<br>senior note, 6.50%, 11/15/22   | United States | 1,000,000 | 1,035,000  |
| senior sub. note, 7.625%, 3/15/20  | United States | 700,000   | 706,125    |
| CSC Holdings LLC,<br>esenior bond, 144A, 5.50%, 4/15/27  | United States | 500,000   | 524,910    |
| senior note, 6.75%, 11/15/21   | United States | 700,000   | 776,125    |
| senior note, 5.25%, 6/01/24  | United States | 700,000   | 716,187    |
| DISH DBS Corp.,<br>senior note, 6.75%, 6/01/21   | United States | 700,000   | 776,125    |
| senior note, 7.75%, 7/01/26  | United States | 800,000   | 942,000    |



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FRANKLIN UNIVERSAL TRUST

STATEMENT OF INVESTMENTS (UNAUDITED)

|  | Country        | Principal Amount* | Value      |
|--|----------------|-------------------|------------|
| <b>Corporate Bonds</b> (continued)   |                |                   |            |
| <b>Media</b> (continued)   |                |                   |            |
| iHeartCommunications Inc.,<br>senior secured bond, first lien, 9.00%, 3/01/21                        | United States  | \$ 1,000,000      | \$ 738,750 |
| senior secured note, first lien, 9.00%, 9/15/22  | United States  | 100,000           | 73,625     |
| <sup>e</sup> Nexstar Broadcasting Inc., senior note, 144A, 5.625%, 8/01/24                           | United States  | 600,000           | 606,000    |
| <sup>e</sup> Radio One Inc., senior sub. note, 144A, 9.25%, 2/15/20                                  | United States  | 500,000           | 481,250    |
| <sup>e</sup> Sirius XM Radio Inc.,<br>senior bond, 144A, 6.00%, 7/15/24                              | United States  | 800,000           | 851,000    |
| senior bond, 144A, 5.375%, 4/15/25   | United States  | 700,000           | 721,000    |
| Tegna Inc.,<br>senior bond, 6.375%, 10/15/23   | United States  | 900,000           | 956,250    |
| senior note, 5.125%, 7/15/20   | United States  | 800,000           | 822,000    |
| <sup>e</sup> Univision Communications Inc., senior secured bond, first lien, 144A, 6.75%,<br>9/15/22 | United States  | 358,000           | 375,453    |
| <sup>e</sup> Virgin Media Finance PLC, senior bond, 144A, 6.375%, 4/15/23                            | United Kingdom | 300,000           | 316,125    |
| <sup>e</sup> Virgin Media Secured Finance PLC,<br>senior secured bond, 144A, 5.25%, 1/15/26          | United Kingdom | 500,000           | 511,250    |
| senior secured bond, first lien, 144A, 5.50%, 1/15/25  | United Kingdom | 800,000           | 826,000    |
| senior secured bond, first lien, 144A, 5.50%, 8/15/26  | United Kingdom | 200,000           | 206,500    |
| <sup>e</sup> WMG Acquisition Corp.,<br>secured note, first lien, 144A, 5.00%, 8/01/23.               | United States  | 200,000           | 205,500    |
| senior note, 144A, 5.625%, 4/15/22   | United States  | 92,000            | 96,025     |
|  |                |                   | 17,969,935 |
| <b>Pharmaceuticals, Biotechnology &amp; Life Sciences 3.0%</b>                                       |                |                   |            |
| <sup>e</sup> Concordia International Corp.,<br>senior note, 144A, 7.00%, 4/15/23                     | Canada         | 900,000           | 191,250    |
| senior secured note, first lien, 144A, 9.00%, 4/01/22  | Canada         | 400,000           | 300,000    |
| <sup>e</sup> Endo Dac/Endo Finance LLC/Endo Finco Inc.,<br>senior bond, 144A, 6.00%, 2/01/25         | United States  | 800,000           | 720,800    |
| senior note, 144A, 6.00%, 7/15/23  | United States  | 1,000,000         | 926,250    |
| Horizon Pharma Inc., senior note, 6.625%, 5/01/23  | United States  | 1,500,000         | 1,413,750  |
| <sup>e</sup> Jaguar Holding Co. II/Pharmaceutical Product Development LLC, senior note, 144A,        |                |                   |            |

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|  |               |           |           |
|--|---------------|-----------|-----------|
| 6.375%, 8/01/23  | United States | 500,000   | 530,000   |
| <sup>e</sup> Valeant Pharmaceuticals International, senior note, 144A, 6.375%, 10/15/20        | United States | 1,100,000 | 1,035,375 |
| <sup>e</sup> Valeant Pharmaceuticals International Inc.,<br>senior bond, 144A, 6.125%, 4/15/25 | United States | 300,000   | 240,375   |
| senior note, 144A, 5.625%, 12/01/21.   | United States | 700,000   | 605,063   |
| senior note, 144A, 7.00%, 3/15/24  | United States | 200,000   | 212,000   |
|  |               |           | 6,174,863 |
| <b>Real Estate 1.2%</b>  |               |           |           |
| Equinix Inc.,<br>senior bond, 5.375%, 4/01/23.   | United States | 1,300,000 | 1,367,860 |
| senior bond, 5.875%, 1/15/26.  | United States | 200,000   | 217,938   |
| MPT Operating Partnership LP/MPT Finance Corp.,<br>senior bond, 5.25%, 8/01/26                 | United States | 300,000   | 316,500   |
| senior note, 6.375%, 3/01/24   | United States | 600,000   | 657,000   |
|  |               |           | 2,559,298 |

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FRANKLIN UNIVERSAL TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|  | Country       | Principal Amount* | Value      |
|--|---------------|-------------------|------------|
| <b>Corporate Bonds (continued)</b>   |               |                   |            |
| <b>Retailing 1.4%</b>  |               |                   |            |
| Dollar Tree Inc., senior note, 5.75%, 3/01/23.                                     | United States | \$ 500,000        | \$ 532,000 |
| Netflix Inc., senior bond, 5.875%, 2/15/25   | United States | 1,100,000         | 1,204,500  |
| <sup>e</sup> PetSmart Inc.,  |               |                   |            |
| senior note, 144A, 7.125%, 3/15/23   | United States | 300,000           | 280,500    |
| senior note, 144A, 8.875%, 6/01/25   | United States | 300,000           | 298,125    |
| senior secured note, first lien, 144A, 5.875%, 6/01/25                             | United States | 600,000           | 604,500    |
|  |               |                   | 2,919,625  |
| <b>Semiconductors &amp; Semiconductor Equipment 0.9%</b>                           |               |                   |            |
| <sup>e</sup> Microsemi Corp., senior note, 144A, 9.125%, 4/15/23                   | United States | 261,000           | 301,455    |
| Qorvo Inc., senior bond, 7.00%, 12/01/25.  | United States | 1,300,000         | 1,469,000  |
|  |               |                   | 1,770,455  |
| <b>Software &amp; Services 3.4%</b>  |               |                   |            |
| <sup>e</sup> BMC Software Finance Inc., senior note, 144A, 8.125%, 7/15/21         | United States | 1,900,000         | 1,949,970  |
| <sup>e</sup> CyrusOne LP/CyrusOne Finance Corp., senior note, 144A, 5.00%, 3/15/24 | United States | 400,000           | 410,000    |
| <sup>e</sup> First Data Corp.,   |               |                   |            |
| secured note, second lien, 144A, 5.75%, 1/15/24                                    | United States | 1,700,000         | 1,804,125  |
| 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         | 1,778,625  |
| <sup>e</sup> Symantec Corp., senior note, 144A, 5.00%, 4/15/25                     | United States | 500,000           | 520,000    |
|  |               |                   | 6,894,720  |
| <b>Technology Hardware &amp; Equipment 2.1%</b>                                    |               |                   |            |
| <sup>e</sup> Blackboard Inc., second lien, 144A, 9.75%, 10/15/21.                  | United States | 1,542,000         | 1,507,305  |
| CDW LLC/CDW Finance Corp., senior note, 5.00%, 9/01/25.                            | United States | 800,000           | 828,000    |
| <sup>e</sup> CommScope Technologies LLC, senior bond, 144A, 6.00%, 6/15/25         | United States | 900,000           | 960,930    |
| <sup>e</sup> Diamond 1 Finance Corp./Diamond 2 Finance Corp.,                      |               |                   |            |
| senior note, 144A, 5.875%, 6/15/21   | United States | 200,000           | 211,875    |
| senior note, 144A, 7.125%, 6/15/24   | United States | 200,000           | 222,951    |
| senior secured bond, first lien, 144A, 6.02%, 6/15/26                              | United States | 200,000           | 220,981    |
| senior secured note, first lien, 144A, 5.45%, 6/15/23                              | United States | 300,000           | 326,157    |
|  |               |                   | 4,278,199  |
| <b>Telecommunication Services 6.4%</b>   |               |                   |            |

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|  |  |  |  |
|--|--|--|--|
| <sup>e</sup> Block Communications Inc., senior note, 144A, 6.875%, 2/15/25<br>CenturyLink Inc.,<br>senior bond, 6.75%, 12/01/23.<br>senior bond, 5.625%, 4/01/25.                                      | United States<br>United States<br>United States                  | 300,000<br>300,000<br>1,000,000          | 323,625<br>321,750<br>996,570            |
| <sup>e</sup> Digicel Group Ltd., senior note, 144A, 8.25%, 9/30/20<br><sup>e</sup> Digicel Ltd.,<br>senior note, 144A, 6.00%, 4/15/21<br>senior note, 144A, 6.75%, 3/01/23                             | Bermuda<br>Bermuda<br>Bermuda                                    | 900,000<br>500,000<br>300,000            | 854,802<br>486,573<br>288,623            |
| Hughes Satellite Systems Corp., senior bond, 6.625%, 8/01/26<br>Intelsat Jackson Holdings SA, senior note, 7.50%, 4/01/21.   | United States<br>Luxembourg                                      | 1,400,000<br>900,000                     | 1,487,500<br>805,500                     |
| <sup>e</sup> Sprint Communications Inc.,<br>senior note, 144A, 9.00%, 11/15/18<br>senior note, 144A, 7.00%, 3/01/20<br>Sprint Corp.,<br>senior bond, 7.875%, 9/15/23.<br>senior bond, 7.125%, 6/15/24. | United States<br>United States<br>United States<br>United States | 223,000<br>500,000<br>500,000<br>500,000 | 245,021<br>556,250<br>579,375<br>563,687 |

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FRANKLIN UNIVERSAL TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|  | Country       | Principal Amount* | Value        |
|--|---------------|-------------------|--------------|
| <b>Corporate Bonds</b> (continued)   |               |                   |              |
| <b>Telecommunication Services</b> (continued)  |               |                   |              |
| <sup>e</sup> Sprint Spectrum Co. LLC/Sprint Spectrum Co. II LLC, first lien, 144A, 3.36%, 3/20/23  | United States | \$ 1,400,000      | \$ 1,424,077 |
| T-Mobile USA Inc.,<br>senior bond, 6.50%, 1/15/24  | United States | 200,000           | 217,050      |
| senior bond, 6.375%, 3/01/25.  | United States | 500,000           | 543,125      |
| senior note, 6.125%, 1/15/22   | United States | 100,000           | 105,500      |
| senior note, 6.00%, 4/15/24  | United States | 200,000           | 216,000      |
| <sup>e</sup> Wind Acquisition Finance SA,<br>secured note, second lien, 144A, 7.375%, 4/23/21      | Italy         | 1,700,000         | 1,770,159    |
| senior secured note, first lien, 144A, 4.75%, 7/15/20  | Italy         | 300,000           | 304,500      |
| <sup>e</sup> Zayo Group LLC/Zayo Capital Inc., senior note, 144A, 5.75%, 1/15/27.                  | United States | 1,000,000         | 1,057,390    |
|  |               |                   | 13,147,077   |
| <b>Transportation 1.0%</b>   |               |                   |              |
| <sup>e</sup> Florida East Coast Holdings Corp.,<br>secured note, first lien, 144A, 6.75%, 5/01/19. | United States | 400,000           | 413,000      |
| senior note, 144A, 9.75%, 5/01/20  | United States | 200,000           | 214,250      |
| <sup>e</sup> XPO Logistics Inc., senior note, 144A, 6.125%, 9/01/23                                | United States | 1,300,000         | 1,376,375    |
|  |               |                   | 2,003,625    |
| <b>Utilities 3.3%</b>  |               |                   |              |
| Calpine Corp., senior bond, 5.75%, 1/15/25   | United States | 1,600,000         | 1,526,000    |
| Dynegy Inc., senior bond, 7.625%, 11/01/24.  | United States | 1,700,000         | 1,657,500    |
| <sup>e</sup> InterGen NV, secured bond, 144A, 7.00%, 6/30/23                                       | Netherlands   | 1,000,000         | 951,250      |
| NRG Yield Operating LLC,<br>senior bond, 5.375%, 8/15/24.  | United States | 600,000           | 622,500      |
| esenior bond, 144A, 5.00%, 9/15/26   | United States | 900,000           | 897,750      |
| Talen Energy Supply LLC, senior note, 6.50%, 6/01/25   | United States | 1,600,000         | 1,200,000    |
|  |               |                   | 6,855,000    |
| <b>Total Corporate Bonds (Cost \$168,501,933)</b>  |               |                   | 173,038,176  |

Shares

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**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   | 12,250 |
| a,c Vistra Energy Corp., Escrow Account                                      | United States | 700,000   | 8,120  |

**Total Escrows and Litigation Trusts (Cost \$20,297)**

20,370

**Total Investments before Short Term Investments**

**(Cost \$215,945,224)**

261,191,885

**Short Term Investments (Cost \$2,018,687) 1.0%**

**Money Market Funds 1.0%**

|   |               |           |           |
|---|---------------|-----------|-----------|
| h,i Institutional Fiduciary Trust Money Market Portfolio, 0.44% | United States | 2,018,687 | 2,018,687 |
|---|---------------|-----------|-----------|

**Total Investments (Cost \$217,963,911) 128.0%**

263,210,572

**Notes Payable (29.2)%**

(59,961,811 )

**Other Assets, less Liabilities 1.2%**

2,356,828

**Net Assets 100.0%**

\$ 205,605,589

FRANKLIN UNIVERSAL TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

See Abbreviations on page 14.

Rounds to less than 0.1% of net assets.

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

<sup>a</sup>Non-income producing.

<sup>b</sup>See Note 4 regarding restricted securities.

<sup>c</sup>Security has been deemed illiquid because it may not be able to be sold within seven days. At May 31, 2017, the aggregate value of these securities was \$141,117, representing 0.1% of net assets.

<sup>d</sup>Perpetual security with no stated maturity date.

<sup>e</sup>Security 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

May 31, 2017, the aggregate value of these securities was \$88,585,953, representing 43.1% of net assets.

<sup>f</sup>Defaulted security or security for which income has been deemed uncollectible.

<sup>g</sup>Income may be received in additional securities and/or cash.

<sup>h</sup>See Note 5 regarding investments in affiliated management investment companies.

<sup>i</sup>The rate shown is the annualized seven-day yield at period end.

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FRANKLIN UNIVERSAL TRUST

## Notes to Statement of Investments (unaudited)

### 1. ORGANIZATION

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

### 2. 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



## FRANKLIN UNIVERSAL TRUST

## NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

**2. FINANCIAL INSTRUMENT VALUATION** (continued)

value of a portfolio security held by the Fund. As a result, differences may arise between the value of 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.

**3. INCOME TAXES**

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

|  |    |               |
|--|----|---------------|
| Cost of investments.                       | \$ | 218,369,500   |
| Unrealized appreciation                    | \$ | 56,050,698    |
| Unrealized depreciation                    |    | (11,209,626 ) |
| Net unrealized appreciation (depreciation) | \$ | 44,841,072    |

**4. RESTRICTED SECURITIES**

At May 31, 2017, investments in restricted securities, excluding certain securities exempt from registration under the Securities Act of 1933 deemed to be liquid, were as follows:

| Shares Issuer  | Acquisition       |              |            |
|--|-------------------|--------------|------------|
|  | Date              | Cost         | Value      |
| 214 <sup>a</sup> Chaparral Energy Inc., A, 144A                  | 3/21/17           | \$ 5,387     | \$ 5,501   |
| 52,355 <sup>b</sup> Halcon Resources Corp                        | 6/29/12 - 8/29/13 | 1,480,716    | 312,770    |
| <b>Total Restricted Securities</b> (Value is 0.2% of Net Assets) |                   | \$ 1,486,103 | \$ 318,271 |

<sup>a</sup>The Fund also invests in unrestricted securities or other investments in the issuer, valued at \$776,733 as of May 31, 2017.

<sup>b</sup>The Fund also invests in unrestricted securities or other investments in the issuer, valued at \$3,968 as of May 31, 2017.

FRANKLIN UNIVERSAL TRUST

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

**5. 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. During the period ended May 31, 2017, the Fund held investments in affiliated management investment companies as follows:

|   | Number of Shares Held at Beginning of Period |            | Gross Additions |           | Gross Reductions |          | Number of Shares Held at End of Period | Value at End of Period | Investment Income | Realized Gain (Loss) | % of Affiliated Fund Shares Outstanding Held at End of Period |
|---|--|------------|-----------------|-----------|------------------|----------|--|------------------------|-------------------|----------------------|---|
| Institutional Fiduciary Trust Money Market Portfolio, 0.44% | 1,994,710                                    | 32,897,488 | (32,873,511)    | 2,018,687 | \$ 2,018,687     | \$ 4,079 | \$ -                                   | 0.0                    | %a                |                      |   |

aRounds to less than 0.1%.

**6. 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.

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

|                            | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|---------|---------|---------|-------|
| <b>Assets:</b>             |         |         |         |       |
| Investments in Securities: |         |         |         |       |
| Equity Investments:        |         |         |         |       |

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|                                 |    |            |    |             |         |    |             |
|---------------------------------|----|------------|----|-------------|---------|----|-------------|
| Energy.                         | \$ | 3,774,623  | \$ | —           | 438,802 | \$ | 4,213,425   |
| Materials                       |    | 1,796,886  |    | 53          | —       |    | 1,796,939   |
| Transportation                  |    | —          |    | 132,848     | —       |    | 132,848     |
| Utilities.                      |    | 81,101,919 |    | —           | —       |    | 81,101,919  |
| Convertible Bonds               |    | —          |    | 888,208     | —       |    | 888,208     |
| Corporate Bonds                 |    | —          |    | 173,038,176 | —       |    | 173,038,176 |
| Escrows and Litigation Trusts   |    | —          |    | 12,250      | 8,120   | b  | 20,370      |
| Short Term Investments          |    | 2,018,687  |    | —           | —       |    | 2,018,687   |
| Total Investments in Securities | \$ | 88,692,115 | \$ | 174,071,535 | 446,922 | \$ | 263,210,572 |

<sup>a</sup>Includes common and convertible preferred stocks as well as other equity investments.

<sup>b</sup>Includes securities determined to have no value at May 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 period.

FRANKLIN UNIVERSAL TRUST

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

## 7. NEW ACCOUNTING PRONOUNCEMENTS

In March 2017, the Financial Accounting Standards Board issued Accounting Standards Update 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, held at a premium, to be amortized to the earliest call date. The ASU does not require an accounting change for securities held 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.

## 8. INVESTMENT COMPANY REPORTING MODERNIZATION

In October 2016, the U.S. Securities and Exchange Commission adopted new rules and amended existing rules (together, final rules) intended to modernize the reporting and disclosure of information by registered investment companies. In part, the final rules amend Regulation S-X and require standardized, enhanced disclosures about derivatives in investment company financial statements, as well as other amendments. The compliance date for the amendments to Regulation S-X is August 1, 2017. Management has reviewed the requirements and believes the adoption of the amendments to Regulation S-X will not have a material impact on the Fund's financial statements and related disclosures.

## 9. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through the issuance of the Statement of Investments and determined that no events have occurred that require disclosure.

## ABBREVIATIONS

### Selected Portfolio

|            |                             |
|------------|-----------------------------|
| <b>ADR</b> | American Depositary Receipt |
| <b>FRN</b> | Floating Rate Note          |
| <b>PIK</b> | Payment-In-Kind             |

For additional information on the Fund's significant accounting policies, please refer to the Fund's most recent semiannual or annual shareholder report.

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Item 2. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures. The Registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Registrant's management, including the principal executive officer and the principal financial officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Within 90 days prior to the filing date of this Quarterly Schedule of Portfolio Holdings on Form N-Q, the Registrant had carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's principal executive officer and the Registrant's principal financial officer, of the effectiveness of the design and operation of the Registrant's disclosure controls and procedures. Based on such evaluation, the Registrant's principal executive officer and principal financial officer concluded that the Registrant's disclosure controls and procedures are effective.

(b) Changes in Internal Controls. There have been no changes in the Registrant's internal controls or in other factors that could materially affect the internal controls over financial reporting subsequent to the date of their evaluation in connection with the preparation of this Quarterly Schedule of Portfolio Holdings on Form N-Q.

**Item 3. Exhibits.**

(a) Certification pursuant to Section 30a-2 under the Investment Company Act of 1940 of Matthew T. Hinkle, Chief Executive Officer - Finance and

Administration, and Gaston Gardey, Chief Financial Officer and Chief Accounting Officer.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Franklin Universal Trust**

By /s/ Matthew T. Hinkle

Matthew T. Hinkle

Chief Executive Officer -

Finance and Administration

Date July 27, 2017

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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/Matthew T. Hinkle

Matthew T. Hinkle

Chief Executive Officer -

Finance and Administration

Date July 27, 2017

By /s/Gaston Gardey

Gaston Gardey

Chief Financial Officer and

Chief Accounting Officer

Date July 27, 2017