

FRANKLIN UNIVERSAL TRUST
Form N-Q
July 29, 2014

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: 05/31/14

Item 1. Schedule of Investments.

Franklin Universal Trust

Statement of Investments, May 31, 2014 (unaudited)

| | Country | Shares | Value |
|--|----------------|---------|--------------|
| Common Stocks 40.7% | | | |
| Energy 1.8% | | | |
| Spectra Energy Corp. | United States | 92,350 | \$ 3,747,563 |
| Materials 2.2% | | | |
| BHP Billiton PLC, ADR | United Kingdom | 25,185 | 1,577,840 |
| Freeport-McMoRan Copper & Gold Inc., B | United States | 80,380 | 2,736,939 |
| NewPage Holdings Inc. | United States | 2,400 | 216,000 |
| | | | 4,530,779 |
| Transportation 0.1% | | | |
| aCEVA Holdings LLC | United Kingdom | 179 | 201,859 |
| Utilities 36.6% | | | |
| Alliant Energy Corp. | United States | 40,000 | 2,332,000 |
| American Electric Power Co. Inc. | United States | 75,000 | 4,001,250 |
| CenterPoint Energy Inc. | United States | 169,800 | 4,095,576 |
| CMS Energy Corp. | United States | 65,000 | 1,933,750 |
| Consolidated Edison Inc. | United States | 42,000 | 2,310,420 |
| Dominion Resources Inc. | United States | 100,000 | 6,896,000 |
| DTE Energy Co. | United States | 25,000 | 1,903,000 |
| Duke Energy Corp. | United States | 92,520 | 6,576,322 |
| Edison International | United States | 75,000 | 4,135,500 |
| Entergy Corp. | United States | 50,000 | 3,771,000 |
| Exelon Corp. | United States | 55,000 | 2,025,650 |
| FirstEnergy Corp. | United States | 60,000 | 2,029,200 |
| Great Plains Energy Inc. | United States | 70,000 | 1,781,500 |
| NextEra Energy Inc. | United States | 50,000 | 4,868,000 |
| PG&E Corp. | United States | 50,000 | 2,293,500 |
| Pinnacle West Capital Corp. | United States | 70,000 | 3,879,400 |
| PPL Corp. | United States | 80,000 | 2,807,200 |
| Public Service Enterprise Group Inc. | United States | 45,000 | 1,753,200 |
| Sempra Energy | United States | 50,000 | 5,017,500 |
| The Southern Co. | United States | 108,500 | 4,750,130 |

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| | | | |
|---|----------------|-----------|--------------------------|
| UIL Holdings Corp. | United States | 40,000 | 1,478,800 |
| Westar Energy Inc. | United States | 60,000 | 2,163,000 |
| Wisconsin Energy Corp. | United States | 40,000 | 1,820,800 |
| Xcel Energy Inc. | United States | 60,000 | 1,845,600 |
| | | | 76,468,298 |
| Total Common Stocks (Cost \$49,353,892) | | | 84,948,499 |
| Convertible Preferred Stocks 0.2% | | | |
| Transportation 0.2% | | | |
| aCEVA Holdings LLC, cvt. pfd., A-1 | United Kingdom | 6 | 8,820 |
| aCEVA Holdings LLC, cvt. pfd., A-2 | United Kingdom | 388 | 436,961 |
| Total Convertible Preferred Stocks (Cost \$587,093) | | | 445,781 |
| Preferred Stocks (Cost \$290,000) 0.2% | | | |
| Diversified Financials 0.2% | | | |
| GMAC Capital Trust I, 8.125%, pfd. | United States | 11,600 | 314,592 |
| | | | Principal Amount* |
| Corporate Bonds 84.1% | | | |
| Automobiles & Components 1.1% | | | |
| The Goodyear Tire & Rubber Co., senior note, 6.50%, 3/01/21 | United States | 1,100,000 | 1,204,500 |
| bInternational Automotive Components Group SA, senior secured note, 144A, 9.125%, 6/01/18 | United States | 1,100,000 | 1,176,313 |
| | | | 2,380,813 |
| Banks 2.6% | | | |
| CIT Group Inc., senior note, 5.375%, 5/15/20 | United States | 500,000 | 536,875 |
| 5.00%, 8/15/22 | United States | 1,200,000 | 1,243,500 |
| ^b 144A, 6.625%, 4/01/18 | United States | 300,000 | 336,750 |
| cCitigroup Inc., junior sub. bond, M, 6.30% to 5/15/24, FRN thereafter, Perpetual | United States | 1,100,000 | 1,121,484 |

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

Franklin Universal Trust

Statement of Investments, May 31, 2014

(unaudited) (continued)

| | | | |
|---|----------------|-----------|-----------|
| cJPMorgan Chase & Co., junior sub. bond, 6.00% to 8/01/23, FRN thereafter, Perpetual | United States | 900,000 | 914,625 |
| Royal Bank of Scotland Group PLC, sub. note, 6.125%, 12/15/22 | United Kingdom | 900,000 | 982,688 |
| 5.125%, 5/28/24 | United Kingdom | 400,000 | 401,000 |
| | | | 5,536,922 |
| Capital Goods 2.1% | | | |
| bAbengoa Finance SAU, senior note, 144A, 8.875%, 11/01/17 | Spain | 1,500,000 | 1,695,937 |
| 7.75%, 2/01/20 | Spain | 150,000 | 165,563 |
| Navistar International Corp., senior note, 8.25%, 11/01/21 | United States | 900,000 | 937,125 |
| bOshkosh Corp., senior note, 144A, 5.375%, 3/01/22 | United States | 500,000 | 515,625 |
| b,dTransDigm Inc., senior sub. bond, 144A, 6.50%, 7/15/24 | United States | 200,000 | 203,250 |
| senior sub. note, 144A, 6.00%, 7/15/22 | United States | 200,000 | 201,750 |
| bZachry Holdings Inc., senior note, 144A, 7.50%, 2/01/20 | United States | 600,000 | 648,000 |
| | | | 4,367,250 |
| Commercial & Professional Services 2.4% | | | |
| ADS Waste Holdings Inc., senior note, 8.25%, 10/01/20 | United States | 1,500,000 | 1,631,250 |
| bAlgeco Scotsman Global Finance PLC, senior secured note, first lien, 144A, 8.50%, 10/15/18 | United Kingdom | 900,000 | 955,687 |
| United Rentals North America Inc., senior bond, 5.75%, 11/15/24 | United States | 600,000 | 621,750 |
| West Corp., senior note, 7.875%, 1/15/19 | United States | 1,600,000 | 1,708,000 |
| | | | 4,916,687 |
| Consumer Durables & Apparel 3.2% | | | |
| KB Home, senior bond, 7.50%, 9/15/22 | United States | 1,100,000 | 1,215,500 |
| senior note, 4.75%, 5/15/19 | United States | 200,000 | 201,000 |
| senior note, 7.00%, 12/15/21 | United States | 300,000 | 324,750 |
| M/I Homes Inc., senior note, 8.625%, 11/15/18 | United States | 600,000 | 643,500 |
| bSIWF Merger Sub Inc., senior secured note, 144A, 6.25%, 6/01/21 | United States | 300,000 | 303,750 |
| Standard Pacific Corp., senior note, 6.25%, 12/15/21 | United States | 700,000 | 754,250 |
| bTaylor Morrison Communities Inc./Monarch Communities Inc., senior note, 144A, 7.75%, 4/15/20 | United States | 492,000 | 542,430 |
| 5.25%, 4/15/21 | United States | 400,000 | 406,000 |
| 5.625%, 3/01/24 | United States | 700,000 | 693,000 |
| Toll Brothers Finance Corp., senior bond, 5.625%, 1/15/24 | United States | 700,000 | 738,500 |
| Visant Corp., senior note, 10.00%, 10/01/17 | United States | 900,000 | 839,250 |
| | | | 6,661,930 |

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Consumer Services 2.7%

| | | | |
|--|---------------|-----------|-----------|
| b24 Hour Holdings III LLC, senior note, 144A, 8.00%, 6/01/22 | United States | 400,000 | 401,500 |
| Caesars Entertainment Operating Co. Inc., senior secured note, 11.25%, 6/01/17 | United States | 1,500,000 | 1,327,500 |
| first lien, 9.00%, 2/15/20 | United States | 300,000 | 240,750 |
| b,eFontainebleau Las Vegas, senior secured note, first lien, 144A, 11.00%, 6/15/15 | United States | 1,600,000 | 10,000 |
| bLandry's Inc., senior note, 144A, 9.375%, 5/01/20 | United States | 900,000 | 997,875 |
| MGM Resorts International, senior note, 6.875%, 4/01/16 | United States | 1,200,000 | 1,314,000 |
| 7.50%, 6/01/16 | United States | 800,000 | 890,000 |
| bPNK Finance Corp., senior note, 144A, 6.375%, 8/01/21 | United States | 500,000 | 528,750 |
| | | | 5,710,375 |

Diversified Financials 3.0%

| | | | |
|---|---------------|---------|-----------|
| Ally Financial Inc., senior note, 5.50%, 2/15/17 | United States | 600,000 | 652,875 |
| E*TRADE Financial Corp., senior note, 6.375%, 11/15/19 | United States | 800,000 | 873,000 |
| General Motors Financial Co. Inc., senior note, 3.25%, 5/15/18 | United States | 400,000 | 407,000 |
| GMAC Inc., sub. note, 8.00%, 12/31/18 | United States | 200,000 | 239,000 |
| bNeuberger Berman Group LLC/Finance Corp., senior note, 144A, 5.875%, 3/15/22 | United States | 700,000 | 749,000 |
| bNuveen Investments Inc., senior note, 144A, 9.50%, 10/15/20 | United States | 900,000 | 1,073,250 |
| SLM Corp., senior note, 8.45%, 6/15/18 | United States | 900,000 | 1,061,437 |
| 5.50%, 1/15/19 | United States | 800,000 | 844,212 |

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Statement of Investments, May 31, 2014 (unaudited) *(continued)*

| | | | |
|--|----------------|-----------|-----------|
| 4.875%, 6/17/19 | United States | 300,000 | 308,593 |
| | | | 6,208,367 |
| Energy 23.1% | | | |
| Access Midstream Partner LP/ACMP Finance Corp., senior note, 6.125%, 7/15/22 | United States | 400,000 | 438,000 |
| BreitBurn Energy Partners LP/Finance Corp., senior bond, 7.875%, 4/15/22 | United States | 700,000 | 756,000 |
| senior note, 8.625%, 10/15/20 | United States | 600,000 | 658,500 |
| Calumet Specialty Products Partners LP/Finance Corp., senior note, 9.625%, 8/01/20 | United States | 100,000 | 116,125 |
| Carrizo Oil & Gas Inc., senior note, 8.625%, 10/15/18 | United States | 800,000 | 854,000 |
| 7.50%, 9/15/20 | United States | 300,000 | 330,000 |
| CGG SA, senior note, 7.75%, 5/15/17 | France | 600,000 | 607,500 |
| 6.50%, 6/01/21 | France | 600,000 | 579,000 |
| ^b 144A, 6.875%, 1/15/22 | France | 600,000 | 586,500 |
| Chaparral Energy Inc., senior note, 9.875%, 10/01/20 | United States | 800,000 | 908,000 |
| 8.25%, 9/01/21 | United States | 200,000 | 219,500 |
| 7.625%, 11/15/22 | United States | 300,000 | 321,000 |
| CHC Helicopter SA, senior secured note, first lien, 9.25%, 10/15/20 | Canada | 1,350,000 | 1,474,031 |
| Chesapeake Energy Corp., senior note, 6.625%, 8/15/20 | United States | 1,700,000 | 1,967,750 |
| 4.875%, 4/15/22 | United States | 300,000 | 311,250 |
| Clayton Williams Energy Inc., senior note, 7.75%, 4/01/19 | United States | 1,100,000 | 1,174,250 |
| CONSOL Energy Inc., senior note, 8.25%, 4/01/20 | United States | 300,000 | 327,750 |
| 6.375%, 3/01/21 | United States | 300,000 | 319,500 |
| ^b 144A, 5.875%, 4/15/22 | United States | 600,000 | 624,000 |
| bDrill Rigs Holdings Inc., secured note, 144A, 6.50%, 10/01/17 | United States | 1,100,000 | 1,146,750 |
| Eagle Rock Energy Partners LP/Finance Corp., senior note, 8.375%, 6/01/19 | United States | 1,100,000 | 1,197,625 |
| El Paso Corp., senior bond, 6.50%, 9/15/20 | United States | 1,200,000 | 1,334,634 |
| Energy Transfer Equity LP, senior bond, 5.875%, 1/15/24 | United States | 200,000 | 207,500 |
| senior note, 7.50%, 10/15/20 | United States | 1,500,000 | 1,740,000 |
| Energy XXI Gulf Coast Inc., senior note, 9.25%, 12/15/17 | United States | 1,300,000 | 1,405,625 |
| bEnQuest PLC, senior note, 144A, 7.00%, 4/15/22 | United Kingdom | 400,000 | 413,250 |
| EPL Oil & Gas Inc., senior note, 8.25%, 2/15/18 | United States | 800,000 | 864,000 |
| bExpro Finance Luxembourg, senior secured note, 144A, 8.50%, 12/15/16 | United Kingdom | 1,307,000 | 1,366,737 |

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|--|---------------|-----------|-----------|
| Goodrich Petroleum Corp., senior note, 8.875%, 3/15/19 | United States | 1,200,000 | 1,266,000 |
| Halcon Resources Corp., senior note, 9.75%, 7/15/20 | United States | 1,000,000 | 1,100,000 |
| 8.875%, 5/15/21 | United States | 400,000 | 428,000 |
| 9.25%, 2/15/22 | United States | 200,000 | 215,500 |
| bKinder Morgan Finance Co. LLC, senior secured note, 144A, 6.00%, 1/15/18 | United States | 1,200,000 | 1,321,099 |
| Kodiak Oil & Gas Corp., senior note, 8.125%, 12/01/19 | United States | 700,000 | 780,500 |
| 5.50%, 1/15/21 | United States | 200,000 | 207,500 |
| Linn Energy LLC/Finance Corp., senior note, 8.625%, 4/15/20 | United States | 1,000,000 | 1,088,750 |
| 7.75%, 2/01/21 | United States | 700,000 | 758,625 |
| Martin Midstream Partners LP/Martin Midstream Finance Corp., senior note, 7.25%, 2/15/21 | United States | 1,000,000 | 1,057,500 |
| Midstates Petroleum Co. Inc./LLC, senior note, 9.25%, 6/01/21 | United States | 700,000 | 756,000 |
| bMurray Energy Corp., senior secured note, 144A, 8.625%, 6/15/21 | United States | 700,000 | 766,500 |
| Oasis Petroleum Inc., senior note, 7.25%, 2/01/19 | United States | 200,000 | 214,000 |
| 6.50%, 11/01/21 | United States | 400,000 | 430,000 |
| 6.875%, 1/15/23 | United States | 200,000 | 218,500 |
| b 144A, 6.875%, 3/15/22 | United States | 400,000 | 437,000 |
| bOcean Rig UDW Inc., senior note, 144A, 7.25%, 4/01/19 | United States | 400,000 | 398,000 |
| Offshore Group Investment Ltd., senior bond, first lien, 7.125%, 4/01/23 | United States | 700,000 | 710,500 |
| senior secured note, first lien, 7.50%, 11/01/19 | United States | 700,000 | 737,625 |
| PBF Holding Co. LLC, first lien, 8.25%, 2/15/20 | United States | 1,200,000 | 1,320,000 |
| Penn Virginia Corp., senior note, 8.50%, 5/01/20 | United States | 700,000 | 781,375 |

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Statement of Investments, May 31, 2014 (unaudited) *(continued)*

| | | | |
|---|---------------|-----------|------------|
| Penn Virginia Resource Partners LP/Finance Corp., senior note, 8.375%, 6/01/20 | United States | 470,000 | 534,625 |
| 6.50%, 5/15/21 | United States | 400,000 | 433,000 |
| Plains Exploration & Production Co., senior note, 6.875%, 2/15/23 | United States | 1,000,000 | 1,141,250 |
| QEP Resources Inc., senior note, 5.375%, 10/01/22 | United States | 700,000 | 712,250 |
| 5.25%, 5/01/23 | United States | 400,000 | 402,000 |
| QR Energy LP/QRE Finance, senior note, 9.25%, 8/01/20 | United States | 1,000,000 | 1,075,000 |
| b,f Quicksilver Resources Inc., secured note, second lien, 144A, FRN, 7.00%, 6/21/19 | United States | 1,200,000 | 1,182,000 |
| Sabine Pass Liquefaction LLC, first lien, 5.625%, 2/01/21 | United States | 1,000,000 | 1,052,500 |
| 5.625%, 4/15/23 | United States | 500,000 | 515,000 |
| b 144A, 6.25%, 3/15/22 | United States | 200,000 | 215,000 |
| bSamson Investment Co., senior note, 144A, 9.75%, 2/15/20 | United States | 1,400,000 | 1,470,000 |
| bSanchez Energy Corp., senior note, 144A, 7.75%, 6/15/21 | United States | 900,000 | 967,500 |
| W&T Offshore Inc., senior note, 8.50%, 6/15/19 | United States | 1,200,000 | 1,305,000 |
| | | | 48,246,876 |
| Food, Beverage & Tobacco 2.5% | | | |
| Constellation Brands Inc., senior note, 4.25%, 5/01/23 | United States | 500,000 | 500,000 |
| Del Monte Corp., senior note, 7.625%, 2/15/19 | United States | 1,072,000 | 1,117,560 |
| bDole Food Co. Inc., senior secured note, 144A, 7.25%, 5/01/19 | United States | 800,000 | 811,000 |
| bJBS USA LLC/Finance Inc., senior note, 144A, 8.25%, 2/01/20 | United States | 300,000 | 328,125 |
| 7.25%, 6/01/21 | United States | 700,000 | 759,500 |
| bPost Holdings Inc., senior note, 144A, 6.75%, 12/01/21 | United States | 300,000 | 318,750 |
| 7.375%, 2/15/22 | United States | 800,000 | 870,000 |
| d 6.00%, 12/15/22 | United States | 100,000 | 101,250 |
| bSmithfield Foods Inc., senior note, 144A, 5.875%, 8/01/21 | United States | 300,000 | 318,562 |
| | | | 5,124,747 |
| Health Care Equipment & Services 4.9% | | | |
| Alere Inc., senior note, 7.25%, 7/01/18 | United States | 900,000 | 987,750 |
| senior sub. note, 6.50%, 6/15/20 | United States | 100,000 | 105,750 |
| Aviv Healthcare Properties LP/Aviv Healthcare Capital Corp., senior note, 7.75%, 2/15/19 | United States | 1,000,000 | 1,072,500 |
| 6.00%, 10/15/21 | United States | 100,000 | 106,000 |
| CHS/Community Health Systems Inc., senior note, 8.00%, 11/15/19 | United States | 900,000 | 990,000 |

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|--|---------------|-----------|------------|
| senior note, 7.125%, 7/15/20 | United States | 400,000 | 434,500 |
| ^b senior note, 144A, 6.875%, 2/01/22 | United States | 200,000 | 211,500 |
| senior secured note, 5.125%, 8/15/18 | United States | 600,000 | 632,250 |
| DaVita HealthCare Partners Inc., senior note, 5.75%, 8/15/22 | United States | 500,000 | 537,500 |
| ExamWorks Group Inc., senior note, 9.00%, 7/15/19 | United States | 800,000 | 874,000 |
| HCA Inc., | | | |
| senior note, 6.50%, 2/15/16 | United States | 1,400,000 | 1,515,500 |
| senior note, 5.875%, 5/01/23 | United States | 800,000 | 830,000 |
| senior secured note, 5.875%, 3/15/22 | United States | 600,000 | 654,750 |
| Tenet Healthcare Corp., senior note, 8.125%, 4/01/22 | United States | 1,000,000 | 1,140,000 |
| ^b 144A, 5.00%, 3/01/19 | United States | 100,000 | 102,250 |
| | | | 10,194,250 |
| Materials 10.2% | | | |
| ArcelorMittal, senior note, 6.00%, 3/01/21 | Luxembourg | 900,000 | 969,476 |
| ^b Ardagh Packaging Finance PLC, senior note, 144A, 9.125%, 10/15/20 | Luxembourg | 500,000 | 552,500 |
| ^b Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., senior note, 144A, 6.25%, 1/31/19 | Luxembourg | 200,000 | 207,500 |
| 7.00%, 11/15/20 | Luxembourg | 88,235 | 91,985 |
| 6.75%, 1/31/21 | Luxembourg | 200,000 | 208,375 |
| ^b Barmingo Finance Pty. Ltd., senior note, 144A, 9.00%, 6/01/18 | Australia | 800,000 | 743,000 |
| ^b BlueScope Steel Ltd./BlueScope Steel Finance, senior note, 144A, 7.125%, 5/01/18 | Australia | 1,400,000 | 1,512,000 |
| ^b Cemex Finance LLC, senior secured note, 144A, 6.00%, 4/01/24 | Mexico | 600,000 | 618,750 |
| ^b Cemex SAB de CV, senior secured note, 144A, 9.00%, 1/11/18 | Mexico | 1,500,000 | 1,626,562 |
| ^b Constellium NV, senior note, 144A, 5.75%, 5/15/24 | Netherlands | 1,300,000 | 1,345,500 |

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Statement of Investments, May 31, 2014

(unaudited) (continued)

| | | | |
|---|---------------|-----------|------------|
| bEldorado Gold Corp., senior note, 144A, 6.125%, 12/15/20 | Canada | 1,000,000 | 1,005,000 |
| bExopack Holding Corp., senior note, 144A, 10.00%, 6/01/18 | United States | 200,000 | 215,500 |
| bFirst Quantum Minerals Ltd., senior note, 144A, 6.75%, 2/15/20 | Canada | 631,000 | 646,775 |
| 7.00%, 2/15/21 | Canada | 631,000 | 646,775 |
| bFMG Resources (August 2006) Pty. Ltd., senior note, 144A, 6.875%, 2/01/18 | Australia | 1,000,000 | 1,050,000 |
| 8.25%, 11/01/19 | Australia | 300,000 | 327,375 |
| bIneos Finance PLC, senior secured note, 144A, 7.50%, 5/01/20 | Switzerland | 800,000 | 874,000 |
| bIneos Group Holdings SA, senior note, 144A, 6.125%, 8/15/18 | Switzerland | 300,000 | 311,625 |
| 5.875%, 2/15/19 | Switzerland | 200,000 | 204,625 |
| Novelis Inc., senior note, 8.75%, 12/15/20 | Canada | 700,000 | 781,375 |
| Olin Corp., senior bond, 5.50%, 8/15/22 | United States | 1,600,000 | 1,664,000 |
| bOrion Engineered Carbons Bondco GmbH, senior secured note, first lien, 144A, 9.625%, 6/15/18 | Germany | 500,000 | 537,130 |
| b,gOrion Engineered Carbons Finance & Co. SCA, senior note, 144A, PIK, 9.25%, 8/01/19 | Germany | 200,000 | 209,000 |
| bRain CII Carbon LLC/Corp., second lien, 144A, 8.25%, 1/15/21 | United States | 500,000 | 521,250 |
| Reynolds Group Issuer Inc./LLC/SA, first lien, 5.75%, 10/15/20 | United States | 500,000 | 522,500 |
| senior note, 8.50%, 5/15/18 | United States | 1,000,000 | 1,046,250 |
| senior note, 9.00%, 4/15/19 | United States | 200,000 | 213,000 |
| senior note, 9.875%, 8/15/19 | United States | 100,000 | 110,625 |
| senior note, 8.25%, 2/15/21 | United States | 700,000 | 748,125 |
| bSealed Air Corp., senior note, 144A, 8.125%, 9/15/19 | United States | 400,000 | 445,000 |
| 6.50%, 12/01/20 | United States | 400,000 | 448,000 |
| 8.375%, 9/15/21 | United States | 300,000 | 345,000 |
| bU.S. Coatings Acquisition Inc./Flash Dutch 2 BV, senior note, 144A, 7.375%, 5/01/21 | United States | 500,000 | 550,000 |
| | | | 21,298,578 |
| Media 8.7% | | | |
| bAltice SA, senior secured note, first lien, 144A, 7.75%, 5/15/22 | Luxembourg | 500,000 | 526,307 |
| Cablevision Systems Corp., senior note, 8.625%, 9/15/17 | United States | 700,000 | 820,750 |
| CCO Holdings LLC/CCO Holdings Capital Corp., senior bond, 5.25%, 9/30/22 | United States | 800,000 | 817,000 |
| Clear Channel Communications Inc., senior secured bond, first lien, 9.00%, 3/01/21 | United States | 1,400,000 | 1,501,500 |
| Clear Channel Worldwide Holdings Inc., senior note, 6.50%, 11/15/22 | United States | 500,000 | 537,500 |
| senior sub. note, 7.625%, 3/15/20 | United States | 700,000 | 756,000 |

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| CSC Holdings LLC, senior note, 6.75%, 11/15/21 | United States | 700,000 | 784,000 |
| b 144A, 5.25%, 6/01/24 | United States | 200,000 | 200,500 |
| DISH DBS Corp., senior note, 7.125%, 2/01/16 | United States | 1,000,000 | 1,092,500 |
| 6.75%, 6/01/21 | United States | 700,000 | 793,625 |
| bGannett Co. Inc., senior bond, 144A, 6.375%, 10/15/23 | United States | 900,000 | 963,000 |
| senior note, 144A, 5.125%, 7/15/20 | United States | 800,000 | 832,000 |
| bThe Nielsen Co. (Luxembourg) S.a.r.l., senior note, 144A, 5.50%, 10/01/21 | United States | 400,000 | 416,500 |
| bNielsen Finance LLC/Co., senior note, 144A, 5.00%, 4/15/22 | United States | 500,000 | 504,688 |
| bRadio One Inc., senior sub. note, 144A, 9.25%, 2/15/20 | United States | 400,000 | 434,000 |
| bSirius XM Radio Inc., senior bond, 144A, 6.00%, 7/15/24 | United States | 800,000 | 824,000 |
| bUnivision Communications Inc., senior secured bond, 144A, 6.75%, 9/15/22 | United States | 358,000 | 393,800 |
| senior secured note, 144A, 6.875%, 5/15/19 | United States | 1,000,000 | 1,072,500 |
| senior secured note, 144A, 7.875%, 11/01/20 | United States | 200,000 | 221,250 |
| bUPCB Finance III Ltd., senior secured note, 144A, 6.625%, 7/01/20 | Netherlands | 1,100,000 | 1,174,250 |
| bVideotron Ltd., senior bond, 144A, 5.375%, 6/15/24 | Canada | 400,000 | 410,000 |
| bVirgin Media Finance PLC., senior bond, 144A, 6.375%, 4/15/23 | United Kingdom | 300,000 | 318,000 |
| bVirgin Media Secured Finance PLC, senior secured bond, first lien, 144A, 5.50%, 1/15/25 | United Kingdom | 800,000 | 806,500 |
| bVTR Finance BV, senior secured note, 144A, 6.875%, 1/15/24 | Chile | 600,000 | 636,899 |
| bWMG Acquisition Corp., secured note, 144A, 6.00%, 1/15/21 | United States | 1,190,000 | 1,237,600 |

Franklin Universal Trust

Statement of Investments, May 31, 2014 (unaudited) (continued)

| | | | |
|---|----------------|-----------|------------|
| senior note, 144A, 5.625%, 4/15/22 | United States | 100,000 | 100,500 |
| | | | 18,175,169 |
| Pharmaceuticals, Biotechnology & Life Sciences 2.5% | | | |
| binVentiv Health Inc., senior secured note, 144A, 9.00%, 1/15/18 | United States | 400,000 | 430,000 |
| b,gJaguar Holding Co. I, senior note, 144A, PIK, 9.375%, 10/15/17 | United States | 600,000 | 627,000 |
| bJaguar Holding Co. II/Merger Sub Inc., senior note, 144A, 9.50%, 12/01/19 | United States | 400,000 | 442,000 |
| Par Pharmaceutical Cos. Inc., senior note, 7.375%, 10/15/20 | United States | 1,600,000 | 1,744,000 |
| bSalix Pharmaceuticals Ltd., senior note, 144A, 6.00%, 1/15/21 | United States | 200,000 | 215,000 |
| bValeant Pharmaceuticals International Inc., senior note, 144A, 7.50%, 7/15/21 | United States | 300,000 | 334,125 |
| 5.625%, 12/01/21 | United States | 200,000 | 208,000 |
| bVPI Escrow Corp., senior note, 144A, 6.375%, 10/15/20 | United States | 1,100,000 | 1,181,125 |
| | | | 5,181,250 |
| Retailing 0.8% | | | |
| bAmerican Builders & Contractors Supply Co. Inc., senior note, 144A, 5.625%, 4/15/21 | United States | 900,000 | 933,750 |
| bNew Look Bondco I PLC, secured note, 144A, 8.375%, 5/14/18 | United Kingdom | 600,000 | 646,125 |
| | | | 1,579,875 |
| Software & Services 2.4% | | | |
| bBMC Software Finance Inc., senior note, 144A, 8.125%, 7/15/21 | United States | 900,000 | 951,750 |
| Equinix Inc., senior bond, 5.375%, 4/01/23 | United States | 1,300,000 | 1,332,500 |
| First Data Corp., senior bond, 12.625%, 1/15/21 | United States | 900,000 | 1,084,500 |
| senior note, 11.25%, 1/15/21 | United States | 200,000 | 230,500 |
| ^b senior secured bond, 144A, 8.25%, 1/15/21 | United States | 900,000 | 981,000 |
| Sterling International Inc., senior note, 11.00%, 10/01/19 | United States | 500,000 | 532,500 |
| | | | 5,112,750 |
| Technology Hardware & Equipment 1.2% | | | |
| bAlcatel-Lucent USA Inc., senior note, 144A, 6.75%, 11/15/20 | France | 1,200,000 | 1,281,000 |
| bBlackboard Inc., senior note, 144A, 7.75%, 11/15/19 | United States | 400,000 | 422,000 |
| b,gCommScope Holdings Co. Inc., senior note, 144A, PIK, 6.625%, 6/01/20 | United States | 400,000 | 429,000 |
| bCommScope Inc., senior note, 144A, 8.25%, 1/15/19 | United States | 364,000 | 396,214 |
| | | | 2,528,214 |
| Telecommunication Services 7.2% | | | |
| bAltice Financing SA, secured note, 144A, 6.50%, 1/15/22 | Luxembourg | 500,000 | 530,000 |
| CenturyLink Inc., senior bond, 6.75%, 12/01/23 | United States | 300,000 | 328,500 |
| bDigicel Group Ltd., senior note, 144A, 8.25%, 9/30/20 | Bermuda | 900,000 | 976,860 |
| bDigicel Ltd., senior note, 144A, 6.00%, 4/15/21 | Bermuda | 500,000 | 510,625 |
| beAccess Ltd., senior note, 144A, 8.25%, 4/01/18 | Japan | 700,000 | 762,125 |

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| | | | |
|--|---------------|-----------|------------|
| Frontier Communications Corp., senior note, 8.50%, 4/15/20 | United States | 800,000 | 937,000 |
| 9.25%, 7/01/21 | United States | 200,000 | 237,250 |
| 8.75%, 4/15/22 | United States | 700,000 | 804,125 |
| Intelsat Jackson Holdings SA, senior bond, 6.625%, 12/15/22 | Luxembourg | 500,000 | 521,875 |
| senior note, 7.25%, 10/15/20 | Luxembourg | 200,000 | 216,500 |
| senior note, 7.50%, 4/01/21 | Luxembourg | 1,500,000 | 1,648,125 |
| bMillicom International Cellular SA, senior note, 144A, 6.625%, 10/15/21 | Luxembourg | 900,000 | 959,063 |
| bSprint Corp., senior bond, 144A, 7.125%, 6/15/24 | United States | 200,000 | 216,000 |
| senior note, 144A, 7.875%, 9/15/23 | United States | 500,000 | 566,250 |
| bSprint Nextel Corp., senior note, 144A, 9.00%, 11/15/18 | United States | 2,000,000 | 2,435,000 |
| 7.00%, 3/01/20 | United States | 500,000 | 578,750 |
| T-Mobile USA Inc., senior bond, 6.50%, 1/15/24 | United States | 200,000 | 213,000 |
| senior note, 6.542%, 4/28/20 | United States | 800,000 | 867,000 |
| senior note, 6.125%, 1/15/22 | United States | 100,000 | 106,375 |
| bWind Acquisition Finance SA, senior secured note, 144A, 7.375%, 4/23/21 | Italy | 1,700,000 | 1,764,812 |
| | | | 15,179,235 |

Transportation 1.6%

| | | | |
|---|---------------|---------|---------|
| bFlorida East Coast Holdings Corp., secured note, 144A, first lien, 6.75%, 5/01/19 | United States | 400,000 | 417,500 |
|---|---------------|---------|---------|

Franklin Universal Trust

Statement of Investments, May 31, 2014 (unaudited) *(continued)*

| | | | |
|--|---------------|---------------|-------------|
| senior note, 144A, 9.75%, 5/01/20 | United States | 200,000 | 209,500 |
| Hertz Corp., senior note, 7.50%, 10/15/18 | United States | 600,000 | 635,250 |
| 6.75%, 4/15/19 | United States | 1,000,000 | 1,073,750 |
| bStena AB, senior bond, 144A, 7.00%, 2/01/24 | Sweden | 500,000 | 527,500 |
| bStena International SA, secured bond, 144A, 5.75%, 3/01/24 | Sweden | 500,000 | 500,625 |
| | | | 3,364,125 |
| Utilities 1.9% | | | |
| bCalpine Corp., senior secured note, 144A, 7.875%, 7/31/20 | United States | 388,000 | 424,860 |
| 7.50%, 2/15/21 | United States | 822,000 | 894,953 |
| 7.875%, 1/15/23 | United States | 408,000 | 460,020 |
| bInterGen NV, secured bond, 144A, 7.00%, 6/30/23 | Netherlands | 1,000,000 | 1,049,375 |
| b,eTexas Competitive Electric Holdings Co. LLC/Texas Competitive Electric Holdings | | | |
| Finance Inc., senior secured note, 144A, 11.50%, 10/01/14 | United States | 1,200,000 | 1,071,000 |
| | | | 3,900,208 |
| Total Corporate Bonds (Cost \$165,289,934) | | | 175,667,621 |
| fSenior Floating Rate Interests 1.0% | | | |
| Capital Goods 0.2% | | | |
| Navistar Inc., Tranche B Term Loan, 5.75%, 8/17/17 | United States | 345,513 | 351,667 |
| Household & Personal Products 0.4% | | | |
| Sun Products Corp., Tranche B Term Loan, 5.50%, 3/23/20 | United States | 977,678 | 944,682 |
| Utilities 0.4% | | | |
| eTexas Competitive Electric Holdings Co. LLC, 2017 Term Loan, 4.737%, 10/10/17 | United States | 954,192 | 765,739 |
| Total Senior Floating Rate Interests (Cost \$2,156,195) | | | 2,062,088 |
| | | Shares | |
| Litigation Trusts (Cost \$—) 0.0% | | | |
| a,hNewPage Corp., Litigation Trust | United States | 1,200,000 | — |
| Total Investments before Short Term Investments (Cost \$217,677,114) | | | 263,438,581 |
| Short Term Investments (Cost \$3,627,065) 1.7% | | | |
| Money Market Funds 1.7% | | | |
| a,i Institutional Fiduciary Trust Money Market Portfolio | United States | 3,627,065 | 3,627,065 |
| Total Investments (Cost \$221,304,179) 127.9% | | | 267,065,646 |

| | |
|--|----------------|
| Notes Payable (28.7)% | (60,000,000) |
| Other Assets, less Liabilities 0.8% | 1,689,520 |
| Net Assets 100.0% | \$ 208,755,166 |

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

a Non-income producing.

b 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, 2014, the aggregate value of these securities was \$76,968,131, representing 36.87% of net assets.

c Perpetual security with no stated maturity date.

d A portion or all of the security purchased on a when-issued basis.

e Defaulted security or security for which income has been deemed uncollectible.

f The coupon rate shown represents the rate at period end.

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

h Security has been deemed illiquid because it may not be able to be sold within seven days.

i The Institutional Fiduciary Trust Money Market Portfolio is an affiliated open-end management investment company.

ABBREVIATIONS

Selected Portfolio

ADR - American Depositary Receipt

FRN - Floating Rate Note

PIK - Payment-In-Kind

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 amended, as a closed-end management investment company.

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 at the close of the New York Stock Exchange (NYSE), generally at 4 p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Senior Fixed Rate Notes 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 and Liquidity Oversight Committee (VLOC). The VLOC 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 the NYSE close, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close 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. Investments in open-end mutual funds are valued at the closing net asset value.

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. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close on the date that the values of the foreign debt securities are determined.

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 VLOC 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 VLOC 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 VLOC 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 the daily NYSE close. In addition, trading in certain foreign markets may not take place on every NYSE business day. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE that might call into question the reliability of

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the 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 the close of the NYSE. In order to minimize the potential for these differences, the VLOC 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.

Also, when the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the NYSE is closed, 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, 2014, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

| | | |
|--|----|--------------|
| Cost of investments | \$ | 221,367,924 |
| Unrealized appreciation | \$ | 48,039,886 |
| Unrealized depreciation | | (2,342,164) |
| Net unrealized appreciation (depreciation) | \$ | 45,697,722 |

4. 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, 2014, in valuing the Fund's assets carried at fair value, is as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|---------------|----------------|-----------|-------------|
| Assets: | | | | |
| Investments in Securities: | | | | |
| Equity Investments: ^a | | | | |
| Materials | \$ 4,314,779 | \$ 216,000 | \$ - | 4,530,779 |
| Transportation | - | 647,640 | - | 647,640 |
| Other Equity Investments ^b | 80,530,453 | - | - | 80,530,453 |
| Corporate Bonds | - | 175,657,621 | 10,000 | 175,667,621 |
| Senior Floating Rate Interests | - | 2,062,088 | - | 2,062,088 |
| Litigation Trusts | - | - | - c | - c |
| Short Term Investments | 3,627,065 | - | - | 3,627,065 |
| Total Investments in Securities | \$ 88,472,297 | \$ 178,583,349 | \$ 10,000 | 267,065,646 |

^aIncludes common, preferred and convertible preferred stocks.

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

^cIncludes security determined to have no value at May 31, 2014.

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.

5. 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.

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

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 Laura F. Ferguson, 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/Laura F. Ferguson

Laura F. Ferguson

Chief Executive Officer -

Finance and Administration

Date July 28, 2014

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/Laura F. Fergerson

Laura F. Fergerson

Chief Executive Officer -

Finance and Administration

Date July 28, 2014

By /s/Gaston Gardey

Gaston Gardey

Chief Financial Officer and

Chief Accounting Officer

Date July 28, 2014