

FRANKLIN LTD DURATION INCOME TRUST
Form N-Q
August 28, 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 811-21357

Franklin Limited Duration Income Trust

(formerly, Franklin Templeton Limited Duration Income Trust)

(Exact name of registrant as specified in charter)

One Franklin Parkway, San Mateo, CA 94403-1906

(Address of principal executive offices) (Zip code)

**Craig S. Tyle, One Franklin Parkway, San
Mateo, CA 94403-1906**

(Name and address of agent for service)

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

Craig S. Tyle, One Franklin Parkway, San Mateo, CA 94403-1906

Date of fiscal year end: 03/31

Date of reporting period: 6/30/14

Item 1. Schedule of Investments.

Franklin Limited Duration Income Trust

Statement of Investments, June 30, 2014 (unaudited)

	Country	Shares	Value
Common Stocks 0.1%			
Materials 0.1%			
NewPage Holdings Inc.	United States	3,000	\$ 249,000
Transportation 0.0%†			
aCEVA Holdings LLC	United Kingdom	112	123,354
Total Common Stocks (Cost \$728,298)			372,354
Convertible Preferred Stocks 0.1%			
Transportation 0.1%			
aCEVA Holdings LLC, cvt. pfd., A-1	United Kingdom	6	8,700
aCEVA Holdings LLC, cvt. pfd., A-2	United Kingdom	243	267,025
Total Convertible Preferred Stocks (Cost \$369,948)			275,725
Principal Amount*			
Corporate Bonds 48.4%			
Automobiles & Components 0.4%			
The Goodyear Tire & Rubber Co., senior note, 6.50%, 3/01/21	United States	1,300,000	1,417,000
Banks 3.3%			
bBank of America Corp., junior sub. bond, M, 8.125% to 5/15/18, FRN thereafter, Perpetual	United States	3,000,000	3,391,194
CIT Group Inc., 4.25%, 8/15/17	United States	1,500,000	1,568,437
senior note, 5.00%, 5/15/17	United States	1,200,000	1,281,750
cSenior note, 144A, 6.625%, 4/01/18	United States	500,000	563,750
bCitigroup Inc., M, junior sub. bond, 6.30% to 5/15/24, FRN thereafter, Perpetual	United States	1,300,000	1,330,050
bJPMorgan Chase & Co., junior sub. bond, 5.00% to 7/30/19, FRN thereafter, Perpetual	United States	500,000	499,599
6.00% to 8/01/23, FRN thereafter, Perpetual	United States	1,500,000	1,537,500
Royal Bank of Scotland Group PLC, sub. note, 6.125%, 12/15/22	United Kingdom	1,000,000	1,095,625
The Royal Bank of Scotland PLC, sub. note, 6.934%, 4/09/18	United Kingdom	1,100,000	EUR 1,748,360
			13,016,265

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Capital Goods 0.1%

cTransDigm Inc., senior sub. note, 144A, 6.00%, 7/15/22	United States	500,000	514,375
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Consumer Durables & Apparel 1.3%

KB Home, senior note, 4.75%, 5/15/19	United States	1,100,000	1,111,000
7.00%, 12/15/21	United States	1,100,000	1,201,750
cTaylor Morrison Communities Inc./Monarch Communities Inc., senior note, 144A, 7.75%, 4/15/20	United States	722,000	792,395
5.25%, 4/15/21	United States	500,000	510,000
Visant Corp., senior note, 10.00%, 10/01/17	United States	1,400,000	1,312,500
			4,927,645

Consumer Services 1.8%

c24 Hour Holdings III LLC, senior note, 144A, 8.00%, 6/01/22	United States	900,000	900,000
Caesars Entertainment Operating Co. Inc., senior secured note, 11.25%, 6/01/17	United States	2,500,000	2,300,000
cLandry's Inc., senior note, 144A, 9.375%, 5/01/20	United States	900,000	994,500
MGM Resorts International, senior note, 8.625%, 2/01/19	United States	2,500,000	2,990,625
			7,185,125

Diversified Financials 2.4%

Ally Financial Inc., senior note, 6.25%, 12/01/17	United States	2,000,000	2,240,000
4.75%, 9/10/18	United States	1,000,000	1,063,750
E*TRADE Financial Corp., senior note, 6.375%, 11/15/19	United States	800,000	870,000
cNeuberger Berman Group LLC/Finance Corp., senior note, 144A, 5.625%, 3/15/20	United States	700,000	743,750
cNuveen Investments Inc., senior note, 144A, 9.125%, 10/15/17	United States	1,500,000	1,633,125
SLM Corp., senior note, 8.45%, 6/15/18	United States	1,400,000	1,658,125

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

Franklin Limited Duration Income Trust

Statement of Investments, June 30, 2014 (unaudited) *(continued)*

5.50%, 1/15/19	United States	1,100,000	1,171,500
			9,380,250
Energy 11.7%			
BreitBurn Energy Partners LP/Finance Corp., senior bond, 7.875%, 4/15/22	United States	600,000	654,750
cCGG SA, senior note, 144A, 6.875%, 1/15/22	France	1,200,000	1,203,000
CHC Helicopter SA, senior secured note, first lien, 9.25%, 10/15/20	Canada	1,800,000	1,971,000
Chesapeake Energy Corp., senior note, 6.625%, 8/15/20	United States	2,500,000	2,887,500
6.125%, 2/15/21	United States	1,000,000	1,125,000
Clayton Williams Energy Inc., senior note, 7.75%, 4/01/19	United States	1,500,000	1,597,500
cCONSOL Energy Inc., senior note, 144A, 5.875%, 4/15/22	United States	1,100,000	1,155,000
cDrill Rigs Holdings Inc., secured note, 144A, 6.50%, 10/01/17	United States	1,500,000	1,541,250
Energy Transfer Equity LP, senior note, 7.50%, 10/15/20	United States	2,500,000	2,900,000
Energy XXI Gulf Coast Inc., senior note, 7.50%, 12/15/21	United States	600,000	645,000
c144A, 6.875%, 3/15/24	United States	300,000	306,750
cEnQuest PLC, senior note, 144A, 7.00%, 4/15/22	United Kingdom	500,000	519,062
EPL Oil & Gas Inc., senior note, 8.25%, 2/15/18	United States	1,000,000	1,075,000
cExpro Finance Luxembourg, senior secured note, 144A, 8.50%, 12/15/16	United Kingdom	1,000,000	1,045,625
Halcon Resources Corp., senior note, 9.75%, 7/15/20	United States	100,000	109,625
8.875%, 5/15/21	United States	1,500,000	1,620,000
9.25%, 2/15/22	United States	500,000	548,750
cKinder Morgan Inc., senior secured note, 144A, 5.00%, 2/15/21	United States	600,000	625,500
Kodiak Oil & Gas Corp., senior note, 8.125%, 12/01/19	United States	900,000	1,001,250
5.50%, 1/15/21	United States	300,000	314,250
Linn Energy LLC/Finance Corp., senior note, 8.625%, 4/15/20	United States	1,500,000	1,627,500
7.75%, 2/01/21	United States	1,000,000	1,083,750
Martin Midstream Partners LP/Martin Midstream Finance Corp., senior note, 7.25%, 2/15/21	United States	1,400,000	1,491,000
c,dMemorial Resource Development Corp., senior note, 144A, 5.875%, 7/01/22	United States	400,000	405,000
Midstates Petroleum Co. Inc./LLC, senior note, 9.25%, 6/01/21	United States	1,000,000	1,105,000
cMurray Energy Corp., senior secured note, 144A, 8.625%, 6/15/21	United States	800,000	870,000
cOcean Rig UDW Inc., senior note, 144A, 7.25%, 4/01/19	United States	600,000	595,500
Offshore Group Investment Ltd.,			

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senior bond, first lien, 7.125%, 4/01/23	United States	600,000	613,500
senior secured note, first lien, 7.50%, 11/01/19	United States	1,000,000	1,059,375
Peabody Energy Corp., senior note, 6.00%, 11/15/18	United States	2,500,000	2,618,750
Penn Virginia Resource Partners LP/Penn Virginia Resource Finance Corp., senior note, 8.375%, 6/01/20	United States	632,000	718,110
6.50%, 5/15/21	United States	300,000	328,500
QR Energy LP/QRE Finance, senior note, 9.25%, 8/01/20	United States	1,400,000	1,536,500
Quicksilver Resources Inc., senior note, 9.125%, 8/15/19	United States	1,500,000	1,398,750
Regency Energy Partners LP/Regency Energy Finance Corp., senior note, 5.875%, 3/01/22	United States	200,000	217,750
Sabine Pass Liquefaction LLC, first lien, 5.625%, 2/01/21	United States	2,000,000	2,125,000
cSamson Investment Co., senior note, 144A, 9.75%, 2/15/20	United States	1,500,000	1,588,125
cSanchez Energy Corp., senior note, 144A, 7.75%, 6/15/21	United States	1,000,000	1,090,000
6.125%, 1/15/23	United States	300,000	310,500
W&T Offshore Inc., senior note, 8.50%, 6/15/19	United States	1,500,000	1,627,500
			45,255,922
Food, Beverage & Tobacco 1.6%			
Del Monte Corp., senior note, 7.625%, 2/15/19	United States	1,380,000	1,439,823
cDole Food Co. Inc., senior secured note, 144A, 7.25%, 5/01/19	United States	1,000,000	1,013,750
cJBS USA LLC/Finance Inc., senior note, 144A, 8.25%, 2/01/20	United States	1,900,000	2,071,000
cPost Holdings Inc., senior note, 144A, 6.75%, 12/01/21	United States	500,000	531,875
7.375%, 2/15/22	United States	1,000,000	1,085,000

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Statement of Investments, June 30, 2014 (unaudited) *(continued)*

6.00%, 12/15/22	United States	100,000	102,250
			6,243,698
Health Care Equipment & Services 2.7%			
Alere Inc.,			
senior note, 7.25%, 7/01/18	United States	1,300,000	1,423,500
senior sub. note, 6.50%, 6/15/20	United States	200,000	211,000
Aviv Healthcare Properties LP/Aviv Healthcare Capital Corp., senior note, 6.00%, 10/15/21	United States	400,000	426,000
CHS/Community Health Systems Inc.,			
senior note, 8.00%, 11/15/19	United States	1,100,000	1,207,250
senior note, 7.125%, 7/15/20	United States	400,000	435,000
c senior note, 144A, 6.875%, 2/01/22	United States	100,000	106,500
senior secured note, 5.125%, 8/15/18	United States	900,000	946,125
DaVita HealthCare Partners Inc., senior bond, 5.125%, 7/15/24	United States	700,000	705,687
HCA Inc.,			
senior note, 7.50%, 2/15/22	United States	1,000,000	1,156,250
senior note, 5.875%, 5/01/23	United States	1,500,000	1,573,125
senior secured note, 5.875%, 3/15/22	United States	1,000,000	1,087,500
Tenet Healthcare Corp.,			
first lien, 6.00%, 10/01/20	United States	500,000	543,750
c senior note, 144A, 5.00%, 3/01/19	United States	500,000	508,125
			10,329,812
Materials 6.3%			
ArcelorMittal, senior note, 5.00%, 2/25/17	Luxembourg	3,000,000	3,168,750
cArdagh Packaging Finance PLC, senior note, 144A, 9.125%, 10/15/20	Luxembourg	700,000	777,875
cArdagh Packaging Finance PLC/Ardagh MP Holdings USA Inc.,			
senior note, 144A, 6.25%, 1/31/19	Luxembourg	300,000	308,250
senior note, 144A, 7.00%, 11/15/20	Luxembourg	88,235	91,655
d, senior secured note, 144A, FRN, 0.00%, 12/15/19	Luxembourg	700,000	701,750
cBarmingo Finance Pty. Ltd., senior note, 144A, 9.00%, 6/01/18	Australia	1,000,000	982,500
cCemex SAB de CV,			

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secured note, 144A, 5.875%, 3/25/19	Mexico	500,000	523,125
senior secured note, 144A, 9.00%, 1/11/18	Mexico	2,000,000	2,157,500
cConstellium NV, senior note, 144A, 5.75%, 5/15/24	Netherlands	1,500,000	1,561,875
cEldorado Gold Corp., senior note, 144A, 6.125%, 12/15/20	Canada	1,500,000	1,522,500
cFirst Quantum Minerals Ltd., senior note, 144A, 6.75%, 2/15/20	Canada	1,261,000	1,305,135
7.00%, 2/15/21	Canada	1,261,000	1,303,559
cFMG Resources (August 2006) Pty. Ltd., senior note, 144A, 6.875%, 2/01/18	Australia	1,500,000	1,578,750
8.25%, 11/01/19	Australia	1,000,000	1,092,500
cIneos Group Holdings SA, senior note, 144A, 6.50%, 8/15/18	Switzerland	600,000 EUR	858,645
5.875%, 2/15/19	Switzerland	600,000	616,500
Novelis Inc., senior note, 8.375%, 12/15/17	Canada	500,000	533,625
8.75%, 12/15/20	Canada	900,000	1,003,500
cOrion Engineered Carbons Bondco GmbH, senior secured note, first lien, 144A, 9.625%, 6/15/18	Germany	650,000	702,406
cPolymer Group Inc., senior note, 144A, 6.875%, 6/01/19	United States	400,000	408,000
cRain CII Carbon LLC/Corp., second lien, 144A, 8.25%, 1/15/21	United States	600,000	633,000
Reynolds Group Issuer Inc./LLC/SA, senior note, 8.50%, 5/15/18	United States	1,000,000	1,047,500
senior note, 9.00%, 4/15/19	United States	100,000	106,375
senior note, 8.25%, 2/15/21	United States	1,000,000	1,092,500
senior secured note, 7.125%, 4/15/19	United States	500,000	525,000
			24,602,775
Media 4.9%			
Cablevision Systems Corp., senior note, 8.625%, 9/15/17	United States	1,000,000	1,166,250
CCO Holdings LLC/CCO Holdings Capital Corp., senior bond, 5.25%, 9/30/22	United States	900,000	918,000
Clear Channel Communications Inc., senior secured bond, first lien, 9.00%, 3/01/21	United States	2,000,000	2,147,500
Clear Channel Worldwide Holdings Inc., senior note, 6.50%, 11/15/22	United States	700,000	757,750
senior sub. note, 7.625%, 3/15/20	United States	800,000	867,000

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Statement of Investments, June 30, 2014 (unaudited) (continued)

CSC Holdings LLC, senior note, 6.75%, 11/15/21	United States	1,500,000	1,655,625
DISH DBS Corp., senior note, 7.125%, 2/01/16	United States	2,000,000	2,167,500
cGannett Co. Inc., senior note, 144A, 5.125%, 10/15/19	United States	1,200,000	1,245,000
7/15/20	United States	800,000	825,000
cRadio One Inc., senior sub. note, 144A, 9.25%, 2/15/20	United States	400,000	435,000
cSirius XM Radio Inc., senior bond, 144A, 6.00%, 7/15/24	United States	1,000,000	1,042,500
cUnivision Communications Inc., senior secured bond, 144A, 6.75%, 9/15/22	United States	472,000	524,510
senior secured note, 144A, 6.875%, 5/15/19	United States	500,000	535,000
senior secured note, 144A, 5.125%, 5/15/23	United States	1,000,000	1,063,750
cUPCB Finance II Ltd., senior secured note, 144A, 6.375%, 7/01/20	Netherlands	1,100,000 EUR	1,603,105
cVirgin Media Secured Finance PLC, senior secured bond, first lien, 144A, 5.50%, 1/15/25	United Kingdom	1,100,000	1,142,625
cWMG Acquisition Corp., senior note, 144A, 5.625%, 4/15/22	United States	1,000,000	1,008,750
			19,104,865
Pharmaceuticals, Biotechnology & Life Sciences 1.7%			
cGrifols Worldwide Operations Ltd., senior note, 144A, 5.25%, 4/01/22	United States	400,000	416,000
c,f,gJaguar Holding Co. I, senior note, 144A, PIK, 9.375%, 10/15/17	United States	700,000	728,000
cJaguar Holding Co. II/Merger Sub Inc., senior note, 144A, 9.50%, 12/01/19	United States	500,000	548,750
Par Pharmaceutical Cos. Inc., senior note, 7.375%, 10/15/20	United States	1,900,000	2,073,375
cValeant Pharmaceuticals International Inc., senior note, 144A, 6.75%, 8/15/18	United States	700,000	756,000
5.625%, 12/01/21	United States	500,000	515,000
cVPI Escrow Corp., senior note, 144A, 6.375%, 10/15/20	United States	1,500,000	1,599,375
			6,636,500
Retailing 0.4%			
cNew Look Bondco I PLC, 144A, 8.75%, 5/14/18	United Kingdom	900,000 GBP	1,653,977
Software & Services 1.8%			
cBMC Software Finance Inc., senior note, 144A, 8.125%, 7/15/21	United States	1,200,000	1,240,500
Equinix Inc., senior note, 4.875%, 4/01/20	United States	1,500,000	1,545,000
cFirst Data Corp., senior secured bond, 144A, 8.25%, 1/15/21	United States	3,000,000	3,300,000
Sterling International Inc., senior note, 11.00%, 10/01/19	United States	700,000	754,250

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			6,839,750
Technology Hardware & Equipment 0.7%			
cAlcatel-Lucent USA Inc., senior note, 144A, 4.625%, 7/01/17	France	700,000	726,250
6.75%, 11/15/20	France	1,300,000	1,391,000
cBlackboard Inc., senior note, 144A, 7.75%, 11/15/19	United States	500,000	525,000
			2,642,250
Telecommunication Services 4.7%			
CenturyLink Inc., senior bond, 6.75%, 12/01/23	United States	300,000	329,250
cDigicel Group Ltd., senior note, 144A, 8.25%, 9/30/20	Bermuda	1,200,000	1,323,000
cDigicel Ltd., senior note, 144A, 6.00%, 4/15/21	Bermuda	700,000	724,937
ceAccess Ltd., senior note, 144A, 8.25%, 4/01/18	Japan	1,200,000	1,301,250
Frontier Communications Corp., senior note, 8.125%, 10/01/18	United States	2,000,000	2,350,000
Intelsat Jackson Holdings SA, senior note, 7.25%, 4/01/19	Luxembourg	2,000,000	2,135,000
10/15/20	Luxembourg	1,000,000	1,080,000
cMillicom International Cellular SA, senior note, 144A, 6.625%, 10/15/21	Luxembourg	1,000,000	1,086,250
cSprint Corp., senior bond, 144A, 7.125%, 6/15/24	United States	300,000	318,750
senior note, 144A, 7.25%, 9/15/21	United States	500,000	553,125
Sprint Nextel Corp., senior note, 8.375%, 8/15/17	United States	500,000	585,625
c144A, 9.00%, 11/15/18	United States	1,500,000	1,822,500
c144A, 7.00%, 3/01/20	United States	600,000	693,000
T-Mobile USA Inc., senior note, 6.542%, 4/28/20	United States	900,000	975,375
6.125%, 1/15/22	United States	300,000	319,500
cWind Acquisition Finance SA, senior secured note, 144A, d4.75%, 7/15/20	Italy	500,000	504,688

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Statement of Investments, June 30, 2014 (unaudited) *(continued)*

7.375%, 4/23/21	Italy	2,000,000	2,151,250
			18,253,500
Transportation 1.1%			
cFlorida East Coast Holdings Corp., secured note, first lien, 144A, 6.75%, 5/01/19	United States	700,000	741,125
Hertz Corp., senior note, 6.75%, 4/15/19	United States	1,000,000	1,065,000
5.875%, 10/15/20	United States	1,000,000	1,050,000
cStena AB, senior bond, 144A, 7.00%, 2/01/24	Sweden	600,000	640,500
cStena International SA, secured bond, 144A, 5.75%, 3/01/24	Sweden	700,000	712,250
			4,208,875
Utilities 1.5%			
cCalpine Corp., senior secured note, 144A, 7.875%, 7/31/20	United States	492,000	536,280
144A, 7.50%, 2/15/21	United States	830,000	901,588
144A, 7.875%, 1/15/23	United States	406,000	454,720
first lien, 144A, 6.00%, 1/15/22	United States	100,000	108,250
cInterGen NV, secured bond, 144A, 7.00%, 6/30/23	Netherlands	1,500,000	1,560,000
c,dNGL Energy Partners LP/NGL Energy Finance Corp., senior note, 144A, 5.125%, 7/15/19	United States	300,000	302,250
c,hTexas Competitive Electric Holdings Co. LLC/Texas Competitive Electric Holdings Finance Inc., senior secured note, 144A, 11.50%, 10/01/20	United States	2,000,000	1,835,000
			5,698,088
Total Corporate Bonds (Cost \$175,506,887)			187,910,672
eSenior Floating Rate Interests 51.4%			
Automobiles & Components 1.4%			
August LuxUK Holding Co., Lux Term B-1 Loan, 5.00%, 4/27/18	Luxembourg	489,926	496,663
August U.S. Holding Co. Inc., U.S. Term B-1 Loan, 5.00%, 4/27/18	United States	505,572	512,524
dGates Global LLC, Initial Dollar Term Loans, 5.50%, 7/03/21	United States	2,000,000	1,996,094
dGrede Holdings LLC, Initial Term Loan, 6.00%, 6/02/21	United States	1,500,000	1,507,188
UCI International Inc., Term Loan, 5.50%, 7/26/17	United States	1,050,373	1,055,187
			5,567,656
Capital Goods 4.5%			
dAlfred Fueling Systems Inc. (Wayne Fueling), First Lien Initial Term Loan, 6.00%,			

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6/20/21	United States	1,000,000	1,004,583
AWAS Finance Luxembourg 2012 SA, Term Loan, 3.50%, 7/16/18	Luxembourg	670,524	671,782
dDoosan Infracore International and Doosan Holdings Europe, Tranche B Term Loan, 5.75%, 5/28/21	United States	1,940,000	1,950,491
Fly Funding II S.A.R.L., Loans, 4.50%, 8/09/19	Luxembourg	2,705,934	2,737,504
dIna Beteiligungsgesellschaft mbh (Schaeffler), Facility E, 5.25%, 5/15/20	Germany	2,000,000	2,011,250
RBS Global Inc. (Rexnord), Term B Loan, 4.00%, 8/21/20	United States	2,074,325	2,075,621
Tomkins LLC and Tomkins Inc., Term B-2 Loan, 3.75%, 9/21/16	United States	2,119,048	2,123,816
TransDigm Inc., dTranche C Term Loan, 3.75%, 2/28/20	United States	3,972,355	3,962,178
Tranche D Term Loan, 3.75%, 6/04/21	United States	1,000,000	996,625
			17,533,850
Commercial & Professional Services 0.9%			
Acosta Inc., Term Loan B, 4.25%, 3/01/18	United States	379,046	381,119
Interactive Data Corp., Term Loan, 4.75%, 5/02/21	United States	3,000,000	3,029,532
			3,410,651
Consumer Services 5.5%			
24 Hour Fitness Worldwide Inc., Term Loan, 4.75%, 5/30/21	United States	2,000,000	2,014,584
Boyd Gaming Corp., Term B Loan, 4.00%, 8/14/20	United States	967,778	971,145
Bright Horizons Family Solutions LLC, Term B Loan, 3.75% - 5.00%, 1/30/20	United States	1,853,845	1,855,584
Burger King Corp., Tranche B Term Loan, 3.75%, 9/28/19	United States	1,040,363	1,045,490
dCaesars Entertainment Resort Properties LLC, Term B Loans, 7.00%, 10/11/20	United States	2,994,987	3,015,371
ClubCorp Club Operations Inc., Term B Loans, 4.00%, 7/24/20	United States	1,770,000	1,767,787
Fitness International LLC, Term Loan B, 6.75%, 7/01/20	United States	2,000,000	1,995,834
Four Seasons Holdings Inc., Second Lien Term Loan, 6.25%, 12/27/20	Canada	670,000	682,563
La Quinta Intermediate Holdings LLC, Initial Term Loans, 4.00%, 4/14/21	United States	1,923,810	1,930,122
Scientific Games International Inc., Term Loan B, 4.25%, 10/18/20	United States	2,987,494	2,961,819

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Statement of Investments, June 30, 2014 (unaudited) (continued)

Sungard Availability Services Capital Inc., Tranche B Term Loan, 6.00%, 3/31/19	United States	1,396,500	1,388,209
Tropicana Entertainment Inc., Term Loans, 4.00%, 11/27/20	United States	1,955,225	1,962,557
			21,591,065
Diversified Financials 1.5%			
Asurion LLC, Incremental Tranche B-1 Term Loan, 5.00%, 5/24/19	United States	1,370,122	1,379,970
Incremental Tranche B-2 Term Loans, 4.25%, 7/08/20	United States	425,700	426,270
Trans Union LLC, 2014 Replacement Term Loan, 4.00%, 4/09/21	United States	4,045,989	4,053,069
			5,859,309
Energy 0.6%			
Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15	United States	490,143	496,270
Samson Investment Co., Second Lien Tranche I Term Loan, 5.00%, 9/25/18	United States	2,000,000	2,004,108
			2,500,378
Food & Staples Retailing 0.3%			
AdvancePierre Foods Inc., Second Lien Term Loan, 9.50%, 10/10/17	United States	1,040,000	1,010,100
Food, Beverage & Tobacco 1.5%			
Big Heart Pet Brands (Del Monte Pet), Initial Term Loans, 3.50%, 2/24/20	United States	2,154,841	2,144,067
Dole Food Co. Inc., Tranche B Term Loan, 4.50% - 5.75%, 11/01/18	United States	1,614,827	1,618,453
dPost Holdings Inc., Series A Incremental Term Loan, 3.75%, 6/02/21	United States	1,850,000	1,867,199
			5,629,719
Health Care Equipment & Services 6.1%			
Alere Inc., B Term Loan, 4.25%, 6/30/17	United States	2,129,782	2,138,301
Biomet Inc., Dollar Term B-2 Loan, 3.652% - 3.733%, 7/25/17	United States	937,011	939,570
Community Health Systems Inc., 2017 Term E Loan, 3.478%, 1/25/17	United States	628,892	631,150
2021 Term D Loan, 4.25%, 1/27/21	United States	2,919,955	2,941,627
Connolly LLC, Initial Term Loan, 5.00%, 5/14/21	United States	2,000,000	2,028,750
dDaVita HealthCare Partners Inc., Tranche B Term Loan, 5.00%, 6/24/21	United States	1,911,642	1,923,078
Envision Healthcare Corp. (Emergency Medical), Initial Term Loan, 4.00%, 5/25/18	United States	2,065,787	2,071,813
Iasis Healthcare LLC, Term B-2 Loan, 4.50%, 5/03/18	United States	1,742,585	1,751,559
Kinetic Concepts Inc., Term E-2 Loan, 3.50%, 11/04/16	United States	1,950,424	1,955,300
Millennium Laboratories LLC, Tranche B Term Loan, 5.25%, 4/16/21	United States	3,000,000	3,031,224
National Mentor Holdings Inc., Initial Tranche B Term Loan, 4.75%, 1/31/21	United States	359,100	361,494
Truven Health Analytics Inc., New Tranche B Term Loan, 4.50%, 6/06/19	United States	598,485	593,622
U.S. Renal Care Inc., Tranche B-2 Term Loan, 4.25%, 7/03/19	United States	3,258,584	3,273,860
			23,641,348

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Household & Personal Products 0.6%

Sun Products Corp., Tranche B Term Loan, 5.50%, 3/23/20	United States	2,460,196	2,420,217
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Materials 8.0%

Arysta Lifescience SPC LLC, Initial Term Loan, 4.50%, 5/29/20	United States	2,873,437	2,893,157
Second Lien Initial Term Loan, 8.25%, 11/30/20	United States	1,000,000	1,023,750
Axalta Coating Systems U.S. Holdings Inc., 2014 Specified Refinancing Term, 4.00%, 2/01/20	United States	1,920,600	1,924,069
dAZ Chem US Inc., First Lien Initial Term Loan, 5.75%, 6/12/21	United States	2,000,000	2,020,834
BWAY Holding Co., Initial Term Loan, 4.50%, 8/06/17	United States	935,750	940,429
CeramTec Acquisition Corp., Initial Dollar Term B-2 Loan, 4.25%, 8/30/20	United States	41,910	42,076
CeramTec GmbH, Dollar Term B-3 Loan, 4.25%, 8/30/20	Germany	128,191	128,699
Exopack Holdings SA, USD Term Loan, 5.25%, 5/08/19	Luxembourg	1,977,192	2,011,176
Faenza Acquisition GmbH, Initial Dollar Term B-1 Loan, 4.25%, 8/30/20	Germany	422,889	424,562
FMG America Finance Inc. (Fortescue Metals Group), Loans, 3.75%, 6/30/19	United States	3,473,576	3,480,812
Ineos U.S. Finance LLC, Dollar Term Loan, 3.75%, 5/04/18	United States	1,941,064	1,938,772
MacDermid Holdings LLC, First Lien Tranche B Term Loan, 4.00%, 6/07/20	United States	990,000	991,980
OCI Beaumont LLC, Term B-3 Loan, 5.00%, 8/20/19	United States	1,834,128	1,863,933
Oxbow Carbon LLC, First Lien Tranche B Term Loan, 4.25%, 7/19/19	United States	3,316,051	3,325,724
Prescrix Inc., 1st Lien Term Loan B, 4.25%, 5/02/21	United States	250,000	250,937
2nd Lien Term Loan, 8.00%, 5/02/22	United States	180,000	181,125
Reynolds Group Holdings Inc., U.S. Term Loan, 4.00%, 12/01/18	United States	2,508,115	2,514,543
Tronox Pigments (Netherlands) BV, Term Loan, 4.00%, 3/19/20	Netherlands	2,959,694	2,965,705

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Statement of Investments, June 30, 2014 (unaudited) (continued)

Univar Inc., Term B Loan, 5.00%, 6/30/17	United States	1,964,430	1,974,427
			30,896,710
Media 4.5%			
Cengage Learning Acquisitions Inc., First Lien Exit Term Loan, 7.00%, 3/31/20	United States	1,995,000	2,023,471
Cumulus Media Holdings Inc., Term Loans, 4.25%, 12/23/20	United States	3,475,351	3,492,294
Entercom Radio LLC, Term Loan B-2, 4.00% - 5.25%, 11/23/18	United States	725,333	728,597
dGray Television Inc., Term Loan B, 5.25%, 6/13/21	United States	1,472,964	1,482,476
Media General Inc., Term B Loan, 4.25%, 7/31/20	United States	1,902,843	1,914,129
Univision Communications Inc., First-Lien Term Loan, Add-on, 4.00%, 3/01/20	United States	997,375	997,921
Replacement First-Lien Term Loan, 4.00%, 3/01/20	United States	622,149	622,440
Virgin Media Bristol LLC, B Facility, 3.50%, 6/07/20	United States	3,100,000	3,092,058
William Morris Endeavor Entertainment LLC, Term Loans First Lien, 5.25%, 3/21/21	United States	3,000,000	3,027,189
			17,380,575
Pharmaceuticals, Biotechnology & Life Sciences 2.3%			
dAkorn Inc., Loans, 5.75%, 4/17/21	United States	770,000	774,491
Mallinckrodt International Finance SA and Mallinck, Initial Term B Loan, 3.50%, 3/19/21	United States	1,167,075	1,168,209
Pharmaceutical Product Development LLC, Term Loan, 4.00%, 12/05/18	United States	2,057,567	2,065,497
Quintiles Transnational Corp., Term B-3 Loan, 3.75%, 6/08/18	United States	2,000,000	2,003,000
Valeant Pharmaceuticals International Inc., Series C-2 Tranche B Term Loan, 3.75%, 12/11/19	Canada	994,937	995,683
Series D-2 Tranche B Term Loan, 3.75%, 2/13/19	Canada	1,871,884	1,872,719
			8,879,599
Retailing 3.7%			
Academy Ltd., Initial Term Loans, 4.50%, 8/03/18	United States	1,004,385	1,009,329
American Builders & Contractors Supply Co. Inc., Term B Loans, 3.50%, 4/16/20	United States	1,061,975	1,060,565
BJ's Wholesale Club Inc., 2013 (Nov) Replacement Loans, 4.50%, 9/26/19	United States	2,185,322	2,191,600
Evergreen AcqCo. 1 LP (Savers), Term Loan, 5.00%, 7/09/19	United States	2,955,000	2,957,772
Harbor Freight Tools USA Inc., Loans, 4.75%, 7/26/19	United States	1,991,927	2,010,352
dThe Men's Wearhouse Inc., Tranche B Term Loan, 4.50%, 6/18/21	United States	3,000,000	3,014,610
dSears Roebuck Acceptance Corp., Term Loan, 5.50%, 6/30/18	United States	1,990,422	2,015,836
			14,260,064
Semiconductors & Semiconductor Equipment 1.5%			
Avago Technologies Cayman Ltd., Term Loans, 3.75%, 5/06/21	United States	3,000,000	3,013,917
Freescale Semiconductor Inc., Tranche B-4 Term Loan, 4.25%, 2/28/20	United States	987,538	989,801

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M/A-COM Technology Solutions Holdings Inc., Initial Term Loan, 4.50%, 5/07/21	United States	1,670,000	1,683,611 5,687,329
Software & Services 3.1%			
dBMC Software Finance Inc., Initial U.S. Term Loans, 5.00%, 9/10/20	United States	3,009,900	3,008,961
MoneyGram International Inc., Term Loan, 4.25%, 3/28/20	United States	2,154,545	2,127,883
Safenet Inc., First Lien Initial Term Loan, 5.50%, 2/24/20	United States	847,875	852,114
SunGard Data Systems Inc., Tranche E Term Loan, 4.00%, 3/08/20	United States	2,019,977	2,029,761
dVantiv LLC (Fifth Third Processing), Term B Loan, 5.25%, 6/13/21	United States	2,140,000	2,149,029
Web.com Group Inc., First Lien Term Loan, 4.50%, 10/27/17	United States	1,821,817	1,827,510
			11,995,258
Technology Hardware & Equipment 1.7%			
Alcatel-Lucent USA Inc., US Term Loan C (TLC), 4.50%, 1/30/19	United States	992,443	994,718
Dell International LLC, Term B Loan, 4.50%, 4/29/20	United States	2,990,000	3,008,179
Oberthur Technologies of America Corp., Tranche B-2 Term Loan, 4.50%, 10/18/19	United States	995,000	1,003,694
Telesat Canada/Telesat LLC, U.S. Term B-2 Loan, 3.50%, 3/28/19	Canada	1,483,669	1,483,484
			6,490,075
Telecommunication Services 1.7%			
Genesys Telecom Holdings U.S. Inc., Dollar Term Loan, 4.00%, 2/08/20	United States	1,090,482	1,087,756
Intelsat Jackson Holdings SA, Tranche B-2 Term Loan, 3.75%, 6/30/19	Luxembourg	3,410,931	3,421,058
Zayo Group LLC, Term Loan, 3.234%, 7/02/19	United States	2,256,309	2,262,302
			6,771,116
Transportation 1.2%			
Delta Air Lines Inc., Term Loan B, 3.50%, 4/20/17	United States	1,945,000	1,947,258
Term Loan B-1, 3.50%, 10/18/18	United States	866,800	867,342
Hertz Corp., Credit Linked Deposit, 3.75%, 3/11/18	United States	1,000,000	993,750

Franklin Limited Duration Income Trust

Statement of Investments, June 30, 2014 (unaudited) *(continued)*

Navios Maritime Partners LP, Initial Term Loan, 5.25%, 6/27/18	Marshall Islands	997,487	1,010,579
			4,818,929
Utilities 0.8%			
Calpine Corp.,			
Term Loan, 4.00%, 4/01/18	United States	2,631,600	2,644,392
Term Loans, 4.00%, 10/09/19	United States	334,050	335,465
			2,979,857
			199,323,805
Total Senior Floating Rate Interests (Cost \$197,694,351)			
Foreign Government and Agency Securities 1.3%			
Government of Malaysia,			
3.434%, 8/15/14	Malaysia	85,000 MYR	26,487
3.741%, 2/27/15	Malaysia	2,860,000 MYR	894,518
3.835%, 8/12/15	Malaysia	475,000 MYR	148,950
4.72%, 9/30/15	Malaysia	1,263,000 MYR	400,415
3.197%, 10/15/15	Malaysia	280,000 MYR	87,148
Government of Poland,			
5.50%, 4/25/15	Poland	645,000 PLN	217,698
5.00%, 4/25/16	Poland	125,000 PLN	43,010
4.75%, 10/25/16	Poland	2,100,000 PLN	726,155
Strip, 1/25/16	Poland	310,000 PLN	98,343
Korea Monetary Stabilization Bond,			
senior bond, 2.47%, 4/02/15	South Korea	43,700,000 KRW	43,146
senior note, 2.82%, 8/02/14	South Korea	170,200,000 KRW	168,219
senior note, 2.78%, 10/02/14	South Korea	678,400,000 KRW	670,706
senior note, 2.84%, 12/02/14	South Korea	242,080,000 KRW	239,468
Korea Treasury Bond, senior note,			
3.25%, 12/10/14	South Korea	56,700,000 KRW	56,189
3.25%, 6/10/15	South Korea	42,100,000 KRW	41,854
2.75%, 12/10/15	South Korea	274,200,000 KRW	271,504
3.00%, 12/10/16	South Korea	1,000,000,000 KRW	995,907
			5,129,717
Total Foreign Government and Agency Securities (Cost \$4,933,751)			

Asset-Backed Securities and Commercial Mortgage-Backed Securities 8.8%
Banks 6.2%

Banc of America Commercial Mortgage Trust, 2006-4, AJ, 5.695%, 7/10/46	United States	1,610,000	1,689,015
Bear Stearns Commercial Mortgage Securities Inc., e2006-PW11, AJ, 5.433%, 3/11/39	United States	1,750,000	1,830,727
e2006-PW12, AJ, 5.751%, 9/11/38	United States	1,500,000	1,581,940
2006-PW13, AJ, 5.611%, 9/11/41	United States	1,820,000	1,906,597
e2007-PW16, AM, 5.707%, 6/11/40	United States	260,000	288,873
Bear Stearns Commercial Mortgage Securities Trust, 2007-PW15, A4, 5.331%, 2/11/44	United States	96,315	104,074
Citigroup Commercial Mortgage Trust, 2006-C5, AJ, 5.482%, 10/15/49	United States	1,200,000	1,217,728
e2007-C6, AM, 5.71%, 6/10/17	United States	1,520,000	1,677,752
eCitigroup/Deutsche Bank Commercial Mortgage Trust, 2006-CD3, AJ, 5.688%, 10/15/48	United States	1,300,000	1,271,664
Greenwich Capital Commercial Funding Corp., e2006-GG7, AJ, 5.819%, 7/10/38	United States	1,590,000	1,666,989
2007-GG9, A4, 5.444%, 3/10/39	United States	825,000	901,056
2007-GG9, AM, 5.475%, 3/10/39	United States	1,430,000	1,542,715
JP Morgan Chase Commercial Mortgage Securities Corp., 2006-CB17, AM, 5.464%, 12/12/43	United States	380,000	402,652
e2006-LDP7, AJ, 5.866%, 4/15/45	United States	2,000,000	2,055,594
eLB-UBS Commercial Mortgage Trust, 2006-C4, AM, FRN, 5.853%, 6/15/38	United States	1,100,000	1,194,827
eMerrill Lynch Mortgage Investors Trust, 2003-OPT1, B2, FRN, 4.277%, 7/25/34	United States	33,301	2,849
eMerrill Lynch Mortgage Trust, 2005-CKI1, AJ, 5.286%, 11/12/37	United States	1,825,000	1,914,016
eMorgan Stanley ABS Capital I Inc. Trust, 2003-NC10, B1, FRN, 5.102%, 10/25/33	United States	350,442	256,466
eMorgan Stanley Capital I Trust, 2006-HQ8, AJ, 5.495%, 3/12/44	United States	110,000	112,649
2007-IQ16, AM, FRN, 6.09%, 12/12/49	United States	710,000	801,954
2007-IQ16, AMA, FRN, 6.086%, 12/12/49	United States	750,000	840,346
Wells Fargo Mortgage Backed Securities Trust, e04-W, A9, 2.616%, 11/25/34	United States	528,310	547,167

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Statement of Investments, June 30, 2014 (unaudited) *(continued)*

i2007-3, 3A1, 5.50%, 4/25/37	United States	276,792	287,243
			24,094,893
Diversified Financials 2.6%			
c,eARES CLO Funds, 2007-12A, B, 144A, FRN, 1.227%, 11/25/20	United States	530,000	518,573
e,iArgent Securities Inc., 2003-W5, M4, FRN, 5.777%, 10/25/33	United States	557,802	444,894
c,eAtrium CDO Corp., 10A, C, 144A, FRN, 2.829%, 7/16/25	United States	920,000	900,836
c,eCatamaran CLO Ltd., 2013-1A, C, 144A, FRN, 2.829%, 1/27/25	Cayman Islands	750,000	726,457
c,eCent CDO Ltd., 2007-15A, A2B, 144A, FRN, 0.571%, 3/11/21	United States	457,000	431,266
c,eCent CLO LP, 2013-17A, D, 144A, FRN, 3.225%, 1/30/25	Cayman Islands	392,157	391,471
eChase Funding Mortgage Loan Asset-Backed Certificates, 2004-2, 2A2, FRN, 0.652%, 2/25/35	United States	493,412	448,435
c,eCIFC Funding Ltd., 2007-3A, A1J, 144A, FRN, 0.628%, 7/26/21	United States	640,000	611,859
c,eColumbusNova CLO Ltd., 2007-2A, A2, 144A, FRN, 1.227%, 10/15/21	United States	310,000	301,822
c,eCT CDO IV Ltd., 2006-4A, A1, 144A, 0.463%, 10/20/43	United States	1,086,314	1,065,516
c,eGleneagles CLO Ltd., 2005-1A, A2, 144A, FRN, 0.625%, 11/01/17	United States	1,000,000	982,990
c,eING Investment Management CLO Ltd., 2013-1A, B, 144A, FRN, 3.127%, 4/15/24	Cayman Islands	180,000	179,734
2013-1A, C, 144A, FRN, 3.727%, 4/15/24	Cayman Islands	450,000	430,655
2013-2A, B, 144A, FRN, 2.909%, 4/25/25	United States	1,000,000	986,330
e,iOption One Mortgage Loan Trust, 2003-6, M5, FRN, 5.102%, 11/25/33	United States	285,741	138,695
eStructured Asset Investment Loan Trust, 2003-BC2, M3, FRN, 5.027%, 4/25/33	United States	13,987	3,198
e,jTalisman 6 Finance, Reg S, 5.027%, 10/22/16	Germany	704,919 EUR	942,424
c,eWestchester CLO Ltd., 2007-1A, A1A, 144A, FRN, 0.45%, 8/01/22	United States	514,958	507,559
			10,012,714