

FRANKLIN LTD DURATION INCOME TRUST  
Form N-Q  
May 29, 2018

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

(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

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Date of fiscal year end: 12/31

Date of reporting period: 03/31/18

**Item 1. Schedule of Investments.**

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## FRANKLIN LIMITED DURATION INCOME TRUST

**Statement of Investments, March 31, 2018 (unaudited)**

|  | Country        | Shares/<br>Warrants | Value            |
|--|----------------|---------------------|------------------|
| <b>Common Stocks and Other Equity Interests 0.8%</b>       |                |                     |                  |
| <b>Energy 0.8%</b>   |                |                     |                  |
| <sup>a</sup> CHC Group LLC                                 | Cayman Islands | 15,520 \$           | 135,800          |
| <sup>a</sup> Energy XXI Gulf Coast Inc., wts., 12/30/21.   | United States  | 5,004               | 150              |
| <sup>a</sup> Halcon Resources Corp                         | United States  | 67,554              | 328,988          |
| <sup>a</sup> Halcon Resources Corp., wts., 9/09/20         | United States  | 6,408               | 3,556            |
| <sup>a</sup> Linn Energy Inc                               | United States  | 14,712              | 565,529          |
| <sup>a</sup> Midstates Petroleum Co. Inc                   | United States  | 372                 | 4,959            |
| <sup>a,b</sup> Midstates Petroleum Co. Inc., wts., 4/21/20 | United States  | 2,642               | 439              |
| <sup>a</sup> Nine Point Energy LLC                         | United States  | 18,480              | 184,800          |
| Samson Resources II LLC                                    | United States  | 31,225              | 733,788          |
|  |                |                     | 1,958,009        |
| <b>Materials 0.0%†</b>                                     |                |                     |                  |
| <sup>a</sup> Verso Corp., A                                | United States  | 4,163               | 70,105           |
| <sup>a</sup> Verso Corp., wts., 7/25/23                    | United States  | 438                 | 679              |
|  |                |                     | 70,784           |
| <b>Transportation 0.0%†</b>                                |                |                     |                  |
| <sup>a</sup> CEVA Holdings LLC                             | United States  | 112                 | 68,405           |
| <b>Total Common Stocks and Other Equity Interests</b>      |                |                     |                  |
| <b>(Cost \$4,651,929)</b>                                  |                |                     | 2,097,198        |
| <b>Convertible Preferred Stocks 0.2%</b>                   |                |                     |                  |
| <b>Energy 0.2%</b>   |                |                     |                  |
| <sup>a,b,c</sup> Nine Point Energy Holdings Inc., cvt. pfd | United States  | 404                 | 468,858          |
| <b>Transportation 0.0%†</b>                                |                |                     |                  |
| <sup>a</sup> CEVA Holdings LLC, cvt. pfd., A-1.            | United States  | 6                   | 5,400            |
| <sup>a</sup> CEVA Holdings LLC, cvt. pfd., A-2.            | United States  | 243                 | 148,078          |
|  |                |                     | 153,478          |
| <b>Total Convertible Preferred Stocks (Cost \$747,552)</b> |                |                     | 622,336          |
|  |                |                     | <b>Principal</b> |
|  |                |                     | <b>Amount*</b>   |
| <b>Convertible Bonds (Cost \$829,366) 0.2%</b>             |                |                     |                  |

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**Energy 0.2%**

|   |                   |         |         |
|---|-------------------|---------|---------|
| CHC Group LLC/CHC Finance Ltd., cvt., secured note, zero cpn., 10/01/20 | Cayman Islands \$ | 448,306 | 591,764 |
|---|-------------------|---------|---------|

**Corporate Bonds 54.4%**

**Automobiles & Components 0.9%**

|   |                |           |           |
|---|----------------|-----------|-----------|
| Fiat Chrysler Automobiles NV, senior note, 4.50%, 4/15/20 | United Kingdom | 1,500,000 | 1,518,750 |
|---|----------------|-----------|-----------|

The Goodyear Tire & Rubber Co.,

|                             |               |         |         |
|-----------------------------|---------------|---------|---------|
| senior bond, 5.00%, 5/31/26 | United States | 700,000 | 683,375 |
|-----------------------------|---------------|---------|---------|

|                               |               |         |         |
|-------------------------------|---------------|---------|---------|
| senior note, 5.125%, 11/15/23 | United States | 300,000 | 302,625 |
|-------------------------------|---------------|---------|---------|

2,504,750

**Banks 2.0%**

<sup>d</sup> Bank of America Corp., junior sub. bond, M, 8.125% to 5/15/18, FRN thereafter,

|           |               |           |           |
|-----------|---------------|-----------|-----------|
| Perpetual | United States | 1,000,000 | 1,005,750 |
|-----------|---------------|-----------|-----------|

CIT Group Inc., senior note, 5.25%, 3/07/25

|               |         |         |
|---------------|---------|---------|
| United States | 400,000 | 410,528 |
|---------------|---------|---------|

<sup>d</sup> Citigroup Inc., junior sub. bond, M, 6.30% to 5/15/24, FRN thereafter, Perpetual .

|               |           |           |
|---------------|-----------|-----------|
| United States | 1,300,000 | 1,358,500 |
|---------------|-----------|-----------|

<sup>d</sup> JPMorgan Chase & Co., junior sub. bond, R, 6.00% to 8/01/23, FRN thereafter,

|           |               |           |           |
|-----------|---------------|-----------|-----------|
| Perpetual | United States | 1,500,000 | 1,550,625 |
|-----------|---------------|-----------|-----------|

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

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FRANKLIN LIMITED DURATION INCOME TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|   | Country        | Principal Amount* | Value        |
|---|----------------|-------------------|--------------|
| <b>Corporate Bonds</b> (continued)  |                |                   |              |
| <b>Banks</b> (continued)  |                |                   |              |
| Royal Bank of Scotland Group PLC, sub. note, 6.125%, 12/15/22   | United Kingdom | \$ 1,000,000      | \$ 1,061,020 |
|   |                |                   | 5,386,423    |
| <b>Capital Goods 2.6%</b>   |                |                   |              |
| <sup>e</sup> Beacon Escrow Corp., senior note, 144A, 4.875%, 11/01/25   | United States  | 500,000           | 478,750      |
| CNH Industrial Capital LLC, senior note, 3.875%, 10/15/21   | United States  | 1,000,000         | 1,001,860    |
| H&E Equipment Services Inc., senior note, 5.625%, 9/01/25   | United States  | 800,000           | 809,000      |
| <sup>e</sup> HD Supply Inc., senior note, 144A, 5.75%, 4/15/24  | United States  | 400,000           | 422,380      |
| <sup>e</sup> Jeld-Wen Inc., senior note, 144A, 4.625%, 12/15/25   | United States  | 600,000           | 577,500      |
| <sup>f</sup> Onsite Rental Group Operations Pty. Ltd., secured note, PIK, 6.10%, 10/26/23                           | Australia      | 952,562           | 738,235      |
| Tennant Co., senior note, 5.625%, 5/01/25   | United States  | 800,000           | 820,000      |
| <sup>e</sup> Terex Corp., senior note, 144A, 5.625%, 2/01/25.   | United States  | 500,000           | 501,250      |
| <sup>e</sup> Vertiv Group Corp., senior note, 144A, 9.25%, 10/15/24   | United States  | 1,600,000         | 1,680,000    |
|   |                |                   | 7,028,975    |
| <b>Commercial &amp; Professional Services 0.9%</b>  |                |                   |              |
| <sup>e</sup> Multi-Color Corp., senior note, 144A, 4.875%, 11/01/25   | United States  | 900,000           | 843,750      |
| United Rentals North America Inc., senior bond, 5.875%, 9/15/26.  | United States  | 600,000           | 626,250      |
| <sup>e</sup> West Corp., senior note, 144A, 8.50%, 10/15/25   | United States  | 1,000,000         | 972,500      |
|   |                |                   | 2,442,500    |
| <b>Consumer Durables &amp; Apparel 1.7%</b>   |                |                   |              |
| Beazer Homes USA Inc., senior note, 8.75%, 3/15/22  | United States  | 1,300,000         | 1,404,000    |
| <sup>e</sup> Hanesbrands Inc., senior note, 144A, 4.625%, 5/15/24   | United States  | 1,000,000         | 983,750      |
| KB Home, senior note, 7.00%, 12/15/21   | United States  | 1,100,000         | 1,183,875    |
| <sup>e</sup> Taylor Morrison Communities Inc./Taylor Morrison Holdings II Inc., senior note, 144A, 5.875%, 4/15/23. | United States  | 1,000,000         | 1,037,200    |
|   |                |                   | 4,608,825    |
| <b>Consumer Services 4.5%</b>   |                |                   |              |
| <sup>e</sup> 1011778 BC ULC/New Red Finance Inc., senior secured note, first lien, 144A, 4.25%, 5/15/24             | Canada         | 800,000           | 766,000      |
| <sup>e</sup> 24 Hour Holdings III LLC, senior note, 144A, 8.00%, 6/01/22  | United States  | 1,000,000         | 1,004,900    |
| <sup>e</sup> Ascend Learning LLC, senior note, 144A, 6.875%, 8/01/25  | United States  | 500,000           | 515,000      |
| <sup>e,g</sup> Boyne USA Inc., secured note, second lien, 144A, 7.25%, 5/01/25                                      | United States  | 1,200,000         | 1,237,500    |

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|   |               |           |            |
|---|---------------|-----------|------------|
| <sup>e</sup> Downstream Development Authority of the Quapaw Tribe of Oklahoma,<br>secured note, 144A, 10.50%, 2/15/23   | United States | 400,000   | 412,000    |
| <sup>e</sup> International Game Technology PLC, senior note, 144A, 5.625%, 2/15/20                                      | United States | 1,500,000 | 1,545,000  |
| <sup>e</sup> Jack Ohio Finance LLC/Jack Ohio Finance 1 Corp., senior secured note, first<br>lien, 144A, 6.75%, 11/15/21 | United States | 1,400,000 | 1,449,000  |
| <sup>e</sup> KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, senior<br>note, 144A, 5.00%, 6/01/24      | United States | 1,400,000 | 1,394,750  |
| MGM Resorts International, senior note, 8.625%, 2/01/19   | United States | 1,000,000 | 1,049,470  |
| <sup>e</sup> Silversea Cruise Finance Ltd., senior secured note, first lien, 144A, 7.25%,<br>2/01/25                    | United States | 600,000   | 637,500    |
| <sup>e</sup> Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., senior bond, 144A,<br>5.50%, 3/01/25                      | United States | 900,000   | 906,750    |
| <sup>e</sup> Wynn Macau Ltd., senior note, 144A, 4.875%, 10/01/24   | Macau         | 1,200,000 | 1,173,000  |
|   |               |           | 12,090,870 |
| <b>Diversified Financials 2.3%</b>  |               |           |            |
| Aircastle Ltd., senior note, 4.125%, 5/01/24  | United States | 700,000   | 691,250    |
| <sup>e</sup> FirstCash Inc., senior note, 144A, 5.375%, 6/01/24   | United States | 900,000   | 918,855    |
| <sup>e</sup> Five Point Operating Co. LP/Five Point Capital Corp., senior note, 144A,<br>7.875%, 11/15/25               | United States | 1,000,000 | 1,011,250  |

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FRANKLIN LIMITED DURATION INCOME TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|  | Country        | Principal Amount* | Value        |
|--|----------------|-------------------|--------------|
| <b>Corporate Bonds</b> (continued)   |                |                   |              |
| <b>Diversified Financials</b> (continued)  |                |                   |              |
| <sup>e</sup> Lincoln Finance Ltd., senior secured note, 144A, 7.375%, 4/15/21                        | Netherlands    | \$ 1,000,000      | \$ 1,036,250 |
| Navient Corp.,<br>senior note, 5.00%, 10/26/20   | United States  | 200,000           | 201,750      |
| senior note, 5.875%, 3/25/21   | United States  | 200,000           | 205,250      |
| senior note, 6.625%, 7/26/21   | United States  | 700,000           | 729,750      |
| senior note, 6.50%, 6/15/22  | United States  | 200,000           | 207,000      |
| senior note, 7.25%, 9/25/23  | United States  | 1,100,000         | 1,155,000    |
|  |                |                   | 6,156,355    |
| <b>Energy 6.6%</b>   |                |                   |              |
| <sup>e</sup> Aker BP ASA, senior note, 144A, 5.875%, 3/31/25   | Norway         | 800,000           | 809,000      |
| <sup>h</sup> BreitBurn Energy Partners LP/BreitBurn Finance Corp., senior bond, 7.875%,<br>4/15/22   | United States  | 500,000           | 5,000        |
| California Resources Corp.,<br><sup>e</sup> secured note, second lien, 144A, 8.00%, 12/15/22         | United States  | 924,000           | 732,270      |
| senior note, 5.50%, 9/15/21  | United States  | 37,000            | 28,860       |
| Calumet Specialty Products Partners LP/Calumet Finance Corp., senior note,<br>7.75%, 4/15/23         | United States  | 1,000,000         | 992,500      |
| Cheniere Corpus Christi Holdings LLC,<br>senior secured note, first lien, 7.00%, 6/30/24             | United States  | 700,000           | 777,000      |
| senior secured note, first lien, 5.875%, 3/31/25   | United States  | 600,000           | 630,000      |
| <sup>e</sup> Cheniere Energy Partners LP, senior secured note, first lien, 144A, 5.25%,<br>10/01/25. | United States  | 1,000,000         | 988,750      |
| CONSOL Energy Inc., senior note, 8.00%, 4/01/23  | United States  | 700,000           | 742,437      |
| Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp., senior<br>note, 6.25%, 4/01/23    | United States  | 1,500,000         | 1,518,750    |
| CSI Compressco LP/CSI Compressco Finance Inc., senior note, 7.25%,<br>8/15/22                        | United States  | 400,000           | 378,000      |
| Energy Transfer Equity LP, senior note, first lien, 7.50%, 10/15/20                                  | United States  | 1,500,000         | 1,619,062    |
| <sup>e,f</sup> EnQuest PLC, senior note, 144A, PIK, 7.00%, 10/15/23.                                 | United Kingdom | 1,108,964         | 965,335      |
| Ferrelgas LP/Ferrelgas Finance Corp., senior note, 6.75%, 6/15/23                                    | United States  | 800,000           | 732,000      |
| Martin Midstream Partners LP/Martin Midstream Finance Corp., senior note,                            |                |                   |              |

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|   |               |           |            |
|---|---------------|-----------|------------|
| 7.25%, 2/15/21  | United States | 900,000   | 904,500    |
| <sup>e</sup> Murray Energy Corp., secured note, second lien, 144A, 11.25%, 4/15/21. | United States | 800,000   | 296,000    |
| QEP Resources Inc., senior bond, 5.25%, 5/01/23                                     | United States | 500,000   | 483,770    |
| Sanchez Energy Corp.,<br>senior note, 7.75%, 6/15/21                                | United States | 900,000   | 832,500    |
| senior note, 6.125%, 1/15/23  | United States | 300,000   | 220,313    |
| <sup>e</sup> Sunoco LP/Sunoco Finance Corp., senior note, 144A, 4.875%, 1/15/23.    | United States | 700,000   | 676,375    |
| Weatherford International Ltd.,<br>senior note, 5.125%, 9/15/20                     | United States | 400,000   | 384,000    |
| senior note, 7.75%, 6/15/21   | United States | 1,000,000 | 936,250    |
| senior note, 4.50%, 4/15/22   | United States | 400,000   | 334,000    |
| WPX Energy Inc., senior note, 7.50%, 8/01/20  | United States | 1,500,000 | 1,612,500  |
|   |               |           | 17,599,172 |
| <b>Food, Beverage &amp; Tobacco 1.5%</b>  |               |           |            |
| B&G Foods Inc., senior note, 5.25%, 4/01/25   | United States | 1,000,000 | 933,750    |
| <sup>e</sup> Cott Holdings Inc., senior note, 144A, 5.50%, 4/01/25                  | Canada        | 1,500,000 | 1,485,000  |
| <sup>e</sup> Lamb Weston Holdings Inc., senior note, 144A, 4.625%, 11/01/24         | United States | 1,100,000 | 1,095,875  |
| <sup>e</sup> Post Holdings Inc., senior note, 144A, 5.50%, 3/01/25                  | United States | 400,000   | 395,000    |
|   |               |           | 3,909,625  |



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FRANKLIN LIMITED DURATION INCOME TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|   | Country       | Principal Amount* | Value      |
|---|---------------|-------------------|------------|
| <b>Corporate Bonds</b> (continued)  |               |                   |            |
| <b>Health Care Equipment &amp; Services 3.2%</b>  |               |                   |            |
| <sup>e</sup> Avantor Inc., senior secured note, first lien, 144A, 6.00%, 10/01/24                           | United States | \$ 600,000        | \$ 598,500 |
| <sup>e</sup> Catalent Pharma Solutions Inc., senior note, 144A, 4.875%, 1/15/26.                            | United States | 1,200,000         | 1,173,000  |
| CHS/Community Health Systems Inc.,<br>senior note, 7.125%, 7/15/20  | United States | 900,000           | 736,875    |
| senior secured note, first lien, 6.25%, 3/31/23   | United States | 700,000           | 648,375    |
| <sup>e</sup> Envision Healthcare Corp., senior note, 144A, 6.25%, 12/01/24                                  | United States | 500,000           | 518,750    |
| HCA Inc.,<br>senior bond, 5.875%, 5/01/23   | United States | 500,000           | 518,750    |
| senior note, 7.50%, 2/15/22   | United States | 500,000           | 550,625    |
| senior secured bond, first lien, 5.875%, 3/15/22  | United States | 1,000,000         | 1,056,250  |
| <sup>e</sup> MPH Acquisition Holdings LLC, senior note, 144A, 7.125%, 6/01/24                               | United States | 1,300,000         | 1,345,500  |
| Tenet Healthcare Corp.,<br>senior note, 5.50%, 3/01/19  | United States | 900,000           | 913,500    |
| senior secured note, first lien, 6.00%, 10/01/20  | United States | 500,000           | 518,750    |
|   |               |                   | 8,578,875  |
| <b>Materials 9.2%</b>   |               |                   |            |
| <sup>f</sup> ARD Finance SA, secured note, PIK, 7.125%, 9/15/23   | Luxembourg    | 600,000           | 625,500    |
| <sup>e</sup> Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc.,<br>senior note, 144A, 4.25%, 9/15/22 | Luxembourg    | 300,000           | 300,000    |
| senior note, 144A, 6.00%, 2/15/25   | Luxembourg    | 500,000           | 503,125    |
| <sup>e</sup> BlueScope Steel Ltd./BlueScope Steel Finance, senior note, 144A, 6.50%,<br>5/15/21             | Australia     | 1,500,000         | 1,559,205  |
| <sup>e</sup> BWAY Holding Co., secured note, 144A, 5.50%, 4/15/24   | United States | 1,500,000         | 1,513,125  |
| <sup>e</sup> Cemex SAB de CV, senior secured bond, 144A, 7.75%, 4/16/26                                     | Mexico        | 400,000           | 442,010    |
| The Chemours Co., senior note, 6.625%, 5/15/23  | United States | 1,500,000         | 1,580,625  |
| <sup>e</sup> Crown Americas LLC/Crown Americas Capital Corp., senior note, 144A, 4.75%,<br>2/01/26          | United States | 500,000           | 485,000    |
| <sup>e</sup> Eldorado Gold Corp., senior note, 144A, 6.125%, 12/15/20                                       | Canada        | 800,000           | 762,000    |
| <sup>e</sup> First Quantum Minerals Ltd.,<br>senior note, 144A, 7.00%, 2/15/21                              | Zambia        | 961,000           | 965,204    |
| senior note, 144A, 7.25%, 4/01/23   | Zambia        | 500,000           | 493,750    |

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|  |               |           |           |
|--|---------------|-----------|-----------|
| <sup>e</sup> FMG Resources (August 2006) Pty. Ltd.,<br>senior note, 144A, 4.75%, 5/15/22                           | Australia     | 700,000   | 697,550   |
| senior note, 144A, 5.125%, 3/15/23   | Australia     | 600,000   | 600,000   |
| <sup>e</sup> Grinding Media Inc./MC Grinding Media Canada Inc., senior secured note,<br>144A, 7.375%, 12/15/23.    | United States | 800,000   | 842,000   |
| <sup>e</sup> HudBay Minerals Inc., senior note, 144A, 7.25%, 1/15/23   | Canada        | 400,000   | 417,000   |
| <sup>e</sup> New Enterprise Stone & Lime Co., senior note, 144A, 6.25%, 3/15/26                                    | United States | 800,000   | 803,000   |
| <sup>e</sup> New Gold Inc., senior note, 144A, 6.375%, 5/15/25   | Canada        | 600,000   | 615,000   |
| <sup>e</sup> Northwest Acquisitions ULC/Dominion Finco Inc., secured note, second lien,<br>144A, 7.125%, 11/01/22. | Canada        | 300,000   | 306,750   |
| <sup>e</sup> Novelis Corp., senior note, 144A, 6.25%, 8/15/24  | United States | 1,300,000 | 1,335,750 |
| <sup>e</sup> Owens-Brockway Glass Container Inc.,<br>senior note, 144A, 5.00%, 1/15/22                             | United States | 900,000   | 912,105   |
| senior note, 144A, 5.875%, 8/15/23   | United States | 400,000   | 414,750   |

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FRANKLIN LIMITED DURATION INCOME TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|   | Country       | Principal Amount* | Value      |
|---|---------------|-------------------|------------|
| <b>Corporate Bonds</b> (continued)  |               |                   |            |
| <b>Materials</b> (continued)  |               |                   |            |
| <sup>e</sup> Petra Diamonds U.S. Treasury PLC, secured note, second lien, 144A, 7.25%, 5/01/22  | South Africa  | \$ 700,000        | \$ 704,841 |
| <sup>e</sup> Plastipak Holdings Inc., senior note, 144A, 6.25%, 10/15/25  | United States | 1,000,000         | 1,002,500  |
| <sup>e</sup> Platform Specialty Products Corp., senior note, 144A, 6.50%, 2/01/22.  | United States | 600,000           | 611,250    |
| <sup>e</sup> Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer Luxembourg SA,<br>senior note, 144A, 7.00%, 7/15/24 | United States | 100,000           | 104,875    |
| senior secured note, first lien, 144A, 5.125%, 7/15/23  | United States | 400,000           | 404,380    |
| i senior secured note, first lien, 144A, FRN, 5.222%, (3-month USD LIBOR + 3.50%), 7/15/21  | United States | 400,000           | 406,000    |
| <sup>e</sup> Sealed Air Corp.,<br>senior bond, 144A, 5.125%, 12/01/24   | United States | 500,000           | 511,200    |
| senior bond, 144A, 5.50%, 9/15/25   | United States | 600,000           | 622,500    |
| Steel Dynamics Inc., senior note, 5.125%, 10/01/21  | United States | 1,500,000         | 1,528,050  |
| Summit Materials LLC/Summit Materials Finance Corp., senior note, 8.50%, 4/15/22  | United States | 1,200,000         | 1,299,000  |
| <sup>e</sup> SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., senior note, 144A, 7.50%, 6/15/25                            | United States | 1,300,000         | 1,345,500  |
|   |               |                   | 24,713,545 |
| <b>Media 4.5%</b>   |               |                   |            |
| <sup>e</sup> Altice Luxembourg SA, senior secured note, 144A, 7.75%, 5/15/22.   | Luxembourg    | 1,200,000         | 1,117,500  |
| <sup>e</sup> Altice U.S. Finance I Corp., senior secured bond, 144A, 5.50%, 5/15/26   | United States | 1,000,000         | 977,500    |
| AMC Networks Inc., senior note, 5.00%, 4/01/24.   | United States | 1,000,000         | 990,670    |
| CCO Holdings LLC/CCO Holdings Capital Corp.,<br>senior bond, 5.25%, 9/30/22   | United States | 1,500,000         | 1,525,328  |
| <sup>e</sup> senior note, 144A, 5.125%, 5/01/23   | United States | 500,000           | 501,875    |
| Clear Channel Worldwide Holdings Inc.,<br>senior note, 6.50%, 11/15/22  | United States | 700,000           | 715,750    |
| senior sub. note, 7.625%, 3/15/20.  | United States | 800,000           | 802,000    |
| CSC Holdings LLC,<br>senior note, 6.75%, 11/15/21   | United States | 1,000,000         | 1,043,750  |

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|   |                |           |            |
|---|----------------|-----------|------------|
| senior note, 5.25%, 6/01/24   | United States  | 500,000   | 476,875    |
| <sup>e</sup> Nexstar Broadcasting Inc., senior note, 144A, 5.625%, 8/01/24                              | United States  | 500,000   | 491,100    |
| <sup>e</sup> Virgin Media Secured Finance PLC,<br>senior secured bond, first lien, 144A, 5.50%, 1/15/25 | United Kingdom | 1,100,000 | 1,090,375  |
| senior secured bond, first lien, 144A, 5.50%, 8/15/26   | United Kingdom | 400,000   | 389,748    |
| <sup>e</sup> WMG Acquisition Corp.,<br>secured note, first lien, 144A, 5.00%, 8/01/23                   | United States  | 100,000   | 100,500    |
| senior note, 144A, 5.625%, 4/15/22  | United States  | 1,806,000 | 1,853,407  |
|   |                |           | 12,076,378 |

**Pharmaceuticals, Biotechnology & Life Sciences 2.5%**

|   |               |           |           |
|---|---------------|-----------|-----------|
| <sup>e</sup> Concordia International Corp.,<br><sup>h</sup> senior note, 144A, 7.00%, 4/15/23                     | Canada        | 900,000   | 62,438    |
| senior secured note, first lien, 144A, 9.00%, 4/01/22   | Canada        | 500,000   | 453,750   |
| <sup>e</sup> Endo DAC/Endo Finance LLC/Endo Finco Inc.,<br>senior bond, 144A, 6.00%, 2/01/25                      | United States | 1,000,000 | 722,500   |
| senior note, 144A, 6.00%, 7/15/23   | United States | 500,000   | 380,000   |
| Horizon Pharma Inc., senior note, 6.625%, 5/01/23   | United States | 1,200,000 | 1,200,000 |
| <sup>e</sup> Jaguar Holding Co. II/Pharmaceutical Product Development LLC, senior note,<br>144A, 6.375%, 8/01/23. | United States | 1,200,000 | 1,216,500 |

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FRANKLIN LIMITED DURATION INCOME TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|  | Country       | Principal Amount* | Value      |
|--|---------------|-------------------|------------|
| <b>Corporate Bonds</b> (continued)   |               |                   |            |
| <b>Pharmaceuticals, Biotechnology &amp; Life Sciences</b> (continued)                          |               |                   |            |
| <sup>e</sup> Valeant Pharmaceuticals International Inc.,<br>senior note, 144A, 5.375%, 3/15/20 | United States | \$ 500,000        | \$ 504,525 |
| senior note, 144A, 5.625%, 12/01/21  | United States | 500,000           | 479,375    |
| senior secured note, first lien, 144A, 6.50%, 3/15/22  | United States | 200,000           | 207,250    |
| <sup>e</sup> Valeant Pharmaceuticals International, senior note, 144A, 9.25%, 4/01/26.         | United States | 1,500,000         | 1,498,125  |
|  |               |                   | 6,724,463  |
| <b>Real Estate 1.5%</b>  |               |                   |            |
| CyrusOne LP/CyrusOne Finance Corp., senior note, 5.00%, 3/15/24                                | United States | 1,300,000         | 1,304,875  |
| Equinix Inc., senior bond, 5.875%, 1/15/26.  | United States | 300,000           | 313,500    |
| MPT Operating Partnership LP/MPT Finance Corp.,<br>senior bond, 5.25%, 8/01/26                 | United States | 300,000           | 300,375    |
| senior note, 6.375%, 3/01/24   | United States | 700,000           | 738,514    |
| <sup>e</sup> SBA Communications Corp., senior note, 144A, 4.00%, 10/01/22                      | United States | 1,400,000         | 1,347,500  |
|  |               |                   | 4,004,764  |
| <b>Retailing 1.2%</b>  |               |                   |            |
| Netflix Inc., senior note, 5.50%, 2/15/22  | United States | 1,500,000         | 1,560,000  |
| Penske Automotive Group Inc., senior sub. note, 3.75%, 8/15/20                                 | United States | 1,400,000         | 1,389,500  |
| <sup>e</sup> PetSmart Inc., senior note, 144A, 7.125%, 3/15/23                                 | United States | 700,000           | 400,750    |
|  |               |                   | 3,350,250  |
| <b>Semiconductors &amp; Semiconductor Equipment 0.3%</b>                                       |               |                   |            |
| Qorvo Inc., senior note, 6.75%, 12/01/23   | United States | 700,000           | 749,000    |
| <b>Software &amp; Services 1.7%</b>  |               |                   |            |
| <sup>e</sup> First Data Corp.,<br>secured note, first lien, 144A, 5.00%, 1/15/24               | United States | 1,700,000         | 1,706,375  |
| senior note, 144A, 7.00%, 12/01/23   | United States | 500,000           | 526,875    |
| Infor (U.S.) Inc., senior note, 6.50%, 5/15/22.  | United States | 1,800,000         | 1,840,500  |
| <sup>e</sup> Symantec Corp., senior note, 144A, 5.00%, 4/15/25                                 | United States | 600,000           | 606,438    |
|  |               |                   | 4,680,188  |
| <b>Technology Hardware &amp; Equipment 1.9%</b>  |               |                   |            |
| <sup>e</sup> Blackboard Inc., secured note, second lien, 144A, 9.75%, 10/15/21                 | United States | 1,538,000         | 1,314,990  |
| <sup>e</sup> Dell International LLC/EMC Corp., senior note, 144A, 5.875%, 6/15/21              | United States | 400,000           | 410,500    |

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|--|---------------|-----------|-----------|
| <sup>e</sup> Itron Inc., senior note, 144A, 5.00%, 1/15/26   | United States | 1,500,000 | 1,481,700 |
| <sup>e</sup> Tempo Acquisition LLC/Tempo Acquisition Finance Corp., senior note, 144A,<br>6.75%, 6/01/25 | United States | 800,000   | 801,000   |
| Western Digital Corp., senior note, 4.75%, 2/15/26   | United States | 1,000,000 | 999,675   |
|  |               |           | 5,007,865 |
| <b>Telecommunication Services 2.3%</b>   |               |           |           |
| <sup>e</sup> Block Communications Inc., senior note, 144A, 6.875%, 2/15/25                               | United States | 300,000   | 303,174   |
| CenturyLink Inc., senior bond, 5.625%, 4/01/25   | United States | 400,000   | 363,000   |
| <sup>e</sup> Digicel Group Ltd., senior note, 144A, 8.25%, 9/30/20                                       | Bermuda       | 1,200,000 | 1,034,100 |
| <sup>e</sup> Digicel Ltd., senior note, 144A, 6.00%, 4/15/21   | Bermuda       | 700,000   | 658,119   |
| <sup>e</sup> Sprint Communications Inc.,<br>senior note, 144A, 9.00%, 11/15/18                           | United States | 148,000   | 152,810   |
| senior note, 144A, 7.00%, 3/01/20  | United States | 600,000   | 631,500   |
| Sprint Corp.,<br>senior bond, 7.125%, 6/15/24  | United States | 300,000   | 293,250   |
| senior note, 7.25%, 9/15/21  | United States | 500,000   | 518,125   |

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FRANKLIN LIMITED DURATION INCOME 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, first lien, senior secured note, 144A, 4.738%,<br>9/20/29 | United States        | \$ 1,000,000      | \$ 1,004,215 |
| T-Mobile USA Inc.,<br>senior bond, 6.50%, 1/15/24   | United States        | 500,000           | 525,000      |
| senior note, 4.00%, 4/15/22   | United States        | 700,000           | 698,250      |
|   |                      |                   | 6,181,543    |
| <b>Transportation 0.5%</b>  |                      |                   |              |
| <sup>e</sup> DAE Funding LLC,<br>senior note, 144A, 4.00%, 8/01/20                              | United Arab Emirates | 800,000           | 782,000      |
| senior note, 144A, 4.50%, 8/01/22   | United Arab Emirates | 400,000           | 380,000      |
| <sup>e</sup> Park Aerospace Holdings Ltd., senior note, 144A, 5.25%, 8/15/22                    | Ireland              | 200,000           | 196,064      |
|   |                      |                   | 1,358,064    |
| <b>Utilities 2.6%</b>   |                      |                   |              |
| Calpine Corp., senior note, 5.375%, 1/15/23.  | United States        | 1,500,000         | 1,441,575    |
| Dynegy Inc., senior note, 6.75%, 11/01/19   | United States        | 1,128,000         | 1,150,560    |
| Ferrellgas Partners LP/Ferrellgas Partners Finance Corp., senior note,<br>8.625%,<br>6/15/20    | United States        | 500,000           | 460,000      |
| <sup>e</sup> InterGen NV, secured bond, 144A, 7.00%, 6/30/23                                    | Netherlands          | 1,500,000         | 1,499,978    |
| NRG Yield Operating LLC,<br>senior bond, 5.375%, 8/15/24  | United States        | 500,000           | 504,375      |
| senior bond, 5.00%, 9/15/26   | United States        | 1,000,000         | 987,500      |
| Talen Energy Supply LLC, senior note, 6.50%, 6/01/25  | United States        | 1,500,000         | 1,065,000    |
|   |                      |                   | 7,108,988    |
| <b>Total Corporate Bonds (Cost \$148,008,069)</b>   |                      |                   | 146,261,418  |
| <b><sup>i</sup> Senior Floating Rate Interests 53.4%</b>  |                      |                   |              |
| <b>Capital Goods 6.2%</b>   |                      |                   |              |
| <sup>j</sup> AECOM, Term B Loans, 3.627%, (LIBOR + 1.75%), 3/13/25                              | United States        | 2,370,465         | 2,376,889    |
| Delos Finance S.A.R.L. (AerCap), New Loans, 4.052%, (LIBOR + 1.75%),<br>10/06/23                | Luxembourg           | 2,500,000         | 2,513,750    |

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|   |               |           |            |
|---|---------------|-----------|------------|
| Doncasters U.S. Finance LLC, Term B Loans, 5.377%, (LIBOR + 3.50%),<br>4/09/20                    | United States | 1,944,860 | 1,913,256  |
| Flying Fortress Holdings LLC (ILFC), New Loan, 4.052%, (LIBOR + 1.75%),<br>10/30/22               | Luxembourg    | 1,629,859 | 1,638,445  |
| † Harsco Corp., Term B-1 Loan, 4.938%, (LIBOR + 3.00%), 12/10/24                                  | United States | 2,443,628 | 2,478,755  |
| Leidos Innovations Corp., Term Loan B, 3.688%, (LIBOR + 1.75%), 8/16/23                           | United States | 1,423,550 | 1,433,693  |
| Mueller Water Products Inc., Loans, 4.377% - 4.802%, (LIBOR + 2.50%),<br>11/26/21                 | United States | 343,902   | 346,337    |
| Navistar Inc., Tranche B Term Loan, 5.21%, (LIBOR + 3.50%), 11/06/24                              | United States | 3,155,929 | 3,182,559  |
| Onsite Rental Group Operations Property Ltd., Term Loan, 6.372%, (LIBOR<br>+<br>4.50%), 10/25/22. | Australia     | 696,716   | 689,749    |
|   |               |           | 16,573,433 |
| <b>Commercial &amp; Professional Services 0.9%</b>  |               |           |            |
| Conduent Business Services LLC, Delayed Draw Term A Loan, 4.127%,<br>(LIBOR + 2.25%), 12/07/21    | United States | 981,250   | 983,703    |
| Ventia Pty. Ltd., Term B Loans (USD), 5.802%, (LIBOR + 3.50%), 5/21/22                            | Australia     | 1,324,574 | 1,344,443  |
|   |               |           | 2,328,146  |



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FRANKLIN LIMITED DURATION INCOME TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|  | Country       | Principal Amount* | Value        |
|--|---------------|-------------------|--------------|
| <b>i Senior Floating Rate Interests</b> (continued)  |               |                   |              |
| <b>Consumer Services 4.7%</b>  |               |                   |              |
| 24 Hour Fitness Worldwide Inc., Term Loan, 6.052%, (LIBOR + 3.75%),<br>5/28/21                                     | United States | \$ 1,925,000      | \$ 1,935,828 |
| Avis Budget Car Rental LLC, Tranche B Term Loans, 4.31%, (LIBOR + 2.00%),<br>2/13/25                               | United States | 2,412,008         | 2,427,083    |
| Eldorado Resorts Inc., Initial Term Loan, 4.063% - 4.188%, (LIBOR + 2.25%),<br>4/17/24                             | United States | 1,909,919         | 1,918,275    |
| Fitness International LLC, Term A Loan, 5.127%, (LIBOR + 3.25%), 4/01/20   | United States | 1,818,343         | 1,822,890    |
| Hilton Worldwide Finance LLC, Series B-2 Term Loans, 3.872%, (LIBOR +<br>2.00%), 10/25/23.                         | United States | 1,975,038         | 1,988,055    |
| KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, Term B<br>Loans, 3.808%, (LIBOR + 2.00%), 6/16/23 | United States | 1,716,645         | 1,723,618    |
| Sabre GBLB Inc., 2017 Other Term A Loans, 3.877%, (LIBOR + 2.00%),<br>7/01/22                                      | United States | 952,360           | 955,931      |
|  |               |                   | 12,771,680   |
| <b>Diversified Financials 0.7%</b>   |               |                   |              |
| FinCo I LLC, Initial Term Loans, 4.627%, (LIBOR + 2.75%), 12/27/22   | United States | 1,996,852         | 2,022,312    |
| <b>Energy 0.6%</b>   |               |                   |              |
| OSG Bulk Ships Inc., Initial Term Loan, 6.04%, (LIBOR + 4.25%), 8/05/19.   | United States | 1,699,823         | 1,640,329    |
| <b>Food, Beverage &amp; Tobacco 2.7%</b>   |               |                   |              |
| JBS USA LUX SA, New Initial Term Loans, 4.678%, (LIBOR + 2.50%),<br>10/30/22                                       | United States | 2,991,825         | 2,986,590    |
| Pinnacle Foods Finance LLC, Initial B Term Loan, 3.637%, (LIBOR + 1.75%),<br>2/03/24                               | United States | 1,177,434         | 1,184,257    |
| Post Holdings Inc., Series A Incremental Term Loans, 3.88%, (LIBOR + 2.00%),<br>5/24/24                            | United States | 3,177,275         | 3,187,948    |
|  |               |                   | 7,358,795    |
| <b>Health Care Equipment &amp; Services 2.6%</b>   |               |                   |              |
| Envision Healthcare Corp., Initial Term Loans, 4.88%, (LIBOR + 3.00%),<br>12/01/23                                 | United States | 932,625           | 938,454      |
| Mallinckrodt International Finance SA/CB LLC, Extended Term Loan B, 5.203%,<br>(LIBOR + 2.75%), 9/24/24            | Luxembourg    | 1,739,326         | 1,740,293    |

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|   |               |           |           |
|---|---------------|-----------|-----------|
| Quintiles IMS Inc., Term B-1 Dollar Loans, 4.302%, (LIBOR + 2.00%), 3/07/24                           | United States | 1,989,924 | 2,002,361 |
| U.S. Renal Care Inc., Initial Term Loan, 5.943%, (LIBOR + 4.25%), 12/31/22                            | United States | 2,175,449 | 2,188,367 |
|   |               |           | 6,869,475 |
| <b>Household &amp; Personal Products 1.1%</b>   |               |           |           |
| <sup>h</sup> FGI Operating Co. LLC, Term B Loans, 5.824%, (LIBOR + 4.25%), 4/19/19                    | United States | 1,976,030 | 538,794   |
| Spectrum Brands Inc., USD Term Loans, 3.789% - 3.994%, (LIBOR + 2.00%),<br>6/23/22                    | United States | 2,401,868 | 2,413,728 |
|   |               |           | 2,952,522 |
| <b>Materials 5.1%</b>   |               |           |           |
| <sup>j</sup> Ashland LLC, Term B Loan, 3.74% - 3.877%, (LIBOR + 2.00%), 5/17/24                       | United States | 2,035,365 | 2,053,810 |
| Axalta Coating Systems U.S. Holdings Inc., Term B-2 Dollar Loans, 4.302%,<br>(LIBOR + 2.00%), 6/01/24 | United States | 1,827,873 | 1,834,917 |
| Chemours Co., Tranche B-1 US Term Loans, 6.25%, (Prime + 1.50%), 5/12/22 .                            | United States | 2,130,298 | 2,133,404 |
| <sup>j,k</sup> Crown Americas LLC, Term B Loans, TBD, 1/29/25   | United States | 3,163,571 | 3,194,925 |
| Ineos U.S. Finance LLC, 2024 Dollar Term Loan, 3.877%, (LIBOR + 2.00%),<br>3/31/24                    | United States | 1,480,823 | 1,486,838 |
| KMG Chemicals Inc., Initial Term Loan, 4.627%, (LIBOR + 2.75%), 6/15/24                               | United States | 277,407   | 280,008   |
| Oxbow Carbon LLC, Tranche B Term Loan, 5.627%, (LIBOR + 3.75%), 1/04/23 .                             | United States | 2,133,000 | 2,162,329 |

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FRANKLIN LIMITED DURATION INCOME TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|   | Country       | Principal Amount* | Value      |
|---|---------------|-------------------|------------|
| <b>i Senior Floating Rate Interests</b> (continued)                                     |               |                   |            |
| <b>Materials</b> (continued)  |               |                   |            |
| j,k WR Grace & Co.,   |               |                   |            |
| Term B1 Loan, TBD, 3/31/25  | United States | \$ 169,141        | \$ 170,022 |
| Term B2 Loan, TBD, 3/31/25  | United States | 289,957           | 291,467    |
|   |               |                   | 13,607,720 |
| <b>Media 9.7%</b>   |               |                   |            |
| AMC Entertainment Holdings Inc.,  |               |                   |            |
| 2016 Incremental Term Loans, 4.027%, (LIBOR + 2.25%), 12/15/23                          | United States | 595,465           | 597,419    |
| j Initial Term Loans, 4.027%, (LIBOR + 2.25%), 12/15/22                                 | United States | 2,943,844         | 2,954,621  |
| Charter Communications Operating LLC, Term A-2 Loan, 3.38%, (LIBOR + 1.50%), 3/31/23    | United States | 2,307,320         | 2,313,088  |
| j,k Cinemark USA Inc., Amended Term Loan Facility, TBD, 5/08/22                         | United States | 2,000,000         | 2,009,000  |
| CSC Holdings LLC, March 2017 Incremental Term Loans, 4.036%, (LIBOR + 2.25%), 7/17/25   | United States | 2,586,109         | 2,586,756  |
| Gray Television Inc., Term B-2 Loan, 4.137%, (LIBOR + 2.25%), 2/07/24                   | United States | 2,735,447         | 2,750,549  |
| j,k Lions Gate Entertainment Corp., Term A Loan, TBD, 3/22/23                           | Canada        | 1,427,059         | 1,431,519  |
| Live Nation Entertainment Inc.,   |               |                   |            |
| Term B-3 Loans, 3.438%, (LIBOR + 1.75%), 10/21/23.                                      | United States | 840,514           | 846,297    |
| j,k Term B-3 Loans, TBD, 10/31/23   | United States | 3,000,000         | 3,020,640  |
| MCC Iowa LLC (Mediacom Broadband), Tranche M Term Loan, 3.74%, (LIBOR + 2.00%), 1/25/25 | United States | 1,740,334         | 1,748,220  |
| j Mediacom Illinois LLC, Tranche N Term Loan, 3.49%, (LIBOR + 1.75%), 2/15/24           | United States | 1,345,898         | 1,349,263  |
| Mission Broadcasting Inc., Term Loan B-2, 4.387%, (LIBOR + 2.50%), 1/17/24 .            | United States | 68,159            | 68,465     |
| Nexstar Broadcasting Inc., Term Loan B-2, 4.387%, (LIBOR + 2.50%), 1/17/24 .            | United States | 529,427           | 531,809    |
| Sinclair Television Group Inc.,   |               |                   |            |
| Tranche B Term Loans, 4.13%, (LIBOR + 2.25%), 1/03/24.                                  | United States | 1,980,974         | 1,991,705  |
| j,k Tranche B-1 Term Loans, TBD, 1/31/25  | United States | 2,007,667         | 2,020,456  |
|   |               |                   | 26,219,807 |
| <b>Pharmaceuticals, Biotechnology &amp; Life Sciences 4.2%</b>                          |               |                   |            |
| Endo Luxembourg Finance Co. I S.A.R.L. and Endo LLC, Initial Term Loans,                |               |                   |            |
| 6.188%, (LIBOR + 4.25%), 4/29/24  | United States | 1,985,000         | 1,987,233  |

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|   |               |           |            |
|---|---------------|-----------|------------|
| Grifols Worldwide Operations USA Inc., Tranche B Term Loan, 3.995%, (LIBOR + 2.25%), 1/31/25              | United States | 1,731,891 | 1,739,738  |
| Horizon Pharma Inc., Third Amendment Refinancing Term Loan, 5.125%, (LIBOR + 3.25%), 3/29/24              | United States | 2,133,247 | 2,148,802  |
| Innoviva Inc., Initial Term Loan, 6.373%, (LIBOR + 4.50%), 8/18/22  | United States | 990,000   | 999,900    |
| RPI Finance Trust, Term A-3 Loan, 4.052%, (LIBOR + 1.75%), 10/14/21                                       | United States | 1,164,367 | 1,166,550  |
| Syneos Health Inc., Initial Term B Loans, 4.127%, (LIBOR + 2.25%), 8/01/24                                | United States | 1,790,481 | 1,798,594  |
| Valeant Pharmaceuticals International Inc., Series F Tranche B Term Loan, 5.24%, (LIBOR + 3.50%), 4/01/22 | United States | 1,325,535 | 1,341,194  |
|   |               |           | 11,182,011 |
| <b>Retailing 4.0%</b>   |               |           |            |
| Ascena Retail Group Inc., Tranche B Term Loan, 6.438%, (LIBOR + 4.50%), 8/21/22                           | United States | 3,643,595 | 3,242,800  |
| General Nutrition Centers Inc., FILO Term Loan (ABL), 8.88%, (LIBOR + 7.00%), 12/31/22.                   | United States | 3,000,000 | 3,075,936  |
| Harbor Freight Tools USA Inc., Refinancing Loans, 4.377%, (LIBOR + 2.50%), 8/19/23                        | United States | 1,994,787 | 1,999,912  |
| PetSmart Inc., Tranche B-2 Loans, 4.89%, (LIBOR + 3.00%), 3/11/22   | United States | 2,915,453 | 2,346,940  |
|   |               |           | 10,665,588 |

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STATEMENT OF INVESTMENTS (UNAUDITED)

|   | Country       | Principal Amount* | Value                  |
|---|---------------|-------------------|------------------------|
| <b>i Senior Floating Rate Interests</b> (continued)   |               |                   |                        |
| <b>Semiconductors &amp; Semiconductor Equipment 1.0%</b>  |               |                   |                        |
| MKS Instruments Inc., Tranche B-3 Term Loans, 3.877%, (LIBOR + 2.00%),<br>4/29/23                             | United States | \$ 264,072        | \$ 265,888             |
| ON Semiconductor Corp., 2017 Replacement Term B-2 Loans, 3.877%, (LIBOR<br>+ 2.00%), 3/31/23                  | United States | 2,466,188         | 2,482,063<br>2,747,951 |
| <b>Software &amp; Services 3.2%</b>   |               |                   |                        |
| Global Payments Inc., Term A-2 Loan, 3.481%, (LIBOR + 1.75%), 5/02/22   | United States | 1,346,258         | 1,349,414              |
| <sup>j,k</sup> Iron Mountain Information Management LLC, Term B Loan, TBD, 1/26/26                            | United States | 1,682,493         | 1,680,045              |
| Rackspace Hosting Inc., Term B Loans, 4.667% - 4.787%, (LIBOR + 3.00%),<br>11/03/23                           | United States | 2,031,509         | 2,026,115              |
| Sungard Availability Services Capital Inc., 2022 Tranche B Term Loans,<br>11.877%, (LIBOR + 10.00%), 10/01/22 | United States | 1,745,065         | 1,724,706              |
| Wex Inc., Term B Loan, 4.127%, (LIBOR + 2.25%), 7/01/23   | United States | 1,950,263         | 1,965,652<br>8,745,932 |
| <b>Technology Hardware &amp; Equipment 2.1%</b>   |               |                   |                        |
| Ciena Corp., Refinancing Term Loan, 4.322%, (LIBOR + 2.50%), 1/28/22  | United States | 2,345,961         | 2,360,623              |
| CommScope Inc., Tranche 5 Term Loans, 3.877%, (LIBOR + 2.00%), 12/29/22                                       | United States | 1,731,637         | 1,743,325              |
| Western Digital Corp., U.S. Term B-3 Loan, 3.877%, (LIBOR + 2.00%), 4/29/23                                   | United States | 1,422,781         | 1,433,008<br>5,536,956 |
| <b>Telecommunication Services 0.2%</b>  |               |                   |                        |
| Consolidated Communications Inc., Initial Term Loan, 4.88%, (LIBOR + 3.00%),<br>10/05/23                      | United States | 524,945           | 518,317                |
| <b>Transportation 2.2%</b>  |               |                   |                        |
| Air Canada, Term Loan, 3.984%, (LIBOR + 2.00%), 10/06/23  | Canada        | 2,995,342         | 3,012,813              |
| The Hertz Corp., Tranche B-1 Term Loan, 4.63%, (LIBOR + 2.75%), 6/30/23                                       | United States | 2,978,202         | 2,983,554<br>5,996,367 |
| <b>Utilities 2.2%</b>   |               |                   |                        |
| EFS Cogen Holdings I LLC (Linden), Term B Advance, 5.56%, (LIBOR +<br>3.25%), 6/28/23                         | United States | 2,360,705         | 2,381,066              |
| NRG Energy Inc., Term loan B, 4.052%, (LIBOR + 1.75%), 6/30/23  | United States | 3,423,346         | 3,432,856<br>5,813,922 |

**Total Senior Floating Rate Interests (Cost \$145,153,374)** 143,551,263

**Commercial Mortgage-Backed Securities 5.7%**

**Banks 2.7%**

|   |               |           |           |
|---|---------------|-----------|-----------|
| <sup>l</sup> Bear Stearns ARM Trust, 2004-4, A6, FRN, 3.601%, 6/25/34   | United States | 480,587   | 493,875   |
| Citigroup Commercial Mortgage Trust,<br>2006-C5, AJ, 5.482%, 10/15/49   | United States | 417,686   | 402,119   |
| 2015-GC27, A5, 3.137%, 2/10/48  | United States | 1,520,000 | 1,497,461 |
| <sup>l</sup> Commercial Mortgage Trust, 2006-GG7, AJ, FRN, 5.736%, 7/10/38  | United States | 865,000   | 797,428   |
| CSAIL Commercial Mortgage Trust, 2015-C1, A4, 3.505%, 4/15/50   | United States | 1,410,000 | 1,420,037 |
| JPMBB Commercial Mortgage Securities Trust, 2015-C28, A4, 3.227%,<br>10/15/48   | United States | 1,410,000 | 1,396,312 |
| <sup>m</sup> Merrill Lynch Mortgage Investors Trust,<br>2003-OPT1, B2, FRN, 5.997%, (1-month USD LIBOR + 4.125%), 7/25/34 | United States | 33,301    | 11,092    |
| 2005-A6, 2A3, FRN, 2.252%, (1-month USD LIBOR + 0.38%), 8/25/35   | United States | 207,507   | 205,982   |

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FRANKLIN LIMITED DURATION INCOME TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|   | Country       | Principal Amount* | Value      |
|---|---------------|-------------------|------------|
| <b>Commercial Mortgage-Backed Securities</b> (continued)  |               |                   |            |
| <b>Banks</b> (continued)  |               |                   |            |
| <sup>m</sup> Morgan Stanley ABS Capital I Inc. Trust, 2003-NC10, B1, FRN, 6.822%,<br>(1-month USD LIBOR + 4.95%), 10/25/33      | United States | \$ 350,442        | \$ 365,820 |
| <sup>l</sup> Morgan Stanley Capital I Trust, 2007-IQ16, AMA, FRN, 6.122%, 12/12/49  | United States | 10,586            | 10,577     |
| Wells Fargo Commercial Mortgage Trust, 2014-LC16, A4, 3.548%, 8/15/50   | United States | 550,000           | 555,546    |
|   |               |                   | 7,156,249  |
| <b>Diversified Financials 3.0%</b>  |               |                   |            |
| <sup>m</sup> Argent Securities Inc., 2003-W5, M4, FRN, 7.497%, (1-month USD LIBOR +<br>5.625%), 10/25/33                        | United States | 130,112           | 135,663    |
| <sup>e,l</sup> BCAP LLC Trust, 2009-RR1, 2A2, 144A, FRN, 3.651%, 5/26/35  | United States | 1,537,492         | 1,497,133  |
| <sup>m</sup> Chase Funding Trust, 2004-2, 2A2, FRN, 2.372%, (1-month USD LIBOR +<br>0.50%), 2/26/35                             | United States | 456,519           | 445,100    |
| <sup>m</sup> FHLMC Structured Agency Credit Risk Debt Notes,<br>2014-DN1, M2, FRN, 4.072%, (1-month USD LIBOR + 2.20%), 2/25/24 | United States | 1,810,405         | 1,864,229  |
| 2014-HQ2, M2, FRN, 4.072%, (1-month USD LIBOR + 2.20%), 9/25/24   | United States | 802,275           | 828,407    |
| 2015-HQ1, M2, FRN, 4.072%, (1-month USD LIBOR + 2.20%), 3/25/25   | United States | 239,655           | 241,485    |
| <sup>m</sup> Impac Secured Assets Trust, 2007-2, FRN, 2.122%, (1-month USD LIBOR +<br>0.25%), 4/25/37                           | United States | 219,285           | 216,117    |
| <sup>e,m</sup> Invitation Homes Trust, 2015-SFR1, A, 144A, FRN, 3.20%, (1-<br>month USD LIBOR + 1.45%), 3/17/32                 | United States | 848,527           | 850,000    |
| <sup>m</sup> MortgageIT Trust, 2004-1, A2, FRN, 2.772%, (1-month USD LIBOR + 0.90%),<br>11/25/34                                | United States | 287,989           | 283,848    |
| <sup>m</sup> Opteum Mortgage Acceptance Corp. Trust, 2005-4, 1APT, FRN, 2.182%,<br>(1-month USD LIBOR + 0.31%), 11/25/35        | United States | 363,562           | 361,140    |
| <sup>m</sup> Option One Mortgage Loan Trust, 2003-6, M5, FRN, 6.822%, (1-<br>month USD LIBOR + 4.95%), 11/25/33                 | United States | 122,961           | 101,780    |
| <sup>m</sup> Structured Asset Investment Loan Trust, 2003-BC2, M3, FRN, 6.747%,<br>(1-month USD LIBOR + 4.875%), 4/25/33        | United States | 13,987            | 13,282     |
| <sup>m</sup> Structured Asset Securities Corp., 2005-2XS, 2A2, FRN, 3.164%, (1-<br>month USD LIBOR + 1.50%), 2/25/35            | United States | 265,883           | 262,495    |
| <sup>l</sup> Thornburg Mortgage Securities Trust, 2005-1, A3, FRN, 3.402%, 4/25/45  | United States | 629,634           | 634,168    |
| Wells Fargo Mortgage Backed Securities Trust,   |               |                   |            |

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|   |               |            |            |
|---|---------------|------------|------------|
| <sup>l</sup> 2004-W, A9, FRN, 3.707%, 11/25/34.                                   | United States | 188,585    | 193,569    |
| 2007-3, 3A1, 5.50%, 4/25/22   | United States | 57,839     | 59,055     |
|   |               |            | 7,987,471  |
| <b>Total Commercial Mortgage-Backed Securities</b>                                |               |            |            |
| <b>(Cost \$15,272,691)</b>  |               |            | 15,143,720 |
| <b>Mortgage-Backed Securities 38.0%</b>   |               |            |            |
| <sup>n</sup> <b>Federal Home Loan Mortgage Corp. (FHLMC) Adjustable Rate 0.1%</b> |               |            |            |
| FHLMC, 3.827%, (12-month USD LIBOR +/- MBS Margin), 5/01/34                       | United States | 87,041     | 91,189     |
| <b>Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate 19.5%</b>                  |               |            |            |
| FHLMC 30 Year, 3.50%, 10/01/47  | United States | 5,833,753  | 5,849,510  |
| FHLMC Gold 15 Year, 5.00%, 12/01/23   | United States | 430,995    | 451,606    |
| FHLMC Gold 15 Year, 5.50%, 7/01/19  | United States | 4,248      | 4,310      |
| FHLMC Gold 30 Year, 3.50%, 3/01/45  | United States | 45,376     | 45,547     |
| oFHLMC Gold 30 Year, 3.50%, 4/01/48   | United States | 7,980,000  | 7,994,155  |
| FHLMC Gold 30 Year, 4.00%, 8/01/47  | United States | 11,546,486 | 11,869,666 |
| FHLMC Gold 30 Year, 4.00%, 4/01/48  | United States | 6,700,000  | 6,885,770  |
| o FHLMC Gold 30 Year, 4.00%, 4/01/48  | United States | 11,402,000 | 11,699,840 |
| o FHLMC Gold 30 Year, 4.50%, 4/01/48  | United States | 6,000,000  | 6,280,797  |
| FHLMC Gold 30 Year, 6.00%, 7/01/28 - 11/01/36                                     | United States | 552,085    | 618,999    |
| FHLMC Gold 30 Year, 6.50%, 8/01/27 - 3/01/38                                      | United States | 311,171    | 350,605    |

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FRANKLIN LIMITED DURATION INCOME TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|   | Country       | Principal Amount* | Value      |
|---|---------------|-------------------|------------|
| <b>Mortgage-Backed Securities</b> (continued)   |               |                   |            |
| <b>Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate</b> (continued)                |               |                   |            |
| FHLMC Gold 30 Year, 7.00%, 9/01/27  | United States | \$ 80,165         | \$ 85,524  |
| FHLMC Gold 30 Year, 8.00%, 1/01/31  | United States | 7,912             | 8,039      |
| FHLMC Gold 30 Year, 8.50%, 7/01/31  | United States | 291,872           | 342,815    |
|   |               |                   | 52,487,183 |
| <b><sup>n</sup> Federal National Mortgage Association (FNMA) Adjustable Rate 0.1%</b> |               |                   |            |
| FNMA, 3.04% - 3.195%, (6-month USD LIBOR +/- MBS Margin), 6/01/32 - 7/01/34           | United States | 254,514           | 264,255    |
| <b>Federal National Mortgage Association (FNMA) Fixed Rate 16.1%</b>                  |               |                   |            |
| FNMA 15 Year, 3.00%, 8/01/27  | United States | 8,962             | 8,968      |
| FNMA 15 Year, 3.50%, 1/01/21 - 1/01/26  | United States | 36,809            | 37,562     |
| <sup>o</sup> FNMA 15 Year, 3.50%, 4/01/33   | United States | 6,000,000         | 6,115,878  |
| FNMA 15 Year, 5.50%, 7/01/20  | United States | 81,510            | 82,819     |
| FNMA 15 Year, 6.50%, 7/01/20  | United States | 115               | 116        |
| FNMA 30 Year, 3.50%, 11/01/47   | United States | 2,572,851         | 2,580,275  |
| FNMA 30 Year, 3.50%, 3/01/48  | United States | 2,275,000         | 2,280,796  |
| <sup>o</sup> FNMA 30 Year, 3.50%, 4/01/48   | United States | 4,550,000         | 4,556,811  |
| FNMA 30 Year, 3.50%, 1/01/45 - 7/01/56  | United States | 2,161,812         | 2,166,214  |
| FNMA 30 Year, 4.00%, 11/01/44 - 1/01/45   | United States | 1,043,855         | 1,073,300  |
| FNMA 30 Year, 4.00%, 1/01/48  | United States | 2,168,388         | 2,229,585  |
| FNMA 30 Year, 4.00%, 4/01/48  | United States | 4,000,000         | 4,110,424  |
| <sup>o</sup> FNMA 30 Year, 4.00%, 4/01/48   | United States | 8,375,000         | 8,591,166  |
| FNMA 30 Year, 4.50%, 5/01/24 - 12/01/44   | United States | 2,480,128         | 2,602,951  |
| <sup>o</sup> FNMA 30 Year, 4.50%, 4/01/48   | United States | 4,675,000         | 4,894,156  |
| FNMA 30 Year, 5.00%, 5/01/38 - 7/01/39  | United States | 422,446           | 455,647    |
| FNMA 30 Year, 5.50%, 6/01/37  | United States | 352,278           | 386,463    |
| FNMA 30 Year, 6.00%, 4/01/33 - 6/01/38  | United States | 855,705           | 961,561    |
| FNMA 30 Year, 6.50%, 8/01/32  | United States | 119,507           | 133,738    |
| FNMA 30 Year, 7.00%, 9/01/18  | United States | 1,767             | 1,769      |
| FNMA 30 Year, 8.00%, 10/01/29   | United States | 7,087             | 7,099      |
|   |               |                   | 43,277,298 |
| <b>Government National Mortgage Association (GNMA) Fixed Rate 2.2%</b>                |               |                   |            |

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|  |               |           |             |
|--|---------------|-----------|-------------|
| GNMA I SF 30 Year, 6.50%, 6/15/31 - 12/15/33                 | United States | 357,590   | 400,240     |
| GNMA II SF 30 Year, 3.50%, 3/20/45 - 10/20/47                | United States | 2,598,923 | 2,626,500   |
| <sup>o</sup> GNMA II SF 30 Year, 3.50%, 4/01/48              | United States | 2,725,000 | 2,750,132   |
| GNMA II SF 30 Year, 7.00%, 1/20/24 - 1/20/29                 | United States | 38,196    | 42,071      |
| GNMA II SF 30 Year, 8.00%, 1/20/28 - 10/20/31                | United States | 99,805    | 117,043     |
|  |               |           | 5,935,986   |
| <b>Total Mortgage-Backed Securities (Cost \$102,521,786)</b> |               |           | 102,055,911 |

**Shares**

**Escrows and Litigation Trusts 0.0%†**

|   |               |           |        |
|---|---------------|-----------|--------|
| <sup>a,b</sup> Midstates Petroleum Co. Inc./Midstates Petroleum Co. LLC, Litigation Trust | United States | 800,000   | —      |
| <sup>a,b</sup> NewPage Corp., Litigation Trust  | United States | 1,500,000 | —      |
| <sup>a</sup> Penn Virginia Corp., Litigation Trust.                                       | United States | 300,000   | 1,125  |
| <sup>a</sup> Vistra Energy Corp., Litigation Trust  | United States | 2,000,000 | 20,000 |
| <b>Total Escrows and Litigation Trusts (Cost \$58,482)</b>                                |               |           | 21,125 |

**Total Investments before Short Term Investments**

**(Cost \$417,243,249)** 410,344,735

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FRANKLIN LIMITED DURATION INCOME TRUST  
STATEMENT OF INVESTMENTS (UNAUDITED)

|   | Country       | Shares        | Value          |
|---|---------------|---------------|----------------|
| <b>Short Term Investments (Cost \$21,657,926) 8.0%</b>          |               |               |                |
| <b>Money Market Funds 8.0%</b>                                  |               |               |                |
| P,q Institutional Fiduciary Trust Money Market Portfolio, 1.24% | United States | 21,657,926 \$ | 21,657,926     |
| <b>Total Investments (Cost \$438,901,175) 160.7%</b>            |               |               | 432,002,661    |
| <b>Preferred Shares (33.5)%</b>                                 |               |               | (90,000,000)   |
| <b>Other Assets, less Liabilities (27.2)%</b>                   |               |               | (73,235,284)   |
| <b>Net Assets 100.0%</b>  |               |               | \$ 268,767,377 |

†Rounds to less than 0.1% of net assets.

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

aNon-income producing.

bFair valued using significant unobservable inputs. See Note 6 regarding fair value measurements.

cSee Note 4 regarding restricted securities.

dPerpetual security with no stated maturity date.

eSecurity 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 Trust's Board of Trustees. At March 31, 2018, the aggregate value of these securities was \$81,896,249, representing 30.5% of net assets.

fIncome may be received in additional securities and/or cash.

gSecurity purchased on a when-issued basis.

hDefaulted security or security for which income has been deemed uncollectible.

iThe coupon rate shown represents the rate at period end.

jA portion or all of the security purchased on a delayed delivery basis.

kA portion or all of the security represents an unsettled loan commitment. The coupon rate is to-be determined (TBD) at the time of settlement and will be based upon a reference index/floor plus a spread.

lAdjustable rate security with an interest rate that is not based on a published reference index and spread. The rate is based on the structure of the agreement and current market conditions. The coupon rate shown represents the rate at period end.

mThe coupon rate shown represents the rate inclusive of any caps or floors, if applicable, in effect at period end.

nAdjustable Rate Mortgage-Backed Security (ARM); the rate shown is the effective rate at period end. ARM rates are not based on a published reference rate and spread, but instead pass-through weighted average interest income inclusive of any caps or floors, if applicable, from the

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underlying mortgage loans in which the majority of mortgages pay interest based on the index shown at their designated reset dates plus a spread, less the applicable servicing and guaranty fee (MBS margin).

oSecurity purchased on a to-be-announced (TBA) basis.

pSee Note 5 regarding investments in affiliated management investment companies.

qThe rate shown is the annualized seven-day effective yield at period end.

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FRANKLIN LIMITED DURATION INCOME TRUST

## Notes to Statement of Investments (unaudited)

### 1. ORGANIZATION

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

### 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. 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. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the date that the values of the foreign debt securities are determined.

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.

FRANKLIN LIMITED DURATION INCOME TRUST

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

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 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. MORTGAGE DOLLAR ROLLS**

The Fund enters into mortgage dollar rolls, typically on a TBA basis. Mortgage dollar rolls are agreements between the Fund and a financial institution where the Fund sells (or buys) mortgage-backed securities for delivery on a specified date and simultaneously contracts to repurchase (or sell) substantially similar (same type, coupon, and maturity) securities at a future date and at a predetermined price. Gains or losses are realized on the initial sale, and the difference between the repurchase price and the sale price is recorded as an unrealized gain or loss to the Fund upon entering into the mortgage dollar roll. In addition, the Fund may invest the cash proceeds that are received from the initial sale. During the period between the sale and repurchase, the Fund is not entitled to principal and interest paid on the mortgage backed securities. Transactions in mortgage dollar rolls are accounted for as purchases and sales and may result in an increase to the Fund’s portfolio turnover rate. The risks of mortgage dollar roll transactions include the potential inability of the counterparty to fulfill its obligations.

The Fund is investing in mortgage dollar rolls as an alternate form of leverage. As a result, the mortgage dollar rolls are considered indebtedness or a “senior security” for purposes of the asset coverage requirements under the 1940 Act.

**4. RESTRICTED SECURITIES**

At March 31, 2018, investments in restricted securities, excluding securities exempt from registration under the Securities Act of 1933 deemed to be liquid, were as follows:

| Shares Issuer   | Acquisition |            |            |
|---|-------------|------------|------------|
|   | Date        | Cost       | Value      |
| 404 <sup>a</sup> Nine Point Energy Holdings Inc., cvt. pfd. (Value is 0.2% of Net Assets) | 3/24/17     | \$ 377,604 | \$ 468,858 |

<sup>a</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$184,800 as of March 31, 2018.

FRANKLIN LIMITED DURATION INCOME 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 March 31, 2018, the Fund held investments in affiliated management investment companies as follows:

|   | Number of Shares Held at Beginning of Period |               | Gross        |            | Number of Shares Held at End of Period |               | Value at End of Period |                      | Net Change in                          |      |
|---|--|---------------|--------------|------------|--|---------------|------------------------|----------------------|--|------|
|   | Shares                                       | Value         | Additions    | Reductions | Shares                                 | Value         | Dividend Income        | Realized Gain (Loss) | Unrealized Appreciation (Depreciation) |      |
| <b>Non-Controlled Affiliates</b>                      |  |               |              |            |  |               |                        |                      |  |      |
| Institutional Fiduciary Trust Money Market Portfolio, |  |               |              |            |  |               |                        |                      |  |      |
| 1.24%   | 12,509,828                                   | \$ 46,756,774 | (37,608,676) |            | 21,657,926                             | \$ 21,657,926 | \$ 23,896              | \$ —                 | \$ —                                   | \$ — |

**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 March 31, 2018, 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:           |            |              |            |              |
| Energy.                       | \$ 903,182 | \$ 1,054,388 | \$ 469,297 | \$ 2,426,867 |
| Transportation                | —          | 221,883      | —          | 221,883      |
| All Other Equity Investments. | 70,784     | —            | —          | 70,784       |
| Convertible Bonds             | —          | 591,764      | —          | 591,764      |

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|                                       |               |                |                |                |
|---------------------------------------|---------------|----------------|----------------|----------------|
| Corporate Bonds                       | —             | 146,261,418    | —              | 146,261,418    |
| Senior Floating Rate Interests        | —             | 143,551,263    | —              | 143,551,263    |
| Commercial Mortgage-Backed Securities | —             | 15,143,720     | —              | 15,143,720     |
| Mortgage-Backed Securities            | —             | 102,055,911    | —              | 102,055,911    |
| Escrows and Litigation Trusts         | —             | 21,125         | — <sup>c</sup> | 21,125         |
| Short Term Investments                | 21,657,926    | —              | —              | 21,657,926     |
| Total Investments in Securities       | \$ 22,631,892 | \$ 408,901,472 | \$ 469,297     | \$ 432,002,661 |

<sup>a</sup>For detailed categories, see the accompanying Statement of Investments.

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

<sup>c</sup>Includes securities determined to have no value at March 31, 2018.

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FRANKLIN LIMITED DURATION INCOME TRUST

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

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 beginning and/or end of the period.

## 7. NEW ACCOUNTING PRONOUNCEMENTS

In March 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 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 acquired at a premium, to be amortized to the earliest call date. The ASU does not require an accounting change for securities acquired 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 has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

## 8. 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>ARM</b>   | Adjustable Rate Mortgage                 |
| <b>FHLMC</b> | Federal Home Loan Mortgage Corp.         |
| <b>FNMA</b>  | Federal National Mortgage Association    |
| <b>FRN</b>   | Floating Rate Note                       |
| <b>GNMA</b>  | Government National Mortgage Association |
| <b>LIBOR</b> | London InterBank Offered Rate            |
| <b>MBS</b>   | Mortgage-Backed Security                 |
| <b>PIK</b>   | Payment-In-Kind                          |
| <b>SF</b>    | Single Family                            |
| <b>USD</b>   | United States Dollar                     |

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 Limited Duration Income Trust**

By /s/Matthew T. Hinkle

Matthew T. Hinkle

Chief Executive Officer -

Finance and Administration

Date: May 24, 2018

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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: May 24, 2018

By /s/Gaston Gardey

Gaston Gardey

Chief Financial Officer and

Chief Accounting Officer

Date: May 24, 2018