

FRANKLIN LTD DURATION INCOME TRUST
Form N-Q
August 28, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21357

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: 03/31

Date of reporting period: 6/30/17

Item 1. Schedule of Investments.

FRANKLIN LIMITED DURATION INCOME TRUST

Statement of Investments, June 30, 2017 (unaudited)

	Country	Shares/ Warrants	Value
Common Stocks and Other Equity Interests 0.9%			
Energy 0.8%			
^a CHC Group LLC	Cayman Islands	15,520 \$	178,480
^a Energy XXI Gulf Coast Inc	United States	19,083	354,371
^a Energy XXI Gulf Coast Inc., wts., 12/30/21	United States	5,004	5,004
^a Halcon Resources Corp	United States	67,554	306,695
^a Halcon Resources Corp., wts., 9/09/20	United States	6,408	5,511
^a Linn Energy Inc	United States	17,897	546,575
^a Midstates Petroleum Co. Inc	United States	364	4,612
^{a,b} Midstates Petroleum Co. Inc., wts., 4/21/20	United States	2,579	1,895
^{a,c} Nine Point Energy LLC	United States	18,477	221,719
^a Penn Virginia Corp	United States	3,759	138,143
^a Samson Resources II LLC	United States	31,225	632,306
			2,395,311
Materials 0.0%†			
^a Verso Corp., A	United States	4,163	19,524
^a Verso Corp., wts., 7/25/23	United States	438	66
			19,590
Transportation 0.0%†			
^{a,b} CEVA Holdings LLC	United States	112	28,035
Utilities 0.1%			
Vistra Energy Corp	United States	17,126	287,546
Total Common Stocks and Other Equity Interests			
(Cost \$7,456,104)			2,730,482
Convertible Preferred Stocks 0.2%			
Energy 0.2%			
^{a,c} Nine Point Energy Holdings Inc., cvt. pfd	United States	404	390,574
Transportation 0.0%†			
^{a,b} CEVA Holdings LLC, cvt. pfd., A-1	United States	6	2,250
^{a,b} CEVA Holdings LLC, cvt. pfd., A-2	United States	243	67,970
			70,220
Total Convertible Preferred Stocks (Cost \$747,552)			460,794

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		Principal Amount*	
Convertible Bonds (Cost \$1,476,542) 0.4%			
Energy 0.4%			
CHC Group LLC/CHC Finance Ltd., cvt., zero cpn., 10/01/20	Cayman Islands	798,131	1,249,075
Corporate Bonds 50.1%			
Automobiles & Components 0.9%			
Fiat Chrysler Automobiles NV, senior note, 4.50%, 4/15/20	United Kingdom	1,500,000	1,545,000
The Goodyear Tire & Rubber Co.,			
senior bond, 5.00%, 5/31/26	United States	700,000	726,250
senior note, 5.125%, 11/15/23	United States	300,000	315,000
			2,586,250

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
Corporate Bonds (continued)			
Banks 2.0%			
^d Bank of America Corp., junior sub. bond, M, 8.125% to 5/15/18, FRN thereafter, Perpetual	United States	1,500,000 \$	1,561,650
^d Citigroup Inc., junior sub. bond, M, 6.30% to 5/15/24, FRN thereafter, Perpetual	United States	1,300,000	1,386,125
^d JPMorgan Chase & Co., junior sub. bond, R, 6.00% to 8/01/23, FRN thereafter, Perpetual	United States	1,500,000	1,618,125
Royal Bank of Scotland Group PLC, sub. note, 6.125%, 12/15/22.	United Kingdom	1,000,000	1,095,580
			5,661,480
Capital Goods 2.1%			
CNH Industrial Capital LLC, senior note, 3.875%, 10/15/21	United States	1,200,000	1,234,500
^e Vertiv Group Corp., senior note, 144A, 9.25%, 10/15/24	United States	1,600,000	1,736,000
^e HD Supply Inc., senior note, 144A, 5.75%, 4/15/24	United States	400,000	426,000
^e Tennant Co., senior note, 144A, 5.625%, 5/01/25	United States	800,000	844,000
^e Terex Corp., senior note, 144A, 5.625%, 2/01/25	United States	500,000	515,000
TransDigm Inc., senior sub. bond, 6.50%, 5/15/25	United States	800,000	816,000
senior sub. note, 6.00%, 7/15/22	United States	500,000	516,250
			6,087,750
Commercial & Professional Services 0.2%			
United Rentals North America Inc., senior bond, 5.875%, 9/15/26	United States	600,000	641,250
Consumer Durables & Apparel 1.7%			
Beazer Homes USA Inc., senior note, 8.75%, 3/15/22	United States	1,300,000	1,452,750
^e Hanesbrands Inc., senior note, 144A, 4.625%, 5/15/24	United States	1,100,000	1,122,000
KB Home, senior note, 7.00%, 12/15/21	United States	1,100,000	1,243,000
^e Taylor Morrison Communities Inc./Taylor Morrison Holdings II Inc., senior note, 144A, 5.875%, 4/15/23	United States	1,000,000	1,072,500
			4,890,250
Consumer Services 3.4%			
^e 1011778 BC ULC/New Red Finance Inc., senior secured note, first lien, 144A, 4.25%, 5/15/24	Canada	800,000	796,952
^e 24 Hour Holdings III LLC, senior note, 144A, 8.00%, 6/01/22	United States	1,000,000	935,000
^e International Game Technology PLC, senior note, 144A, 5.625%, 2/15/20	United States	1,500,000	1,595,565

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^e KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, senior note, 144A, 5.00%, 6/01/24	United States	1,400,000	1,463,000
MGM Resorts International, senior note, 8.625%, 2/01/19	United States	1,000,000	1,105,000
^e Jack Ohio Finance LLC/Jack Ohio Finance 1 Corp., senior secured note, first lien, 144A, 6.75%, 11/15/21	United States	1,400,000	1,466,500
^e Silversea Cruise Finance Ltd., senior secured note, first lien, 144A, 7.25%, 2/01/25	United States	600,000	642,750
^e Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., senior bond, 144A, 5.50%, 3/01/25	United States	900,000	948,938
^e Wynn Macau Ltd., senior note, 144A, 5.25%, 10/15/21	Macau	800,000	824,000
			9,777,705
Diversified Financials 2.8%			
Aircastle Ltd., senior note, 4.125%, 5/01/24	United States	700,000	713,125
^{e,f} Alpine Finance Merger Sub LLC, senior note, 144A, 6.875%, 8/01/25	United States	500,000	510,000
^e FirstCash Inc., senior note, 144A, 5.375%, 6/01/24.	United States	900,000	942,750
^e Lincoln Finance Ltd., senior secured note, 144A, 7.375%, 4/15/21	Netherlands	1,000,000	1,063,750
Navient Corp., senior note, 5.00%, 10/26/20	United States	300,000	312,000
senior note, 5.875%, 3/25/21	United States	200,000	212,000
senior note, 6.625%, 7/26/21	United States	700,000	755,125

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FRANKLIN LIMITED DURATION INCOME TRUST
STATEMENT OF INVESTMENTS (UNAUDITED)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Diversified Financials (continued)			
Navient Corp., (continued)			
senior note, 7.25%, 9/25/23	United States	1,100,000 \$	1,185,250
^e Park Aerospace Holdings Ltd., senior note, 144A, 5.25%, 8/15/22	Ireland	1,500,000	1,572,735
^e Tempo Acquisition LLC/Tempo Acquisition Finance Corp., senior note, 144A, 6.75%, 6/01/25	United States	800,000	820,000
			8,086,735
Energy 5.9%			
^g BreitBurn Energy Partners LP/BreitBurn Finance Corp., senior bond, 7.875%, 4/15/22	United States	500,000	135,000
California Resources Corp.,			
^e secured note, second lien, 144A, 8.00%, 12/15/22	United States	924,000	587,895
senior note, 5.50%, 9/15/21	United States	37,000	21,830
Calumet Specialty Products Partners LP/Calumet Finance Corp.,			
senior note, 7.75%, 4/15/23	United States	1,000,000	875,000
^e senior note, 144A, 11.50%, 1/15/21	United States	500,000	580,000
Cheniere Corpus Christi Holdings LLC,			
senior note, first lien, 7.00%, 6/30/24	United States	700,000	784,000
senior secured note, first lien, 5.875%, 3/31/25	United States	600,000	642,000
CONSOL Energy Inc.,			
senior note, 5.875%, 4/15/22	United States	500,000	493,750
senior note, 8.00%, 4/01/23	United States	700,000	738,500
Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp., senior note, 6.25%, 4/01/23	United States	1,500,000	1,541,250
CSI Compressco LP/CSI Compressco Finance Inc., senior note, 7.25%, 8/15/22 .	United States	400,000	370,000
Energy Transfer Equity LP, senior note, first lien, 7.50%, 10/15/20.	United States	1,500,000	1,683,750
^{e,h} EnQuest PLC, 144A, PIK, 8.00%, 10/15/23	United Kingdom	1,071,463	799,461
Ferrellgas LP/Ferrellgas Finance Corp., senior note, 6.75%, 6/15/23.	United States	800,000	748,000
^e Ferrellgas Partners LP/Ferrellgas Partners Finance Corp., senior note, 144A, 8.625%, 6/15/20	United States	500,000	475,000
Martin Midstream Partners LP/Martin Midstream Finance Corp., senior note, 7.25%, 2/15/21	United States	900,000	913,500

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^e Murray Energy Corp., secured note, second lien, 144A, 11.25%, 4/15/21	United States	800,000	606,000
QEP Resources Inc., senior bond, 5.25%, 5/01/23	United States	500,000	475,000
Sanchez Energy Corp., senior note, 7.75%, 6/15/21	United States	900,000	819,000
senior note, 6.125%, 1/15/23	United States	300,000	241,500
Weatherford International Ltd., senior note, 5.125%, 9/15/20	United States	400,000	386,000
senior note, 7.75%, 6/15/21	United States	1,000,000	1,008,750
senior note, 4.50%, 4/15/22	United States	400,000	355,000
WPX Energy Inc., senior note, 7.50%, 8/01/20	United States	1,500,000	1,582,500
			16,862,686
Food, Beverage & Tobacco 1.5%			
Constellation Brands Inc., senior note, 3.875%, 11/15/19	United States	900,000	935,468
senior note, 4.75%, 12/01/25	United States	200,000	219,471
^e Cott Holdings Inc., senior note, 144A, 5.50%, 4/01/25	Canada	1,500,000	1,533,750
^e Lamb Weston Holdings Inc., senior note, 144A, 4.625%, 11/01/24	United States	1,100,000	1,138,500
^e Post Holdings Inc., senior note, 144A, 6.00%, 12/15/22	United States	100,000	106,375
senior note, 144A, 5.50%, 3/01/25	United States	400,000	413,500
			4,347,064

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STATEMENT OF INVESTMENTS (UNAUDITED)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Health Care Equipment & Services 3.0%			
CHS/Community Health Systems Inc., senior note, 8.00%, 11/15/19	United States	900,000 \$	907,875
senior secured note, first lien, 6.25%, 3/31/23	United States	700,000	725,270
^{e,i} Envision Healthcare Corp., senior note, 144A, 6.25%, 12/01/24	United States	500,000	535,000
HCA Inc., senior bond, 5.875%, 5/01/23	United States	900,000	982,125
senior note, 7.50%, 2/15/22	United States	500,000	576,875
senior secured bond, first lien, 5.875%, 3/15/22	United States	1,000,000	1,111,250
^e MPH Acquisition Holdings LLC, senior note, 144A, 7.125%, 6/01/24	United States	1,300,000	1,389,375
Tenet Healthcare Corp., first lien, 6.00%, 10/01/20	United States	500,000	536,875
senior note, 5.00%, 3/01/19	United States	1,000,000	1,050,360
senior note, 5.50%, 3/01/19	United States	900,000	936,000
			8,751,005
Materials 8.1%			
^h ARD Finance SA, secured note, PIK, 7.125%, 9/15/23	Luxembourg	600,000	642,750
^e Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., senior note, 144A, 4.25%, 9/15/22	Luxembourg	300,000	308,250
senior note, 144A, 6.00%, 2/15/25	Luxembourg	500,000	526,250
^e BlueScope Steel Ltd./BlueScope Steel Finance, senior note, 144A, 6.50%, 5/15/21	Australia	1,500,000	1,583,145
^e BWAY Holding Co., secured note, 144A, 5.50%, 4/15/24	United States	1,500,000	1,535,625
^e Cemex SAB de CV, senior secured bond, 144A, 7.75%, 4/16/26	Mexico	400,000	457,000
The Chemours Co., senior note, 6.625%, 5/15/23	United States	1,500,000	1,593,750
^e CVR Partners LP/CVR Nitrogen Finance Corp., secured note, second lien, 144A, 9.25%, 6/15/23	United States	1,200,000	1,260,000
^e Eldorado Gold Corp., senior note, 144A, 6.125%, 12/15/20	Canada	800,000	823,000
^e First Quantum Minerals Ltd., senior note, 144A, 7.00%, 2/15/21	Zambia	961,000	989,830
senior note, 144A, 7.25%, 4/01/23	Zambia	500,000	492,500
^e FMG Resources (August 2006) Pty. Ltd., senior note, 144A, 4.75%, 5/15/22	Australia	700,000	703,500

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^e Grinding Media Inc./MC Grinding Media Canada Inc., senior secured note, 144A, 7.375%, 12/15/23	United States	500,000	545,000
^e HudBay Minerals Inc., senior note, 144A, 7.25%, 1/15/23	Canada	400,000	414,500
^e New Gold Inc., senior note, 144A, 6.375%, 5/15/25	Canada	600,000	619,500
^e Novelis Corp., senior note, 144A, 6.25%, 8/15/24	United States	1,300,000	1,368,250
^e Owens-Brockway Glass Container Inc., senior note, 144A, 5.00%, 1/15/22	United States	900,000	955,125
^e senior note, 144A, 5.875%, 8/15/23	United States	400,000	441,750
^e Petra Diamonds U.S. Treasury PLC, secured note, second lien, 144A, 7.25%, 5/01/22	South Africa	700,000	718,676
^e Platform Specialty Products Corp., senior note, 144A, 10.375%, 5/01/21	United States	100,000	110,875
^e senior note, 144A, 6.50%, 2/01/22	United States	600,000	622,500
^e Rain CII Carbon LLC/CII Carbon Corp., second lien, 144A, 8.25%, 1/15/21	United States	600,000	626,250
^e Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer Luxembourg SA, first lien, 144A, 5.125%, 7/15/23	United States	400,000	416,000
^e senior note, 144A, 7.00%, 7/15/24	United States	100,000	107,459
^j senior secured note, first lien, 144A, FRN, 4.658%, 7/15/21	United States	400,000	407,500
^e Sealed Air Corp., senior bond, 144A, 5.125%, 12/01/24	United States	500,000	538,750
^e senior bond, 144A, 5.50%, 9/15/25.	United States	600,000	657,000

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STATEMENT OF INVESTMENTS (UNAUDITED)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Materials (continued)			
Steel Dynamics Inc., senior note, 5.125%, 10/01/21	United States	1,500,000 \$	1,544,220
Summit Materials LLC/Summit Materials Finance Corp., senior note, 8.50%, 4/15/22	United States	1,200,000	1,362,000
^e SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., senior note, 144A, 7.50%, 6/15/25	United States	1,100,000	1,091,750
			23,462,705
Media 4.7%			
^e Altice U.S. Finance I Corp., senior secured bond, 144A, 5.50%, 5/15/26	United States	1,000,000	1,052,500
AMC Networks Inc., senior note, 5.00%, 4/01/24	United States	1,000,000	1,026,250
Cablevision Systems Corp., senior note, 8.625%, 9/15/17	United States	428,000	433,885
CCO Holdings LLC/CCO Holdings Capital Corp., senior bond, 5.25%, 9/30/22	United States	1,500,000	1,547,850
^e senior note, 144A, 5.125%, 5/01/23	United States	500,000	526,250
Clear Channel Worldwide Holdings Inc., senior note, 6.50%, 11/15/22	United States	700,000	722,890
senior sub. note, 7.625%, 3/15/20	United States	800,000	799,000
CSC Holdings LLC, senior note, 6.75%, 11/15/21	United States	1,000,000	1,110,000
senior note, 5.25%, 6/01/24	United States	500,000	511,300
iHeartCommunications Inc., senior secured bond, first lien, 9.00%, 3/01/21	United States	1,500,000	1,130,625
^e Nexstar Broadcasting Inc., senior note, 144A, 5.625%, 8/01/24	United States	500,000	507,500
^e Radio One Inc., senior sub. note, 144A, 9.25%, 2/15/20	United States	600,000	579,000
^e Virgin Media Secured Finance PLC, senior secured bond, first lien, 144A, 5.50%, 1/15/25	United Kingdom	1,100,000	1,146,750
senior secured bond, first lien, 144A, 5.50%, 8/15/26	United Kingdom	400,000	420,000
^e WMG Acquisition Corp., secured note, first lien, 144A, 5.00%, 8/01/23	United States	100,000	102,875
senior note, 144A, 5.625%, 4/15/22	United States	1,806,000	1,875,982
			13,492,657
Pharmaceuticals, Biotechnology & Life Sciences 2.2%			
^e Concordia International Corp.,			

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senior note, 144A, 7.00%, 4/15/23	Canada	900,000	135,000
senior secured note, first lien, 144A, 9.00%, 4/01/22	Canada	500,000	381,250
^e Endo Dac/Endo Finance LLC/Endo Finco Inc.,			
senior bond, 144A, 6.00%, 2/01/25.	United States	1,000,000	820,000
senior note, 144A, 6.00%, 7/15/23	United States	500,000	422,750
Horizon Pharma Inc., senior note, 6.625%, 5/01/23	United States	1,200,000	1,134,000
^e Jaguar Holding Co. II/Pharmaceutical Product Development LLC, senior note,			
144A, 6.375%, 8/01/23	United States	1,200,000	1,267,500
^e Valeant Pharmaceuticals International Inc.,			
first lien, 144A, 6.50%, 3/15/22	United States	200,000	210,250
senior note, 144A, 5.375%, 3/15/20	United States	500,000	483,750
senior note, 144A, 5.625%, 12/01/21	United States	500,000	453,750
^e Valeant Pharmaceuticals International, senior note, 144A, 6.375%, 10/15/20.	United States	1,000,000	973,750
			6,282,000
Real Estate 0.5%			
Equinix Inc., senior bond, 5.875%, 1/15/26	United States	300,000	327,843
MPT Operating Partnership LP/MPT Finance Corp.,			
senior bond, 5.25%, 8/01/26	United States	300,000	312,495
senior note, 6.375%, 3/01/24	United States	700,000	764,841