

FRANKLIN LTD DURATION INCOME TRUST
Form N-Q
August 28, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21357

Franklin Limited Duration Income Trust

(formerly, Franklin Templeton Limited Duration Income Trust)

(Exact name of registrant as specified in charter)

One Franklin Parkway, San Mateo, CA 94403-1906

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

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

Date of fiscal year end: 03/31

Date of reporting period: 6/30/15

Item 1. Schedule of Investments.

Franklin Limited Duration Income Trust

Statement of Investments, June 30, 2015 (unaudited)

	Country	Shares	Value
Common Stocks 0.0%			
Materials 0.0%			
aVerso Corp.	United States	5,659	\$ 3,735
Transportation 0.0%			
aCEVA Holdings LLC	United Kingdom	112	82,984
Total Common Stocks (Cost \$186,255)			86,719
Convertible Preferred Stocks 0.1%			
Transportation 0.1%			
aCEVA Holdings LLC, cvt. pfd., A-1	United Kingdom	6	6,000
aCEVA Holdings LLC, cvt. pfd., A-2	United Kingdom	243	179,635
Total Convertible Preferred Stocks (Cost \$369,948)			185,635
		Principal Amount*	
Corporate Bonds 52.2%			
Automobiles & Components 1.0%			
bFiat Chrysler Automobiles NV, senior note, 144A, 4.50%, 4/15/20	United Kingdom	2,000,000	1,992,500
The Goodyear Tire & Rubber Co., senior note, 6.50%, 3/01/21	United States	1,500,000	1,593,750
			3,586,250
Banks 2.7%			
cBank of America Corp., junior sub. bond, M, 8.125% to 5/15/18, FRN thereafter, Perpetual	United States	3,000,000	3,187,500
CIT Group Inc., 4.25%, 8/15/17	United States	1,500,000	1,526,250
senior note, 5.00%, 5/15/17	United States	500,000	516,850
^b senior note, 144A, 6.625%, 4/01/18	United States	500,000	536,250
cCitigroup Inc., junior sub. bond, M, 6.30% to 5/15/24, FRN thereafter, Perpetual	United States	1,300,000	1,270,750
cJPMorgan Chase & Co., junior sub. bond, R, 6.00% to 8/01/23, FRN thereafter, Perpetual	United States	1,500,000	1,492,500
V, 5.00% to 7/30/19, FRN thereafter, Perpetual	United States	500,000	490,000
Royal Bank of Scotland Group PLC, sub. note, 6.125%, 12/15/22	United Kingdom	1,000,000	1,073,750

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			10,093,850
Capital Goods 0.7%			
bBombardier Inc., senior bond, 144A, 7.50%, 3/15/25	Canada	2,000,000	1,825,000
TransDigm Inc., b senior sub. bond, 144A, 6.50%, 5/15/25	United States	100,000	99,375
senior sub. note, 6.00%, 7/15/22	United States	500,000	496,250
			2,420,625
Commercial & Professional Services 0.3%			
bAnna Merger Sub Inc., senior note, 144A, 7.75%, 10/01/22	United States	700,000	707,000
bIHS Inc., senior note, 144A, 5.00%, 11/01/22	United States	300,000	299,250
			1,006,250
Consumer Durables & Apparel 1.4%			
KB Home, senior note, 4.75%, 5/15/19	United States	1,100,000	1,097,250
7.00%, 12/15/21	United States	1,100,000	1,141,250
bTaylor Morrison Communities Inc./Monarch Communities Inc., senior note, 144A, 5.25%, 4/15/21	United States	800,000	792,000
5.875%, 4/15/23	United States	1,000,000	987,500
Visant Corp., senior note, 10.00%, 10/01/17	United States	1,400,000	1,135,750
			5,153,750
Consumer Services 3.0%			
b1011778 BC ULC/New Red Finance Inc., secured note, second lien, 144A, 6.00%, 4/01/22	Canada	1,200,000	1,236,000
senior secured note, first lien, 144A, 4.625%, 1/15/22	Canada	600,000	592,500
b24 Hour Holdings III LLC, senior note, 144A, 8.00%, 6/01/22	United States	1,000,000	813,750
dCaesars Entertainment Operating Co. Inc., senior secured note, first lien, 11.25%, 6/01/17	United States	1,600,000	1,264,000
bInternational Game Technology PLC, senior note, 144A, 5.625%, 2/15/20	United Kingdom	2,000,000	1,955,000

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

Franklin Limited Duration Income Trust

Statement of Investments, June 30, 2015 (unaudited) (continued)

bLandry's Inc., senior note, 144A, 9.375%, 5/01/20	United States	1,000,000	1,077,500
MGM Resorts International, senior note, 8.625%, 2/01/19	United States	2,000,000	2,270,000
bSabre GBLB Inc., first lien, 144A, 5.375%, 4/15/23	United States	1,400,000	1,386,000
bWynn Macau Ltd., senior note, 144A, 5.25%, 10/15/21	Macau	600,000	569,625
			11,164,375
Diversified Financials 2.4%			
AerCap Ireland Capital Ltd./AerCap Global Aviation Trust, senior note, 4.25%, 7/01/20	Netherlands	900,000	901,125
^b 144A, 5.00%, 10/01/21	Netherlands	600,000	618,000
Ally Financial Inc., senior note, 6.25%, 12/01/17	United States	2,000,000	2,140,000
E*TRADE Financial Corp., senior note, 5.375%, 11/15/22	United States	400,000	411,000
4.625%, 9/15/23	United States	500,000	492,500
Navient Corp., senior note, 8.45%, 6/15/18	United States	1,400,000	1,559,320
5.50%, 1/15/19	United States	1,100,000	1,124,332
5.00%, 10/26/20	United States	300,000	299,250
5.875%, 3/25/21	United States	200,000	200,374
bOneMain Financial Holdings Inc., senior note, 144A, 7.25%, 12/15/21	United States	1,100,000	1,141,250
			8,887,151
Energy 9.9%			
BreitBurn Energy Partners LP/BreitBurn Finance Corp., senior bond, 7.875%, 4/15/22	United States	1,500,000	1,260,000
California Resources Corp., senior note, 5.50%, 9/15/21	United States	1,500,000	1,306,875
bCalumet Specialty Products Partners LP/Finance Co., senior note, 144A, 7.75%, 4/15/23	United States	1,000,000	1,032,500
CGG SA, senior note, 6.875%, 1/15/22	France	1,200,000	1,005,750
CHC Helicopter SA, senior secured note, first lien, 9.25%, 10/15/20	Canada	2,001,600	1,459,917
Chesapeake Energy Corp., senior note, 6.625%, 8/15/20	United States	2,500,000	2,450,000
6.125%, 2/15/21	United States	1,000,000	942,500
Clayton Williams Energy Inc., senior note, 7.75%, 4/01/19	United States	1,500,000	1,432,500
bCompressco Partners LP/Finance Corp., senior note, 144A, 7.25%, 8/15/22	United States	400,000	384,000
CONSOL Energy Inc., senior note, 5.875%, 4/15/22	United States	1,100,000	939,532
^b 144A, 8.00%, 4/01/23	United States	900,000	857,250
bCrestwood Midstream Partners LP/Crestwood Midstream Finance Corp., senior note, 144A, 6.25%, 4/01/23	United States	600,000	625,500

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bDrill Rigs Holdings Inc., secured note, 144A, 6.50%, 10/01/17	United States	1,500,000	1,323,750
Energy Transfer Equity LP, senior note, first lien, 7.50%, 10/15/20	United States	2,500,000	2,831,250
Energy XXI Gulf Coast Inc., senior note, 7.50%, 12/15/21	United States	600,000	198,000
senior note, 6.875%, 3/15/24	United States	300,000	99,000
b senior secured note, second lien, 144A, 11.00%, 3/15/20	United States	500,000	441,250
bEnQuest PLC, senior note, 144A, 7.00%, 4/15/22	United Kingdom	1,000,000	805,625
EPL Oil & Gas Inc., senior note, 8.25%, 2/15/18	United States	1,000,000	607,500
Halcon Resources Corp., senior note, 9.75%, 7/15/20	United States	100,000	67,750
8.875%, 5/15/21	United States	1,500,000	993,750
9.25%, 2/15/22	United States	500,000	326,250
Linn Energy LLC/Finance Corp., senior note, 8.625%, 4/15/20	United States	1,500,000	1,237,815
7.75%, 2/01/21	United States	1,000,000	782,500
Martin Midstream Partners LP/Martin Midstream Finance Corp., senior note, 7.25%, 2/15/21	United States	1,400,000	1,382,500
Memorial Resource Development Corp., senior note, 5.875%, 7/01/22	United States	800,000	776,560
Midstates Petroleum Co. Inc./LLC, senior note, 9.25%, 6/01/21	United States	800,000	336,000
bMurray Energy Corp., secured note, second lien, 144A, 11.25%, 4/15/21	United States	800,000	676,000
bOcean Rig UDW Inc., senior note, 144A, 7.25%, 4/01/19	United States	600,000	467,625
Offshore Group Investment Ltd., senior bond, first lien, 7.125%, 4/01/23	United States	600,000	369,000
senior secured note, first lien, 7.50%, 11/01/19	United States	1,000,000	618,125
Peabody Energy Corp., senior note, 6.00%, 11/15/18	United States	2,500,000	1,212,500
Penn Virginia Corp., senior note, 8.50%, 5/01/20	United States	300,000	270,750

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Statement of Investments, June 30, 2015 (unaudited) (continued)

Penn Virginia Resource Partners LP/Penn Virginia Resource Finance Corp.,
senior

note,			
8.375%, 6/01/20	United States	502,000	545,297
6.50%, 5/15/21	United States	300,000	317,625
Regency Energy Partners LP/Regency Energy Finance Corp., senior note,			
5.875%, 3/01/22	United States	200,000	212,972
5.00%, 10/01/22	United States	500,000	508,080
Sabine Pass Liquefaction LLC, first lien, 5.625%, 2/01/21	United States	2,000,000	2,050,000
Sanchez Energy Corp., senior note,			
7.75%, 6/15/21	United States	1,000,000	1,000,000
6.125%, 1/15/23	United States	500,000	450,000
bTriangle USA Petroleum Corp., senior note, 144A, 6.75%, 7/15/22	United States	1,000,000	780,000
bUltra Petroleum Corp., senior bond, 144A, 6.125%, 10/01/24	United States	1,200,000	1,059,000
			36,442,798

Food, Beverage & Tobacco 1.8%

Constellation Brands Inc., senior note, 3.875%, 11/15/19	United States	900,000	915,750
bCott Beverages Inc., senior note, 144A, 6.75%, 1/01/20	United States	700,000	728,000
bDole Food Co. Inc., senior secured note, 144A, 7.25%, 5/01/19	United States	1,000,000	1,012,500
bJBS USA LLC/Finance Inc., senior note, 144A, 8.25%, 2/01/20	United States	2,000,000	2,130,000
Post Holdings Inc., senior note,			
7.375%, 2/15/22	United States	1,000,000	1,021,250
^b 144A, 6.75%, 12/01/21	United States	600,000	601,500
^b 144A, 6.00%, 12/15/22	United States	100,000	96,625
			6,505,625

Health Care Equipment & Services 3.5%

Alere Inc.,			
senior note, 7.25%, 7/01/18	United States	1,300,000	1,366,625
senior sub. note, 6.50%, 6/15/20	United States	500,000	520,000
Centene Corp., senior note, 4.75%, 5/15/22	United States	800,000	828,000
CHS/Community Health Systems Inc.,			
senior note, 8.00%, 11/15/19	United States	1,100,000	1,161,875
senior secured note, first lien, 5.125%, 8/15/18	United States	900,000	925,200
DaVita HealthCare Partners Inc., senior bond, 5.125%, 7/15/24	United States	1,000,000	985,000
HCA Inc.,			
senior note, 7.50%, 2/15/22	United States	1,000,000	1,150,000
senior note, 5.875%, 5/01/23	United States	1,500,000	1,597,500
senior secured bond, first lien, 5.875%, 3/15/22	United States	1,000,000	1,090,000
senior secured note, first lien, 4.25%, 10/15/19	United States	200,000	205,000

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b,eHologic Inc., senior note, 144A, 5.25%, 7/15/22	United States	600,000	614,250
Tenet Healthcare Corp., first lien, 6.00%, 10/01/20	United States	500,000	534,375
^b senior note, 144A, 5.00%, 3/01/19	United States	500,000	501,875
^b senior note, 144A, 5.50%, 3/01/19	United States	900,000	911,250
^{b,f} senior note, 144A, FRN, 3.786%, 6/15/20	United States	500,000	505,000
			12,895,950
Materials 6.7%			
ArcelorMittal, senior note, 5.25%, 2/25/17	Luxembourg	3,000,000	3,121,875
bArdagh Packaging Finance PLC, senior note, 144A, 9.125%, 10/15/20	Luxembourg	700,000	743,750
bArdagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., senior note, 144A, 6.25%, 1/31/19	Luxembourg	300,000	306,750
senior note, 144A, 7.00%, 11/15/20	Luxembourg	88,235	90,276
^f senior secured note, 144A, FRN, 3.286%, 12/15/19	Luxembourg	700,000	683,375
bBarmingo Finance Pty. Ltd., senior note, 144A, 9.00%, 6/01/18	Australia	1,000,000	950,625
bCemex SAB de CV, secured note, 144A, 5.875%, 3/25/19	Mexico	500,000	513,125
b,eThe Chemours Co., senior note, 144A, 6.625%, 5/15/23	United States	1,900,000	1,845,375
bEldorado Gold Corp., senior note, 144A, 6.125%, 12/15/20	Canada	1,500,000	1,490,625
bFirst Quantum Minerals Ltd., senior note, 144A, 6.75%, 2/15/20	Canada	1,261,000	1,226,323
7.00%, 2/15/21	Canada	1,261,000	1,212,136
bFMG Resources (August 2006) Pty. Ltd., senior secured note, 144A, 9.75%, 3/01/22	Australia	2,700,000	2,786,062
bINVISTA Finance LLC, senior secured note, 144A, 4.25%, 10/15/19	United States	1,800,000	1,782,000
Novelis Inc., senior note, 8.375%, 12/15/17	Canada	500,000	518,125
bOwens-Brockway Glass Container Inc., senior note, 144A, 5.00%, 1/15/22	United States	900,000	892,125

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Statement of Investments, June 30, 2015 (unaudited) *(continued)*

bPlatform Specialty Products Corp., senior note, 144A, 6.50%, 2/01/22	United States	400,000	415,000
bPolymer Group Inc., senior note, 144A, 6.875%, 6/01/19	United States	1,000,000	923,750
bRain CII Carbon LLC/CII Carbon Corp., second lien, 144A, 8.25%, 1/15/21	United States	600,000	586,500
Reynolds Group Issuer Inc./LLC/SA, senior note, 8.50%, 5/15/18	United States	1,000,000	1,021,250
senior note, 9.00%, 4/15/19	United States	100,000	103,875
senior note, 8.25%, 2/15/21	United States	1,000,000	1,042,500
senior secured note, first lien, 7.125%, 4/15/19	United States	400,000	412,500
bSealed Air Corp., senior bond, 144A, 5.50%, 9/15/25	United States	600,000	606,000
Steel Dynamics Inc., senior note, 5.125%, 10/01/21	United States	1,000,000	1,007,000
Verso Paper Holdings LLC/Inc., senior secured note, first lien, 11.75%, 1/15/19	United States	270,000	158,625
			24,439,547
Media 4.5%			
Cablevision Systems Corp., senior note, 8.625%, 9/15/17	United States	1,000,000	1,102,500
CCO Holdings LLC/CCO Holdings Capital Corp., senior bond, 5.25%, 9/30/22	United States	2,000,000	1,975,000
Clear Channel Worldwide Holdings Inc., senior note, 6.50%, 11/15/22	United States	700,000	731,500
senior sub. note, 7.625%, 3/15/20	United States	800,000	837,000
CSC Holdings LLC, senior note, 6.75%, 11/15/21	United States	1,500,000	1,586,250
5.25%, 6/01/24	United States	500,000	482,500
DISH DBS Corp., senior note, 7.125%, 2/01/16	United States	2,000,000	2,055,000
Gannett Co. Inc., senior note, 5.125%, 10/15/19	United States	1,200,000	1,239,000
iHeartCommunications Inc., senior secured bond, first lien, 9.00%, 3/01/21	United States	1,900,000	1,738,500
bRadio One Inc., senior sub. note, 144A, 9.25%, 2/15/20	United States	600,000	549,000
bSirius XM Radio Inc., senior bond, 144A, 6.00%, 7/15/24	United States	1,000,000	1,012,500
5.375%, 4/15/25	United States	500,000	485,000
bVirgin Media Secured Finance PLC, senior secured bond, first lien, 144A, 5.50%, 1/15/25	United Kingdom	1,100,000	1,106,187
bWMG Acquisition Corp., senior note, 144A, 5.625%, 4/15/22	United States	1,500,000	1,507,500
			16,407,437
Pharmaceuticals, Biotechnology & Life Sciences 2.7%			
bConcordia Healthcare Corp., senior note, 144A, 7.00%, 4/15/23	Canada	600,000	601,500
bEndo Finance LLC/Endo Ltd./Endo Finco Inc., senior bond, 144A, 6.00%, 2/01/25	United States	700,000	714,875
^e senior note, 144A, 6.00%, 7/15/23	United States	500,000	512,500

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Grifols Worldwide Operations Ltd., senior note, 5.25%, 4/01/22	United States	600,000	603,000
bHorizon Pharma Financing Inc., senior note, 144A, 6.625%, 5/01/23	United States	300,000	313,125
b,gJaguar Holding Co. I, senior note, 144A, PIK, 9.375%, 10/15/17	United States	1,300,000	1,330,875
bJaguar Holding Co. II/Merger Sub Inc., senior note, 144A, 9.50%, 12/01/19	United States	500,000	533,750
Par Pharmaceutical Cos. Inc., senior note, 7.375%, 10/15/20	United States	1,900,000	2,033,000
bValeant Pharmaceuticals International Inc., senior note, 144A, 6.75%, 8/15/18	United States	700,000	735,438
5.375%, 3/15/20	United States	500,000	517,500
5.625%, 12/01/21	United States	500,000	515,050
bVPI Escrow Corp., senior note, 144A, 6.375%, 10/15/20	United States	1,500,000	1,583,437
			9,994,050
Real Estate 0.4%			
bFelcor Lodging LP, senior secured bond, 144A, 6.00%, 6/01/25	United States	400,000	408,000
bFerrellgas LP/Ferrellgas Finance Corp., senior note, 144A, 6.75%, 6/15/23	United States	1,100,000	1,111,000
			1,519,000
Retailing 0.6%			
bArgos Merger Sub Inc., senior note, 144A, 7.125%, 3/15/23	United States	400,000	420,000
bFamily Tree Escrow LLC, senior note, 144A, 5.25%, 3/01/20	United States	400,000	420,500
bNetflix Inc., senior note, 144A, 5.50%, 2/15/22	United States	1,300,000	1,348,750
			2,189,250
Software & Services 2.3%			
bBMC Software Finance Inc., senior note, 144A, 8.125%, 7/15/21	United States	2,000,000	1,627,500
Equinix Inc., senior note, 4.875%, 4/01/20	United States	1,500,000	1,522,500
bFirst Data Corp., senior secured bond, second lien, 144A, 8.25%, 1/15/21	United States	3,000,000	3,172,500
bInfor (U.S.) Inc., senior note, 144A, 6.50%, 5/15/22	United States	1,300,000	1,329,250

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Sterling International Inc., senior note, 11.00%, 10/01/19	United States	700,000	745,500
			8,397,250
Technology Hardware & Equipment 0.7%			
bAlcatel-Lucent USA Inc., senior note, 144A, 6.75%, 11/15/20	France	1,000,000	1,061,250
bBlackboard Inc., senior note, 144A, 7.75%, 11/15/19	United States	1,000,000	945,000
bCommScope Inc., senior secured note, 144A, 4.375%, 6/15/20	United States	400,000	405,000
			2,411,250
Telecommunication Services 4.1%			
CenturyLink Inc., senior bond,			