

TEMPLETON EMERGING MARKETS INCOME FUND
Form N-CSR
March 05, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
Investment Company Act file number 811-07866

Templeton Emerging Markets Income Fund
(Exact name of registrant as specified in charter)

300 S.E. 2nd Street, Fort Lauderdale, FL 33301-1923
(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: (954) 527-7500

Date of fiscal year end: 12/31

Date of reporting period: 12/31/17

Item 1. Reports to Stockholders.

Franklin Templeton Investments

Gain From Our Perspective®

At Franklin Templeton Investments, we're dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we're able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world's largest asset managers. This has helped us to become a trusted partner to individual and institutional investors across the globe.

Contents

<u>Annual Report</u>	2
<u>Templeton Emerging Markets Income Fund</u>	2
<u>Performance Summary</u>	6
<u>Important Notice to Shareholders</u>	7
<u>Financial Highlights and Statement of Investments</u>	9
<u>Financial Statements</u>	16
<u>Notes to Financial Statements</u>	19
<u>Report of Independent Registered Public Accounting Firm</u>	31
<u>Tax Information</u>	32
<u>Annual Meeting of Shareholders</u>	33
<u>Dividend Reinvestment and Cash Purchase Plan</u>	34
<u>Board Members and Officers</u>	36
<u>Shareholder Information</u>	41

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products/products/closed-end-funds for fund updates, to access your account, or to find helpful financial planning tools.

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Not part of the
annual report 1

Annual Report

Templeton Emerging Markets Income Fund

Dear Shareholder:

This annual report for Templeton Emerging Markets Income Fund covers the fiscal year ended December 31, 2017.

Your Fund's Goal and Main Investments

The Fund seeks high, current income, with a secondary goal of capital appreciation, by investing, under normal market conditions, at least 80% of its net assets in income-producing securities of sovereign or sovereign-related entities and private sector companies in emerging market countries.

Performance Overview

For the 12 months under review, the Fund delivered cumulative total returns of +8.11% based on market price and +9.91% based on net asset value. In comparison, U.S. dollar-denominated emerging market bonds, as measured by the J.P. Morgan (JPM) Emerging Markets Bond Index (EMBI) Global, had a +9.32% cumulative total return in U.S. dollar terms for the same period.¹ You can find the Fund's long-term performance data in the Performance Summary on page 6.

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

Economic and Market Overview

The year began with a rally in emerging markets (EMs), as fourth-quarter 2016 fears for potential trade shocks dissipated. Capital moved into several markets we considered undervalued at a pace not seen in a number of years. The strengthening trends in specific EMs largely continued throughout much of 2017, particularly in select areas of Latin America and Asia.

Duration exposures around the world generally performed well during the year, as rates in developed markets remained relatively low or range-bound, while a number of EM

Portfolio Breakdown*

Based on Total Net Assets as of 12/31/17

*Figures represent the net Fund exposure and include certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of any derivatives or other factors.

**Includes foreign treasury bills, foreign strips, money market funds and net other assets less liabilities.

local-currency markets saw declining yields and strengthening valuations.

The 10-year US Treasury note reached its highest yield of 2017 at 2.62% on March 13, two days before the US Federal Reserve (Fed) made its first rate hike of 2017. However, yields declined in the second and third quarters as policy setbacks from the Trump administration and subdued inflation figures appeared to dampen expectations for higher rates.

Those negative trends began to reverse in the fall months as Fed Chair Janet Yellen returned from Jackson Hole, Wyoming, with more hawkish-sounding comments on the need to normalize monetary policy. Additionally, a moderate pickup in inflation, exceptional strength in US labor markets, progress on tax reform and a new Fed chair nomination (Jay Powell) appeared to push rate expectations higher, in our opinion. The Fed also began unwinding its nearly \$4.5 trillion balance sheet in October. Ultimately, the Fed raised rates 25 basis points three times in 2017, as it indicated it would.

1. Source: Morningstar.

The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

See www.franklintempletondatasources.com for additional data provider information.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI).

The SOI begins on page 10.

Geographic Composition*

Based on Total Net Assets as of 12/31/17

*Figures represent the net Fund exposure and include certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of any derivatives or other factors.

On the currency front, the US dollar broadly weakened during much of the year, with notable weakness against the euro and Mexican peso during the summer months. Those trends moderately reversed in September and October, before resuming over the final two months of the year, leaving the US dollar broadly weaker in 2017.

In Europe, economic optimism surged in the summer months, driven by the cyclical upswing in eurozone growth as well as some political refortifying after Emmanuel Macron's victory in the French election in May. The euro appreciated 13.85% against the US dollar during the year.² However, growing populist/nationalist movements in a number of countries continued to test the political cohesion across the eurozone. Angela Merkel's win in the German election in September came with new uncertainties around forming a coalition government.

In October, European Central Bank (ECB) President Mario Draghi announced a reduction in the ECB's bond-buying program, as expected, to 30 billion per month, down from a 60 billion monthly pace, scheduled to begin in January 2018. Draghi also indicated that rates would not be hiked until quantitative easing (QE) ends, implying that rates would likely remain unchanged in the upcoming year.

In Japan, Prime Minister Shinzo Abe's political mandate was reaffirmed after his political coalition maintained its supermajority in October elections. The Bank of Japan (BOJ) continued to deploy massive levels of QE throughout 2017;

2. Source: FactSet.

however, the yen appreciated 3.54% against the US dollar during the year.²

Investment Strategy

We invest selectively in bonds from emerging markets around the world to generate income for the Fund, seeking opportunities while monitoring changes in interest rates, currency exchange rates and credit risk. We seek to manage the Fund's exposure to various currencies and may use currency forward contracts.

Manager's Discussion

On the whole, we continued to position the Fund for rising rates by maintaining low portfolio duration and aiming at a negative correlation with US Treasury returns. We also continued to actively seek select duration exposures that we believe can offer positive real yields without taking undue interest-rate risk, favoring countries that we believe have solid underlying fundamentals and prudent fiscal, monetary and financial policies. When investing globally, investment opportunities may take time to materialize, which may require weathering periods of volatility as the

longer term investing theses develop. During the period, we added to some of our strongest investment convictions as prices became cheaper during periods of heightened volatility. We also maintained exposures to a number of emerging market currencies that we believe remained fundamentally undervalued. Overall, we were positioned for depreciation of the euro and Japanese yen, rising US Treasury yields, and currency appreciation in select emerging markets. During the period, we used forward currency exchange contracts to actively manage currencies. We also used interest-rate swaps to tactically manage duration exposures.

What is duration?

Duration is a measure of a bond's price sensitivity to interest-rate changes. In general, a portfolio of securities with a lower duration can be expected to be less sensitive to interest-rate changes than a portfolio with a higher duration.

 TEMPLETON EMERGING MARKETS INCOME FUND
Top 10 Countries

12/31/17

	% of Total Net Assets
Zambia	12.0%
Kenya	7.9%
Brazil	7.7%
Indonesia	7.1%
Ukraine	7.0%
Argentina	5.9%
Senegal	4.7%
South Africa	4.4%
Iraq	4.3%
Colombia	3.2%

What is a currency forward contract?

A currency forward contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency in exchange for another currency at a specific exchange rate on a future date. Currency forward contracts are privately traded in the interbank market, not on a centralized exchange.

What is an interest-rate swap?

An interest-rate swap is an agreement between two parties to exchange interest-rate payment obligations, generally one based on an interest rate fixed to maturity and the other based on an interest rate that changes in accordance with changes in a designated benchmark (for example, LIBOR, prime, commercial paper or other benchmarks).

During the period the Fund's positive absolute performance was largely attributable to overall credit exposures, followed by interest-rate strategies and currency positions. The Fund maintained low overall portfolio duration, while holding duration exposures in select emerging markets. Select duration exposures in Latin America (Brazil and Argentina), Asia ex-Japan (Indonesia) and Africa (Ghana) contributed to absolute performance, while negative duration exposure to US Treasuries detracted. Credit exposures in Africa, Europe and Latin America contributed to absolute results. Among currencies, the Fund's net-negative position in the euro detracted from absolute performance,

while its net-negative position in the Japanese yen had a largely neutral effect. Currency positions in Latin America also had a largely neutral effect (the Mexican peso contributed, but the Argentine peso detracted).

Currency Composition*

12/31/17

	% of Total Net Assets
Americas	109.2%
US Dollar	77.0%
Mexican Peso	13.9%
Brazilian Real	7.7%
Argentine Peso	7.4%
Colombian Peso	3.2%
Asia Pacific	-4.7%
Indonesian Rupiah	7.1%
Indian Rupee	1.1%
Japanese Yen	-12.9%
Middle East & Africa	-1.2%
Ghanaian Cedi	3.1%
South African Rand	1.6%
Egyptian Pound	1.1%
Europe	-7.0%
Euro	-7.0%
Australia & New Zealand	-3.3%
Australian Dollar	-3.3%

*Figures represent the net Fund exposure and include certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of any derivatives or other factors.

Thank you for your participation in Templeton Emerging Markets Income Fund. We look forward to serving your future investment needs.

Sincerely,

Michael Hasenstab Ph.D.

Portfolio Manager

TEMPLETON EMERGING MARKETS INCOME FUND

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2017, the end of the reporting period.

The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

TEMPLETON EMERGING MARKETS INCOME FUND

Performance Summary as of December 31, 2017

Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Total returns do not reflect any sales charges paid at inception or brokerage commissions paid on secondary market purchases. The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses. Capital gain distributions are net profits realized from the sale of portfolio securities.

Performance as of 12/31/17¹

	Cumulative Total Return²		Average Annual Total Return²	
	Based on	Based on	Based on	Based on
	NAV³	market price⁴	NAV³	market price⁴
1-Year	+9.91%	+8.11%	+9.91%	+8.11%
5-Year	+15.89%	-3.72%	+2.99%	-0.76%
10-Year	+103.61%	+109.67%	+7.37%	+7.68%

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

Distributions (1/1/17 - 12/31/17)

Net Investment

Income

\$0.6208

All investments involve risks, including possible loss of principal. Changes in interest rates will affect the value of the Fund's portfolio and its share price and yield. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments of countries where the Fund invests. The Fund's investments in emerging market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to these markets' smaller size and lesser liquidity and lack of established legal, political, business and social frameworks to support securities markets, including: delays in settling portfolio securities transactions; currency and capital controls; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and inflation, deflation or currency devaluation. Sovereign debt securities are subject to various risks in addition to those relating to debt securities and foreign securities

generally, including, but not limited to, the risk that a government entity may be unwilling or unable to pay interest and repay principal on its sovereign debt, or otherwise meet its obligations when due. The markets for particular securities or types of securities are or may become relatively illiquid. Reduced liquidity will have an adverse impact on the security's value and on the Fund's ability to sell such securities when necessary to meet the Fund's liquidity needs or in response to a specific market event. Derivatives, including currency management strategies, involve costs and can create economic leverage in the portfolio that may result in significant volatility and cause the Fund to participate in losses (as well as enable gains) on an amount that exceeds the Fund's initial investment. The Fund may not achieve the anticipated benefits and may realize losses when a counterparty fails to perform as promised. As a nondiversified investment company, the Fund may invest in a relatively small number of issuers and, as a result, be subject to a greater risk of loss with respect to its portfolio securities. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results.

1. The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 2/28/18. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.
2. Total return calculations represent the cumulative and average annual changes in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
3. Assumes reinvestment of distributions based on net asset value.
4. Assumes reinvestment of distributions based on the dividend reinvestment and cash purchase plan.

TEMPLETON EMERGING MARKETS INCOME FUND

Important Notice to Shareholders

Changes to Non-Fundamental Investment Policies

The Fund's Board of Trustees (the Board) approved the elimination of the Fund's non-fundamental investment policies that limited the Fund's investment in (i) non-U.S. dollar denominated securities to 35% of its total assets and (ii) securities denominated in any one currency other than the U.S. dollar to 15% of its total assets.

The Board also approved an amendment to the Fund's non-fundamental investment policy to invest, under normal circumstances, at least 80% of the Fund's net assets in income-producing securities of sovereign or sovereign-related entities and private sector companies in emerging market countries.

Effective August 14, 2017, the Fund's investment policy will be: to invest, under normal circumstances, at least 80% of the Fund's net assets in investments that provide exposure to emerging market countries. Such investments may include securities of sovereign or sovereign-related entities and private sector companies, foreign currencies, derivatives (such as swap agreements, futures contracts, forward currency contracts and options), and other instruments that provide exposure to emerging markets countries.

The definition of emerging market countries for purposes of the Fund's investment policies will include those countries considered to be developing or emerging by the International Monetary Fund, the World Bank, the United Nations, or the countries' authorities, countries included in the JPMorgan Emerging Markets Bond Index - Global (EMBIG) or JPMorgan Government Bond Index - Emerging Markets Broad (GBI-EM Broad) fixed income indexes, or countries with a stock market capitalization of less than 3% of the MSCI World Index. Emerging market countries typically are located in the Asia-Pacific region, Eastern Europe, the Middle East, Central and South America, and Africa.

The Board's recent actions are designed to provide the Fund with the flexibility to react to changes in the financial markets and the development of new investment opportunities.

The Fund's fundamental investment policy to invest at least 65% of its total assets in high yielding debt obligations of sovereign or sovereign related entities and private sector companies in emerging market countries remains the same.

Fixed Income Total Return Swaps

The Board authorized the Fund to use fixed income total return swaps in an amount up to 25% of the Fund's net assets as measured by notional value and consistent with the Fund's investment goal. Generally, a total return swap is an agreement between two parties, pursuant to which one pays (and the other receives) an amount equal to the total return (including, typically, income and capital gains distributions, principal prepayment or credit losses) of an underlying reference asset (e.g., a note, bond or securities index) in exchange for a regular payment, at a floating rate based on LIBOR, or alternatively at a fixed rate or the total rate of return on another financial instrument. The Fund may take either position in a total return swap (i.e., the Fund may receive or pay the total return on the underlying reference asset). A fixed income total return swap may be written on many different kinds of underlying reference assets, and may include different indices for various kinds of debt securities (e.g., U.S. investment grade bonds, high yield bonds or emerging market bonds). A fixed income total return swap is similar to other swaps, such as interest rate swaps where payment streams are exchanged between a fund and the counterparty. The Fund may invest in fixed income total return swaps for hedging purposes and to broaden investment opportunities.

Share Repurchase Program

The Fund's Board previously authorized the Fund to repurchase up to 10% of the Fund's outstanding shares in open-market transactions, at the discretion of management. This authorization remains in effect.

In exercising its discretion consistent with its portfolio management responsibilities, the investment manager will take into account various other factors, including, but not limited to, the level of the discount, the Fund's performance, portfolio holdings, dividend history, market conditions, cash on hand, the availability of other attractive investments and whether the sale of certain portfolio securities would be undesirable because of liquidity concerns or because the sale might subject the Fund to adverse tax consequences. Any repurchases would be made on a national securities exchange at the prevailing market price, subject to exchange requirements, Federal securities laws and rules that restrict repurchases, and the terms of any outstanding leverage or borrowing of the Fund. If and when the Fund's

TEMPLETON EMERGING MARKETS INCOME FUND

IMPORTANT NOTICE TO SHAREHOLDERS

10% threshold is reached, no further repurchases could be completed until authorized by the Board. Until the 10% threshold is reached, Fund management will have the flexibility to commence share repurchases if and when it is determined to be appropriate in light of prevailing circumstances.

In the Notes to Financial Statements section, please see note 2 (Shares of Beneficial Interest) for additional information regarding shares repurchased.

Loans and Loan Participations

The Fund's fundamental investment restriction regarding lending states:

The Fund may not make loans to other persons except (a) through the lending of its portfolio securities, (b) through the purchase of debt securities, loan participations and/or engaging in direct corporate loans in accordance with its investment objectives and policies, and (c) to the extent the entry into a repurchase agreement is deemed to be a loan. The Fund may also make loans to other investment companies to the extent permitted by the 1940 Act or any rules, exemptions or interpretations thereunder that may be adopted, granted or issued by the SEC.

In addition to investing in loan participations and assignments of loans to sovereign entities, the Fund may invest in loans, assignments of loans and loan participations made to, or issued by, corporate borrowers. Loan participations represent fractional interests in a borrower's indebtedness and are generally made available by banks or other institutional investors. The Fund also may invest in corporate loans by making: (i) a direct investment by purchasing an assignment of part or all of a corporate loan; or (ii) a direct investment in a corporate loan by having a direct contractual relationship with the borrower as one of the initial investors (as opposed to a participation interest where the Fund's sole contractual relationship is with the seller of the interest).

Floating rate corporate loans generally have credit ratings below investment grade and may be subject to resale restrictions. They are often issued in connection with highly leveraged transactions, and may be subject to greater credit risks than other investments, including the possibility of default or bankruptcy. In addition, a secondary market in corporate loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which may impair the ability to accurately value existing and prospective

investments and to realize in a timely fashion the full value on sale of a corporate loan. Floating rate loans may be covenant lite loans that may contain fewer or less restrictive constraints on the borrower or other borrower-friendly characteristics. Certain corporate loans may not be considered securities, and investors, such as the Fund, may not be entitled to rely on the antifraud protections of the federal securities laws.

From time to time, the investment manager may elect to receive material non-public information (MNPI) about an individual loan that is not available to other lenders of such loan who may be unwilling to enter into a non-disclosure agreement (NDA) with the borrower or company and restrict themselves from trading in the loan for a specified period of time. If the Fund elects to become restricted on any individual loan as a result of agreeing to receive MNPI about the loan and signing an NDA, the Fund might be unable to enter into a transaction in a security of that borrower, when it would otherwise be advantageous to do so.

Portfolio Management Addition

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Sonal Desai, Ph.D., has joined Michael Hasenstab, Ph.D., as a secondary portfolio manager of Templeton Emerging Markets Income Fund. Dr. Desai is an employee of the Fund's investment manager, Franklin Advisers, Inc., and portfolio manager and Director of Research for the Templeton Global Macro team. Dr. Desai is responsible for shaping the team's research agenda of in-depth global macroeconomic analysis covering thematic topics, regional and country analysis, and interest rate, currency and sovereign credit market outlooks. Dr. Hasenstab will continue to serve as the lead portfolio manager of the Fund.

 TEMPLETON EMERGING MARKETS INCOME FUND
Financial Highlights

	Year Ended December 31,		Year Ended August 31,			
	2017	2016 ^a	2016	2015	2014	2013
Per share operating performance						
(for a share outstanding throughout the year) Net asset value, beginning of year						
	\$12.17	\$12.11	\$12.00	\$14.39	\$14.58	\$15.91
Income from investment operations:						
Net investment income ^b	0.85	0.25	0.77	0.93	1.02	1.07
Net realized and unrealized gains (losses)	0.35	0.21	0.16	(2.18)	0.18	(0.54)
Total from investment operations	1.20	0.46	0.93	(1.25)	1.20	0.53
Less distributions from:						
Net investment income and net foreign currency gains	(0.62)	(0.13)	(0.40)	(0.79)	(1.19)	(1.44)
Net realized gains		(0.03)	(0.02)	(0.35)	(0.20)	(0.42)
Tax return of capital		(0.24)	(0.40)			
Total distributions	(0.62)	(0.40)	(0.82)	(1.14)	(1.39)	(1.86)
Net asset value, end of year	\$12.75	\$12.17	\$12.11	\$12.00	\$14.39	\$14.58
Market value, end of year ^c	\$11.17	\$10.91	\$11.03	\$9.97	\$13.41	\$13.85
Total return (based on market value per share) ^d	8.11%	2.57%	19.78%	(17.94)%	6.83%	(8.75)%
Ratios to average net assets^e						
	1.09%	1.09%	1.12%	1.10%	1.09%	1.09%

Expenses before waiver and payments by affiliates

Expenses net of waiver and payments by affiliates	1.05% ^f	1.04% ^f	1.10%	1.09%	1.08%	1.09% ^f
Net investment income	6.60%	6.22%	6.56%	7.19%	7.03%	6.79%

Supplemental data

Net assets, end of year (000 s)	\$611,845	\$584,135	\$581,158	\$576,069	\$690,850	\$699,414
Portfolio turnover rate	13.46%	11.74%	27.98%	23.57%	28.67%	14.53%

^aFor the period September 1, 2016 to December 31, 2016.

^bBased on average daily shares outstanding.

^cBased on the last sale on the New York Stock Exchange.

^dTotal return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

^fBenefit of expense reduction rounds to less than 0.01%.

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financial statements. |

The accompanying notes are an integral part of these

Annual
Report 9

 TEMPLETON EMERGING MARKETS INCOME FUND

Statement of Investments, December 31, 2017

	Shares/ Warrants		Value
Common Stocks and Other Equity Interests 0.1%			
Mexico 0.0%			
a		Corporacion GEO SAB de CV, B	14,293
a,b	221,287		\$
	346,196	Corporacion GEO SAB de CV, wts., 12/30/27	14,293
			14,293
South Africa 0.1%			
a,b,c	4,375	Edcon Holdings Ltd., F wts., 2/20/49	
a,b,c	78,291,411	Edcon Holdings Ltd., F1 wts., 2/20/49	
a,b,c	6,340,039	Edcon Holdings Ltd., F2 wts., 2/20/49	
a,b,c	93,760,463	Holdco 2, A	75,782
a,b,c	161,018,517	Holdco 2, B	130,143
			205,925
		Total Common Stocks and Other Equity Interests (Cost \$9,975,256)	220,218
		Principal	
		Amount*	
Convertible Bonds (Cost \$4,000,000) 0.5%			
Canada 0.5%			
b,c	4,000,000	Platinum Group Metals Ltd., cvt., 144A, 6.875%, 7/01/22	3,274,479
Foreign Government and Agency Securities 72.2%			
Argentina 5.9%			
	207,832,000	Argentine Bonos del Tesoro, 18.20%, 10/03/21	ARS 11,466,348
	96,102,000	16.00%, 10/17/23	ARS 5,141,954
	354,647,000	senior note, 15.50%, 10/17/26	ARS 19,302,403
			35,910,705
Brazil 7.7%			
	36,810 ^d	Letra Tesouro Nacional, Strip, 7/01/20	BRL 9,046,134

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Strip, 7/01/21	23,940 ^d	BRL	5,294,322
Nota Do Tesouro Nacional, 10.00%, 1/01/21	15,035 ^d	BRL	4,672,300
10.00%, 1/01/23	411 ^d	BRL	125,567
10.00%, 1/01/25	13,416 ^d	BRL	4,040,793
10.00%, 1/01/27	15,337 ^d	BRL	4,573,364
^e Index Linked, 6.00%, 8/15/22	9,322 ^d	BRL	8,940,015
^e Index Linked, 6.00%, 5/15/23	10,763 ^d	BRL	10,383,246
			47,075,741

Colombia 3.2%

Government of Colombia, senior bond, 7.75%, 4/14/21	2,433,000,000	COP	862,552
senior bond, 4.375%, 3/21/23	164,000,000	COP	52,215
senior bond, 9.85%, 6/28/27	262,000,000	COP	110,097
Titulos de Tesoreria, B, 5.00%, 11/21/18	565,000,000	COP	189,961
B, 7.75%, 9/18/30	17,531,000,000	COP	6,415,482
senior bond, B, 11.25%, 10/24/18	2,335,000,000	COP	823,635
senior bond, B, 11.00%, 7/24/20	1,655,000,000	COP	629,933
senior bond, B, 7.00%, 5/04/22	2,445,000,000	COP	862,245
senior bond, B, 10.00%, 7/24/24	4,932,000,000	COP	1,992,737
senior bond, B, 7.50%, 8/26/26	16,738,000,000	COP	5,991,169

TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
Colombia (continued)			
Titulos de Tesoreria, (continued)			
senior bond, B, 6.00%, 4/28/28	3,627,000,000	COP	\$ 1,168,827
senior note, B, 7.00%, 9/11/19	1,585,000,000	COP	549,780
			19,648,633
Croatia 1.4%			
f Government of Croatia, 144A, 6.75%, 11/05/19	7,920,000		8,507,070
Dominican Republic 2.6%			
g Government of the Dominican Republic, senior bond, Reg S, 6.85%, 1/27/45	14,000,000		15,798,860
El Salvador 0.5%			
f Government of El Salvador, 144A, 7.65%, 6/15/35	2,650,000		2,889,229
Ethiopia 1.7%			
f Government of Ethiopia International Bond, 144A, 6.625%, 12/11/24	10,000,000		10,525,150
Ghana 2.9%			
Ghana Treasury Note, 24.25%, 6/11/18	10,040,000	GHS	2,279,374
22.50%, 12/10/18	4,610,000	GHS	1,066,033
17.24%, 11/11/19	50,000	GHS	11,053
Government of Ghana, 23.23%, 2/19/18	3,340,000	GHS	741,636
22.49%, 4/23/18	1,730,000	GHS	387,136
23.47%, 5/21/18	8,220,000	GHS	1,853,474
19.04%, 9/24/18	14,300,000	GHS	3,197,927
24.50%, 10/22/18	5,917,000	GHS	1,373,939
24.50%, 4/22/19	5,300,000	GHS	1,267,586
24.50%, 5/27/19	2,040,000	GHS	490,628
21.00%, 3/23/20	481,000	GHS	114,324
24.50%, 6/21/21	5,670,000	GHS	1,505,882
24.75%, 7/19/21	4,740,000	GHS	1,268,992
18.75%, 1/24/22	540,000	GHS	126,318
19.75%, 3/25/24	360,000	GHS	88,323

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19.00%, 11/02/26	2,930,000	GHS	715,219
senior note, 21.50%, 3/09/20	60,000	GHS	14,358
senior note, 18.25%, 7/25/22	3,470,000	GHS	807,425
senior note, 18.25%, 9/21/20	2,210,000	GHS	506,843
			17,816,470

India 1.1%

Government of India,			
senior bond, 7.80%, 5/03/20	68,300,000	INR	1,092,212
senior bond, 8.35%, 5/14/22	20,200,000	INR	329,300
senior note, 7.28%, 6/03/19	2,700,000	INR	42,573
senior note, 8.12%, 12/10/20	51,300,000	INR	831,295
senior note, 7.80%, 4/11/21	91,600,000	INR	1,469,058
senior note, 7.16%, 5/20/23	12,700,000	INR	198,735
senior note, 8.83%, 11/25/23	171,200,000	INR	2,865,669
			6,828,842

Indonesia 7.1%

Government of Indonesia,			
senior bond, FR31, 11.00%, 11/15/20	134,139,000,000	IDR	11,290,708
senior bond, FR36, 11.50%, 9/15/19	40,000,000,000	IDR	3,232,724
senior bond, FR39, 11.75%, 8/15/23	1,780,000,000	IDR	165,995

 TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
Indonesia (continued)			
Government of Indonesia, (continued)			
senior bond, FR40, 11.00%, 9/15/25	58,140,000,000	IDR \$	5,479,753
senior bond, FR42, 10.25%, 7/15/27	2,368,000,000	IDR	219,826
senior bond, FR44, 10.00%, 9/15/24	1,066,000,000	IDR	93,935
senior bond, FR46, 9.50%, 7/15/23	80,000,000,000	IDR	6,822,184
senior bond, FR48, 9.00%, 9/15/18	2,961,000,000	IDR	225,335
senior bond, FR53, 8.25%, 7/15/21	6,465,000,000	IDR	512,071
senior bond, FR56, 8.375%, 9/15/26	70,379,000,000	IDR	5,872,051
senior bond, FR61, 7.00%, 5/15/22	1,720,000,000	IDR	132,130
senior bond, FR63, 5.625%, 5/15/23	3,071,000,000	IDR	223,494
senior bond, FR70, 8.375%, 3/15/24	85,338,000,000	IDR	6,992,775
senior note, FR66, 5.25%, 5/15/18	3,553,000,000	IDR	262,354
senior note, FR69, 7.875%, 4/15/19	21,627,000,000	IDR	1,646,632
			43,171,967
Iraq 4.3%			
^f Government of Iraq, 144A, 5.80%, 1/15/28	27,190,000		26,307,549
Kenya 7.9%			
Government of Kenya,			
^f senior note, 144A, 6.875%, 6/24/24	30,813,000		32,918,606
^g senior note, Reg S, 5.875%, 6/24/19	7,200,000		7,458,120
^g senior note, Reg S, 6.875%, 6/24/24	7,700,000		8,226,180
			48,602,906
Mexico 0.4%			
Government of Mexico,			
senior note, M, 5.00%, 12/11/19	263,200 ^h	MXN	1,276,545
senior note, M 10, 8.50%, 12/13/18	257,100 ^h	MXN	1,317,457
			2,594,002
Senegal 4.7%			
^f Government of Senegal, 144A, 6.25%, 7/30/24	26,680,000		28,937,128
Serbia 1.9%			

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f Government of Serbia, senior note, 144A, 7.25%, 9/28/21	10,250,000		11,736,147
South Africa 1.6%			
Government of South Africa,			
8.00%, 1/31/30	2,690,000	ZAR	199,013
8.875%, 2/28/35	8,080,000	ZAR	616,851
9.00%, 1/31/40	6,730,000	ZAR	507,887
8.75%, 1/31/44	11,850,000	ZAR	865,804
8.75%, 2/28/48	6,530,000	ZAR	478,404
R186, 10.50%, 12/21/26	76,150,000	ZAR	6,878,913
			9,546,872
Ukraine 7.0%			
f Government of Ukraine,			
144A, 7.75%, 9/01/19	5,855,000		6,162,534
144A, 7.75%, 9/01/20	8,667,000		9,208,687
144A, 7.75%, 9/01/21	3,506,000		3,742,830
144A, 7.75%, 9/01/22	3,406,000		3,635,564
144A, 7.75%, 9/01/23	2,416,000		2,573,161
144A, 7.75%, 9/01/24	1,396,000		1,472,089
144A, 7.75%, 9/01/25	3,176,000		3,323,065

TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS

	Principal Amount*	Value
Foreign Government and Agency Securities (continued)		
Ukraine (continued)		
f Government of Ukraine, (continued)		
144A, 7.75%, 9/01/26	3,406,000	\$ 3,528,957
144A, 7.75%, 9/01/27	3,406,000	3,528,956
^{a,i} 144A, VRI, GDP Linked Security, 5/31/40	10,087,000	5,620,981
		42,796,824
Zambia 10.3%		
f Government of Zambia, senior bond, 144A, 8.97%, 7/30/27	31,060,000	34,968,901
f Government of Zambia International Bond,		
144A, 5.375%, 9/20/22	26,070,000	25,524,355
144A, 8.50%, 4/14/24	2,470,000	2,737,575
		63,230,831
Total Foreign Government and Agency Securities (Cost \$427,201,808)		441,924,926
Quasi-Sovereign and Corporate Bonds 12.4%		
Bermuda 0.5%		
f Digicel Group Ltd., senior note, 144A, 7.125%, 4/01/22	3,300,000	3,076,689
Chile 2.1%		
f VTR Finance BV, senior secured note, 144A, 6.875%, 1/15/24	12,000,000	12,690,000
Costa Rica 2.5%		
Reventazon Finance Trust, secured bond, first lien, 144A, 8.00%,		
^{b,c} 11/15/33	14,011,200	15,489,398
Democratic Republic of the Congo 1.8%		
f HTA Group Ltd., senior note, 144A, 9.125%, 3/08/22	10,000,000	10,800,000
Mauritius 1.1%		
Liquid Telecommunications Financing PLC., senior secured note,		
f 144A, 8.50%, 7/13/22	6,100,000	6,446,419
Peru 0.0%		

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f	Peru Enhanced Pass-Through Finance Ltd., senior secured bond, A-1, 144A, zero cpn., 5/31/18	256,267		251,743
South Africa 2.7%				
c,j	K2016470219 South Africa Ltd., senior secured note, 144A, PIK, 3.00%, 12/31/22	7,106,278		106,594
	^b senior secured note, 144A, PIK, 8.00%, 12/31/22	2,027,735	EUR	12,165
c,j	K2016470260 South Africa Ltd., senior secured note, 144A, PIK, 25.00%, 12/31/22	21,399,252		16,477,424
				16,596,183
Zambia 1.7%				
f	First Quantum Minerals Ltd., senior note, 144A, 7.25%, 5/15/22	10,000,000		10,533,000
Total Quasi-Sovereign and Corporate Bonds (Cost \$89,195,359)				75,883,432
Total Investments before Short Term Investments (Cost \$530,372,423)				521,303,055
Short Term Investments 8.0%				
Foreign Government and Agency Securities 2.6%				
Argentina 1.5%				
	Letras del Banco Central de la Republica Argentina, Strip, 2/21/18 - 7/18/18	188,715,000	ARS	9,005,292
Egypt 1.1%				
k	Egypt Treasury Bill, 1/23/18 - 4/03/18	128,600,000	EGP	7,034,736
Total Foreign Government and Agency Securities (Cost \$16,578,947)				16,040,028
Total Investments before Money Market Funds (Cost \$546,951,370)				537,343,083

 TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS

	Shares	Value
Money Market Funds (Cost \$32,733,354) 5.4%		
United States 5.4%		
^{l,m} Institutional Fiduciary Trust Money Market Portfolio, 0.89%	32,733,354	\$ 32,733,354
Total Investments (Cost \$579,684,724) 93.2%		570,076,437
Other Assets, less Liabilities 6.8%		41,768,370
Net Assets 100.0%		\$ 611,844,807

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 11 regarding fair value measurements.

^cSee Note 9 regarding restricted securities.

^dPrincipal amount is stated in 1,000 Brazilian Real Units.

^eRedemption price at maturity and coupon payment is adjusted for inflation. See Note 1(g).

^fSecurity was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Fund's Board of Trustees. At December 31, 2017, the aggregate value of these securities was \$271,646,385, representing 44.4% of net assets.

^gSecurity was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. These securities have been deemed liquid under guidelines approved by the Fund's Board of Trustees. At December 31, 2017, the aggregate value of these securities was \$31,483,160, representing 5.1% of net assets.

^hPrincipal amount is stated in 100 Mexican Peso Units.

ⁱThe principal represents the notional amount. See Note 1(c) regarding value recovery instruments.

^jIncome may be received in additional securities and/or cash.

^kThe security was issued on a discount basis with no stated coupon rate.

^lSee Note 3(c) regarding investments in affiliated management investment companies.

^mThe rate shown is the annualized seven-day yield at period end.

At December 31, 2017, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counterparty ^a	Type	Quantity	Contract Settlement Amount	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Euro	SCNY	Sell	628,500	\$ 740,373	1/10/18	\$	\$ (14,272)
Euro	DBAB	Sell	1,649,275	1,952,511	1/16/18		(28,537)
Euro	HSBK	Sell	826,000	983,906	1/16/18		(8,254)
Japanese Yen	CITI	Sell	624,500,000	5,514,154	1/16/18		(32,856)
Japanese Yen	HSBK	Sell	1,620,890,000	14,304,916	1/16/18		(92,350)
Euro	BOFA	Sell	5,038,070	6,011,929	1/17/18		(39,995)
Euro	GSCO	Sell	1,220,012	1,445,153	1/17/18		(20,373)
Euro	JPHQ	Sell	565,000	670,618	1/18/18		(8,124)
Euro	MSCO	Sell	453,535	535,067	1/18/18		(9,771)
Euro	UBSW	Sell	5,376,930	6,378,491	1/18/18		(80,893)
Euro	DBAB	Sell	1,347,000	1,588,894	1/22/18		(29,685)
Euro	JPHQ	Sell	565,000	667,361	1/22/18		(11,553)
Euro	UBSW	Sell	907,070	1,073,363	1/22/18		(16,588)
Japanese Yen	SCNY	Sell	1,770,880,000	15,971,860	1/22/18	237,591	
Euro	DBAB	Sell	1,506,000	1,785,228	1/24/18		(24,637)
Japanese Yen	DBAB	Sell	626,420,000	5,638,953	1/24/18	72,652	
Mexican Peso	HSBK	Buy	600,000,000	26,614,620	1/29/18	3,707,905	
Euro	DBAB	Sell	4,531,031	5,339,866	1/30/18		(107,362)
Euro	BZWS	Sell	2,547,416	3,051,231	1/31/18		(11,452)
Euro	SCNY	Sell	179,416	214,088	1/31/18		(1,618)

 TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS

Forward Exchange Contracts (continued)

Currency	Counterparty	Type	Quantity	Contract Amount	Settlement Date	Unrealized	
						Appreciation	Depreciation
OTC Forward Exchange Contracts (continued)							
Euro	CITI	Sell	358,631	\$ 419,094	2/07/18	\$	\$ (12,242)
Euro	DBAB	Sell	359,450	421,571	2/15/18		(10,941)
Euro	GSCO	Sell	1,222,976	1,451,551	2/20/18		(20,410)
Euro	JPHQ	Sell	565,000	668,497	2/20/18		(11,531)
Euro	SCNY	Sell	413,000	490,349	2/20/18		(6,734)
Mexican Peso	DBAB	Buy	366,946,257	17,679,897	2/27/18	776,215	
Euro	BOFA	Sell	1,604,997	1,920,218	2/28/18		(12,408)
Euro	SCNY	Sell	182,974	218,691	2/28/18		(1,634)
Mexican Peso	JPHQ	Buy	105,732,972	5,148,915	3/09/18	160,147	
Australian Dollar	CITI	Sell	9,805,000	7,281,732	3/13/18		(366,932)
Australian Dollar	JPHQ	Sell	14,701,000	10,878,740	3/13/18		(589,186)
Euro	DBAB	Sell	1,649,275	1,958,860	3/13/18		(28,794)
Euro	JPHQ						