

TEMPLETON EMERGING MARKETS INCOME FUND
Form N-CSR
March 06, 2019

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: 12/31/18

Item 1. Reports to Stockholders.

Internet Delivery of Fund Reports Unless You Request Paper Copies: Effective January 1, 2021, as permitted by the SEC, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request them from the Fund or your financial intermediary. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. If you have not signed up for electronic delivery, we would encourage you to join fellow shareholders who have. You may elect to receive shareholder reports and other communications electronically from the Fund by calling (800) 416-5585 or by contacting your financial intermediary.

You may elect to continue to receive paper copies of all your future shareholder reports free of charge by contacting your financial intermediary or, if you invest directly with a Fund, calling (800) 416-5585 to let the Fund know of your request. Your election to receive reports in paper will apply to all funds held in your account.

Franklin Templeton

Successful investing begins with ambition. And achievement only comes when you reach for it. That's why we continually strive to deliver better outcomes for investors. No matter what your goals are, our deep, global investment expertise allows us to offer solutions that can help.

During our more than 70 years of experience, we've managed through all kinds of markets—up, down and those in between. We're always preparing for what may come next. It's because of this, combined with our strength as one of the world's largest asset managers that we've earned the trust of millions of investors around the world.

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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, 2018.

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 had cumulative total returns of -6.26% based on market price and -7.48% 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 -4.61% 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 sharply rising yields in the U.S. and Europe as reflation sentiments returned to markets. Deregulation efforts and tax cuts in the U.S. were expected to add stimulus to an already strong U.S. economy. The 10-year U.S. Treasury (UST) yield rose 0.45% during the first two months of 2018, finishing February at 2.86%. In Europe, the 10-year German Bund yield rose 0.27% during the first month of the year, reaching its peak yield for the period at 0.77% on February 2, its highest level since 2015. Markets appeared to initially anticipate upcoming rate adjustments from the

Portfolio Composition*

Based on Total Net Assets as of 12/31/18

*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 (including derivatives).

European Central Bank (ECB), but those expectations would largely disappear by the summer.

In February, Jerome Powell took over as U.S. Federal Reserve (Fed) Chair, replacing Janet Yellen. Powell indicated his intentions to continue the glide path of rate hikes and balance sheet unwinding. However, by March, the rising yield trends in the U.S. and Europe stalled and moderately reversed. U.S. protectionist policies in the form of steel and aluminum tariffs, as well as sector-specific tariffs on China, appeared to amplify risk aversion across global financial markets. Credit spreads widened across investment-grade and high-yield credit tiers in the U.S. and Europe during the month, ultimately widening even further over the rest of the year. In April, reflation sentiments briefly resurfaced, driving the 10-year UST yield above 3.00% for the first time in more than four years. However, risk aversion returned to global bond markets in the second half of May, as political turmoil in Italy raised concerns over Italian debt sustainability and the viability of the euro. Yields in Italy, Spain and much of peripheral Europe rose sharply, while yields in Germany, France and the U.S. declined

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.

TEMPLETON EMERGING MARKETS INCOME FUND

on flights to quality. Several Latin American countries concurrently saw rising yields and sharp depreciations of their exchange rates on regional volatility.

In mid-June, ECB President Mario Draghi announced the net asset purchase program would be reduced to 15 billion euros per month for October, November and December, and would conclude at the end of 2018. Draghi also indicated rates would likely remain unchanged until at least the summer of 2019, quelling any remaining expectations for a 2018 rate hike. In the U.S., yields briefly rose in July as economic activity continued to strengthen. Annualized second-quarter U.S. gross domestic product came in at 4.2%, its highest level since 2014.

Geographic Composition*

Based on Total Net Assets as of 12/31/18

*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.

However, a wave of broad-based risk aversion across emerging markets arrived in late August, driving exchange rates lower against the U.S. dollar. Several perceived safe-haven assets rallied, including USTs. We viewed much of the late summer selloffs as fear-driven overreactions that often exceeded the fundamental risks in individual countries. As an asset category, emerging markets showed the highest level of undervaluation across the global fixed income markets, in our assessment, and we expected select countries with healthier or improving underlying fundamentals to rebound from the heightened volatility.

By mid-September, risk aversion across emerging markets began to diminish, as several security valuations incrementally stabilized and improved. UST yields rose sharply during the month, on expectations the Fed would hike rates at its September 26 meeting. Those trends continued through October, with the 10-year UST reaching its highest yield of the year on November 8, at 3.24%. However, market volatility escalated in December as global growth uncertainties and trade

policy concerns led to rallies in perceived safe-haven assets. The 10-year UST yield dropped sharply to finish the year at 2.69%, despite the Fed's fourth rate hike of the year on December 19.

On the whole, duration exposures in the U.S. and in several parts of the world faced headwinds from rising rates during much of the period, before those trends sharply reversed in December. Select local-currency bond markets fared better than others, as valuations strengthened in places like Brazil but weakened in places like Indonesia. On the currency front, the U.S. dollar started the period weaker before significantly strengthening against global currencies over the remainder of the year. On the whole, avoiding UST duration proved important to performance during much of the period, as did long exposure to the U.S. dollar and select positioning in emerging markets.

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

During the reporting period, the strategy was positioned for rising rates in the U.S. by maintaining low portfolio duration and using interest-rate swaps to gain negative duration exposure to U.S. Treasuries. The strategy also continued to seek duration exposures in select emerging markets that offered positive real yields without taking undue interest-rate risk, favoring countries that have solid underlying fundamentals and prudent fiscal and monetary policies. Several emerging markets continued to offer significantly higher yields than those available in the developed markets. The strategy also held long currency exposures in a number of emerging markets and net-negative exposures to the Japanese yen, euro and Australian dollar, as directional views on the currencies and as hedges against a broadly strengthening U.S. dollar. During the period, we used currency forward contracts to actively manage currencies. We also used interest-rate swaps to tactically manage duration exposures.

TEMPLETON EMERGING MARKETS INCOME FUND

Top 10 Countries

12/31/18

	% of Total Net Assets
Brazil	8.4%
Kenya	8.3%
Argentina	7.2%
Ukraine	6.9%
Indonesia	6.1%
Senegal	5.0%
Colombia	3.2%
Dominican Republic	2.6%
United Republic of Tanzania	2.4%
Costa Rica	2.4%

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.

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).

The Fund's negative absolute performance during the period was primarily due to currency positions, followed by overall credit exposures. Interest-rate strategies contributed to absolute results. Among currencies, positions in Latin America detracted from absolute return (the Argentine peso and Brazilian real detracted, while the Mexican peso contributed). The Fund's net-negative position in the euro, achieved through the use of currency forward contracts, contributed to absolute results, while its net-negative position in the Japanese yen, also through currency forward contracts, had a largely neutral effect. Credit exposures in Africa detracted from absolute performance. The Fund maintained low overall portfolio duration, while holding duration exposures in select emerging markets. Select duration exposures in Latin America (Brazil) contributed to absolute

performance, as did negative duration exposure to U.S. Treasuries.

Currency Composition*

12/31/18

	% of Total Net Assets
Americas	113.9%
U.S.Dollar	83.6%
Mexican Peso	14.1%
Brazilian Real	8.4%
Argentine Peso	4.6%
Colombian Peso	3.2%
Middle East & Africa	5.6%
Egyptian Pound	3.3%
Ghanaian Cedi	2.3%
South African Rand	0.0%**
Asia Pacific	-11.6%
Indonesian Rupiah	6.1%
Indian Rupee	1.2%
Australian Dollar	-3.5%
Japanese Yen	-15.4%
Europe	-7.9%
Euro	-7.9%

*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.

**Rounds to less than 0.1%.

TEMPLETON EMERGING MARKETS INCOME FUND

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.

Lead Portfolio Manager

Calvin Ho

Portfolio Manager

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2018, 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, 2018

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 12/31/18¹

	Cumulative Total Return²		Average Annual Total Return²	
	Based on NAV³	Based on market price⁴	Based on NAV³	Based on market price⁴
1-Year	-7.48%	-6.26%	-7.48%	-6.26%
5-Year	+7.23%	+3.59%	+1.41%	+0.71%
10-Year	+125.63%	+146.94%	+8.48%	+9.46%

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 (1/1/18 - 12/31/18)

Net Investment Income	Tax Return of Capital	Total
\$0.6548	\$0.2367	\$0.8915

TEMPLETON EMERGING MARKETS INCOME FUND

PERFORMANCE SUMMARY

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.

The Fund may invest in China Interbank bonds traded on the China Interbank Bond Market (CIBM) through the China-Hong Kong Bond Connect program (Bond Connect). In China, the Hong Kong Monetary Authority Central Money Markets Unit holds Bond Connect securities on behalf of ultimate investors (such as the Fund) in accounts maintained with a China-based custodian (either the China Central Depository & Clearing Co. or the Shanghai Clearing House). This recordkeeping system subjects the Fund to various risks, including the risk that the Fund may have a limited ability to enforce rights as a bondholder and the risks of settlement delays and counterparty default of the Hong Kong sub-custodian. In addition, enforcing the ownership rights of a beneficial holder of Bond Connect securities is untested and courts in China have limited experience in applying the concept of beneficial ownership. Bond Connect uses the trading infrastructure of both Hong Kong and China and is not available on trading holidays in Hong Kong. As a result, prices of securities purchased through Bond Connect may fluctuate at times when a Fund is unable to add to or exit its position. Securities offered through Bond Connect may lose their eligibility for trading through the program at any time. If Bond Connect securities lose their eligibility for trading through the program, they may be sold but can no longer be purchased through Bond Connect.

Bond Connect is subject to regulation by both Hong Kong and China and there can be no assurance that further regulations will not affect the availability of securities in the program, the frequency of redemptions or other limitations. Bond Connect trades are settled in Chinese currency, the renminbi (RMB). It cannot be

guaranteed that investors will have timely access to a reliable supply of RMB in Hong Kong. Bond Connect is relatively new and its effects on the Chinese interbank bond market are uncertain. In addition, the trading, settlement and IT systems required for non-Chinese investors in Bond Connect are relatively new. In the event of systems malfunctions, trading via Bond Connect could be disrupted. In addition, the Bond Connect program may be subject to further interpretation and guidance. There can be no assurance as to the program's continued existence or whether future developments regarding the program may restrict or adversely affect the Fund's investments or returns. Finally, uncertainties in China tax rules governing taxation of income and gains from investments via Bond Connect could result in unexpected tax liabilities for a Fund.

The application and interpretation of the laws and regulations of Hong Kong and China, and the rules, policies or guidelines published or applied by relevant regulators and exchanges in respect of the Bond Connect program, are uncertain, and may have a detrimental effect on the Fund's investments and returns.

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 2/29/20. 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

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 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.

Amended Distribution Frequency

The Fund's Board of Trustees approved a change to its distribution frequency from a quarterly variable distribution to a monthly variable distribution, effective June 30, 2018.

Portfolio Management Addition

Effective December 31, 2018, Calvin Ho, Ph.D., joined Michael Hasenstab, Ph.D., as a portfolio manager of Templeton Emerging Markets Income Fund, replacing Sonal Desai, Ph.D. Dr. Ho is a senior vice president and director of research for Templeton Global Macro. He 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. This includes facilitating broader research efforts leveraging Franklin Templeton's local fixed income investment professionals across global markets. Dr. Ho joined Franklin

Templeton Investments in 2005 after obtaining his Ph.D. at UC Berkeley. Dr. Ho holds both B.A. and Ph.D. in economics from the University of California, Berkeley. Dr. Hasenstab, who has been a member of the Fund's management team since 2002, 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,		
	2018	2017	2016 ^a	2016	2015	2014
Per share operating performance						
(for a share outstanding throughout the year)						
Net asset value, beginning of year	\$12.75	\$12.17	\$12.11	\$12.00	\$14.39	\$14.58
Income from investment operations:						
Net investment income ^b	0.83	0.85	0.25	0.77	0.93	1.02
Net realized and unrealized gains (losses)	(1.76)	0.35	0.21	0.16	(2.18)	0.18
Total from investment operations	(0.93)	1.20	0.46	0.93	(1.25)	1.20
Less distributions from:						
Net investment income and net foreign currency gains	(0.65)	(0.62)	(0.13)	(0.40)	(0.79)	(1.19)
Net realized gains			(0.03)	(0.02)	(0.35)	(0.20)
Tax return of capital	(0.24)		(0.24)	(0.40)		
Total distributions	(0.89)	(0.62)	(0.40)	(0.82)	(1.14)	(1.39)
Net asset value, end of year	\$10.93	\$12.75	\$12.17	\$12.11	\$12.00	\$14.39
Market value, end of year ^c	\$ 9.62	\$11.17	\$10.91	\$11.03	\$ 9.97	\$13.41
Total return (based on market value per share) ^d	(6.26)%	8.11%	2.57%	19.78%	(17.94)%	6.83%

Ratios to average net assets^e

Expenses before waiver and payments by affiliates	1.17%	1.09%	1.09%	1.12%	1.10%	1.09%
Expenses net of waiver and payments by affiliates	1.14% ^f	1.05% ^f	1.04% ^f	1.10%	1.09%	1.08%
Net investment income	7.00%	6.60%	6.22%	6.56%	7.19%	7.03%

Supplemental data

Net assets, end of year (000 s)	\$524,451	\$611,845	\$584,135	\$581,158	\$576,069	\$690,850
Portfolio turnover rate	13.69%	13.46%	11.74%	27.98%	23.57%	28.67%

^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%.

 TEMPLETON EMERGING MARKETS INCOME FUND

Statement of Investments, December 31, 2018

	Shares/ Warrants		Value
Common Stocks and Other Equity Interests 0.1%			
Mexico 0.0%			
a,b	Corporacion GEO SAB de CV, B	221,287	\$ 4,123
a,b	Corporacion GEO SAB de CV, wts., 12/30/27	346,196	
			4,123
South Africa 0.1%			
a,b,c	Edcon Holdings Ltd., F wts., 2/20/49	4,375	
a,b,c	Edcon Holdings Ltd., F1 wts., 2/20/49	78,291,411	
a,b,c	Edcon Holdings Ltd., F2 wts., 2/20/49	6,340,039	
a,b,c	K2016470219 South Africa Ltd., A	93,760,463	65,255
a,b,c	K2016470219 South Africa Ltd., B	161,018,517	112,066
a	Platinum Group Metals Ltd.	151,661	225,975
a,d	Platinum Group Metals Ltd., 144A	48,837	73,348
			476,644
United Republic of Tanzania 0.0%			
a,b	Swala (PAEM) Ltd., wts., 1/15/23	662,500	98,799
Total Common Stocks and Other Equity Interests (Cost \$10,325,112)			579,566
Principal Amount*			
Convertible Bonds (Cost \$4,000,000) 0.6%			
South Africa 0.6%			
	Platinum Group Metals Ltd., cvt., 6.875%, 7/01/22	4,000,000	2,881,600
Foreign Government and Agency Securities 57.3%			
Argentina 7.2%			
	Argentine Bonos del Tesoro, 18.20%, 10/03/21	216,238,000	ARS 4,439,475
	16.00%, 10/17/23	96,102,000	ARS 2,158,631
	senior note, 15.50%, 10/17/26	354,647,000	ARS 7,085,575
	Government of Argentina,		

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^e FRN, 65.509%, (ARPP7DRR), 6/21/20	16,421,000	ARS	472,697
^f Index Linked, 4.00%, 3/06/20	3,174,000	ARS	102,114
senior note, 4.50%, 2/13/20	8,314,000		7,554,308
senior note, 7.50%, 4/22/26	15,000,000		12,072,375
senior note, 6.875%, 1/26/27	5,000,000		3,826,800
			37,711,975

Brazil 8.4%

Letra Tesouro Nacional, Strip, 7/01/20	36,810 ^g	BRL	8,581,150
Strip, 7/01/21	23,940 ^g	BRL	5,119,701
Nota Do Tesouro Nacional, 10.00%, 1/01/21	15,035 ^g	BRL	4,052,571
10.00%, 1/01/23	411 ^g	BRL	111,025
10.00%, 1/01/25	13,416 ^g	BRL	3,613,827
10.00%, 1/01/27	84,367 ^g	BRL	22,715,322
			44,193,596

Colombia 3.2%

Government of Colombia, senior bond, 7.75%, 4/14/21	2,433,000,000	COP	780,939
senior bond, 4.375%, 3/21/23	164,000,000	COP	48,001
senior bond, 9.85%, 6/28/27	262,000,000	COP	99,167

TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
Colombia (continued)			
Titulos de Tesoreria,			
B, 7.75%, 9/18/30	17,531,000,000	COP	\$ 5,755,789
senior bond, B, 11.00%, 7/24/20	1,655,000,000	COP	553,552
senior bond, B, 7.00%, 5/04/22	2,445,000,000	COP	786,495
senior bond, B, 10.00%, 7/24/24	4,932,000,000	COP	1,788,460
senior bond, B, 7.50%, 8/26/26	16,738,000,000	COP	5,443,445
senior bond, B, 6.00%, 4/28/28	3,627,000,000	COP	1,061,253
senior note, B, 7.00%, 9/11/19	1,585,000,000	COP	495,496
			16,812,597
Croatia 1.6%			
^d Government of Croatia, 144A, 6.75%, 11/05/19	7,920,000		8,135,345
Dominican Republic 2.6%			
^h Government of the Dominican Republic, senior bond, Reg S, 6.85%, 1/27/45	14,000,000		13,791,190
El Salvador 0.5%			
^d Government of El Salvador, 144A, 7.65%, 6/15/35	2,650,000		2,519,580
Ethiopia 1.8%			
^d Government of Ethiopia, 144A, 6.625%, 12/11/24	10,000,000		9,605,850
Ghana 2.2%			
Ghana Treasury Note,			
17.24%, 11/11/19	50,000	GHS	10,093
16.50%, 2/17/20	1,950,000	GHS	387,946
16.50%, 3/16/20	490,000	GHS	97,218
Government of Ghana,			
24.50%, 4/22/19	5,300,000	GHS	1,101,525
24.50%, 5/27/19	2,040,000	GHS	426,499
21.00%, 3/23/20	481,000	GHS	99,990
24.75%, 3/01/21	350,000	GHS	77,637
16.25%, 5/17/21	8,220,000	GHS	1,573,280
24.50%, 6/21/21	5,670,000	GHS	1,263,488
24.75%, 7/19/21	7,080,000	GHS	1,584,548
19.50%, 10/18/21	5,917,000	GHS	1,218,193

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18.75%, 1/24/22	540,000	GHS	107,621
16.50%, 2/06/23	6,750,000	GHS	1,247,733
19.75%, 3/25/24	360,000	GHS	70,874
19.00%, 11/02/26	2,930,000	GHS	554,325
senior note, 21.50%, 3/09/20	60,000	GHS	12,472
senior note, 18.25%, 9/21/20	2,210,000	GHS	442,650
senior note, 16.50%, 3/22/21	170,000	GHS	32,815
senior note, 18.25%, 7/25/22	3,470,000	GHS	678,277
senior note, 16.25%, 4/07/25	1,660,000	GHS	284,633
			11,271,817

India 1.2%

Government of India,

senior bond, 7.80%, 5/03/20	68,300,000	INR	992,790
senior bond, 8.35%, 5/14/22	20,200,000	INR	300,721
senior note, 7.28%, 6/03/19	2,700,000	INR	38,884
senior note, 8.12%, 12/10/20	51,300,000	INR	752,503
senior note, 7.80%, 4/11/21	91,600,000	INR	1,336,541
senior note, 7.16%, 5/20/23	12,700,000	INR	181,907

 TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
India (continued)			
Government of India, (continued)			
senior note, 8.83%, 11/25/23	171,200,000	INR \$	2,614,657
			6,218,003
Indonesia 6.1%			
Government of Indonesia,			
senior bond, FR31, 11.00%, 11/15/20	134,139,000,000	IDR	9,984,865
senior bond, FR36, 11.50%, 9/15/19	40,000,000,000	IDR	2,879,276
senior bond, FR39, 11.75%, 8/15/23	1,780,000,000	IDR	141,837
senior bond, FR40, 11.00%, 9/15/25	58,140,000,000	IDR	4,652,415
senior bond, FR42, 10.25%, 7/15/27	2,368,000,000	IDR	186,344
senior bond, FR44, 10.00%, 9/15/24	1,066,000,000	IDR	80,788
senior bond, FR46, 9.50%, 7/15/23	80,000,000,000	IDR	5,892,632
senior bond, FR53, 8.25%, 7/15/21	6,465,000,000	IDR	457,068
senior bond, FR56, 8.375%, 9/15/26	70,379,000,000	IDR	4,976,942
senior bond, FR61, 7.00%, 5/15/22	5,185,000,000	IDR	352,800
senior bond, FR63, 5.625%, 5/15/23	3,071,000,000	IDR	197,544
senior bond, FR70, 8.375%, 3/15/24	8,448,000,000	IDR	597,058
senior note, FR69, 7.875%, 4/15/19	21,627,000,000	IDR	1,510,505
			31,910,074
Kenya 8.3%			
Government of Kenya,			
^d senior note, 144A, 6.875%, 6/24/24	30,813,000		29,015,524
^h senior note, Reg S, 5.875%, 6/24/19	7,200,000		7,227,504
^h senior note, Reg S, 6.875%, 6/24/24	7,700,000		7,250,820
			43,493,848
Mexico 0.2%			
Government of Mexico, senior note, M, 5.00%, 12/11/19	263,200 ⁱ	MXN	1,296,842
Senegal 5.0%			
^d Government of Senegal, 144A, 6.25%, 7/30/24	26,680,000		26,057,956
Serbia 2.1%			

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d	Government of Serbia, senior note, 144A, 7.25%, 9/28/21	10,250,000	11,051,396
	Ukraine 6.9%		
d	Government of Ukraine,		
	144A, 7.75%, 9/01/19	5,855,000	5,814,747
	144A, 7.75%, 9/01/20	8,667,000	8,401,573
	144A, 7.75%, 9/01/21	3,506,000	3,308,787
	144A, 7.75%, 9/01/22	3,406,000	3,137,778
	144A, 7.75%, 9/01/23	2,416,000	2,183,460
	144A, 7.75%, 9/01/24	1,396,000	1,232,549
	144A, 7.75%, 9/01/25	3,176,000	2,762,580
	144A, 7.75%, 9/01/26	3,406,000	2,916,388
	144A, 7.75%, 9/01/27	3,406,000	2,895,100
	^a _j 144A, VRI, GDP Linked Security, 5/31/40	6,349,000	3,657,691
			36,310,653
	Total Foreign Government and Agency Securities (Cost \$340,845,354)		300,380,722

TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS

	Principal Amount*	Value
Quasi-Sovereign and Corporate Bonds 10.7%		
Bermuda 0.3%		
d		
Digicel Group Ltd., senior note, 144A, 7.125%, 4/01/22	3,300,000	\$ 1,559,250
Chile 2.1%		
d		
VTR Finance BV, senior secured note, 144A, 6.875%, 1/15/24	10,786,000	10,826,447
Costa Rica 2.4%		
b,c		
Reventazon Finance Trust, secured bond, first lien, 144A, 8.00%, 11/15/33	13,586,400	12,769,657
Democratic Republic of the Congo 1.9%		
d		
HTA Group Ltd., senior note, 144A, 9.125%, 3/08/22	10,000,000	10,206,250
Mauritius 1.2%		
d		
Liquid Telecommunications Financing PLC., senior secured note, 144A, 8.50%, 7/13/22	6,100,000	6,165,002
South Africa 0.4%		
b,c,k		
K2016470219 South Africa Ltd., senior secured note, 144A, PIK, 3.00%, 12/31/22	7,321,065	9,016
senior secured note, 144A, PIK, 8.00%, 12/31/22	2,193,197	EUR 48,326
c,k		
K2016470260 South Africa Ltd., senior secured note, 144A, PIK, 25.00%, 12/31/22	27,083,427	1,925,933
		1,983,275
United Republic of Tanzania 2.4%		
b,c		
	12,500,000	12,759,173

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Swala (PAEM) Ltd., senior note, 144A, 16.00% to 1/15/19, 17.50% to 7/15/19, 19.00% to 1/15/20, 20.50% to 7/15/20, 23.00% to 1/15/21, thereafter 24.50%, 1/15/23

Total Quasi-Sovereign and Corporate Bonds (Cost \$89,379,770) 56,269,054

Total Investments before Short Term Investments (Cost \$444,550,236) 360,110,942

Short Term Investments 27.8%

Foreign Government and Agency Securities 5.3%

Argentina 1.8%

1				
f	Argentina Treasury Bill, 2/28/19 - 10/31/19	318,851,000	ARS	9,435,170
	Government of Argentina, Index Linked, 3.75%, 2/08/19	7,773,000	ARS	293,021
				9,728,191

Egypt 3.2%

1				
	Egypt Treasury Bill, 1/08/19	98,700,000	EGP	5,487,191
	1/15/19	98,675,000	EGP	5,465,251
	1/22/19 - 3/05/19	108,825,000	EGP	5,996,637
				16,949,079

Mexico 0.3%

1				
	Mexico Treasury Bill, 5/23/19 - 7/04/19	2,791,330 ^m	MXN	1,366,369

Total Foreign Government and Agency Securities (Cost \$28,237,238) 28,043,639

U.S. Government and Agency Securities (Cost \$49,952,084)

9.5%

United States 9.5%

1				
	U.S. Treasury Bill, 1/15/19	50,000,000		49,958,432

Total U.S. Government and Agency Securities (Cost \$49,952,084) 49,958,432

438,113,013

**Total Investments before Money Market Funds (Cost
\$522,739,558)**

 TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS

	Shares	Value
Short Term Investments (continued)		
Money Market Funds (Cost \$67,920,235) 13.0%		
United States 13.0%		
n,o		
Institutional Fiduciary Trust Money Market Portfolio, 1.99%	67,920,235	\$ 67,920,235
Total Investments (Cost \$590,659,793) 96.5%		506,033,248
Other Assets, less Liabilities 3.5%		18,417,665
Net Assets 100.0%		\$ 524,450,913

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.

^dSecurity 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, 2018, the aggregate value of these securities was \$151,526,601, representing 28.9% of net assets.

^eThe coupon rate shown represents the rate at period end.

^fRedemption price at maturity and coupon payment are adjusted for inflation. See Note 1(f).

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

^hSecurity 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, 2018, the aggregate value of these securities was \$28,269,514, representing 5.4% of net assets.

ⁱPrincipal amount is stated in 100 Mexican Peso Units.

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

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

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

^mPrincipal amount is stated in 10 Mexican Peso Units.

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

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

TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS

At December 31, 2018, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counterparty ^a	Type	Quantity	Contract Amount	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Japanese Yen	SCNY	Sell	1,873,240,000	\$ 16,529,585	1/07/19	\$	\$ (571,833)
Australian Dollar	JPHQ	Sell	3,675,250	2,596,079	1/11/19	6,061	
Australian Dollar	JPHQ	Sell	7,350,500	5,221,134	1/14/19	40,758	
Australian Dollar	CITI	Sell	3,264,496	2,322,052	1/15/19	21,299	
Euro	DBAB	Sell	1,649,275	1,924,391	1/15/19	32,135	
Euro	GSCO	Sell	1,220,012	1,421,741	1/15/19	21,990	
Japanese Yen	CITI	Sell	624,500,000	5,576,441	1/15/19		(128,566)
Euro	HSBK	Sell	826,000	961,489	1/16/19	13,714	
Euro	DBAB	Sell	673,503	780,596	1/22/19	7,389	
Euro	GSCO	Sell	407,725	472,353	1/22/19	4,269	
Euro	MSCO	Sell	453,535	525,579	1/22/19	4,903	
Euro	UBSW	Sell	2,688,465	3,116,926	1/22/19	30,464	
Japanese Yen	SCNY	Sell	1,770,880,000	16,366,728	1/22/19	179,876	
Euro	MSCO	Sell	453,535	524,014	1/23/19	3,292	
Euro	DBAB	Sell	1,506,000	1,742,465	1/24/19	13,211	
Euro	UBSW	Sell	907,070	1,050,187	1/24/19	8,651	
Japanese Yen	DBAB	Sell	626,420,000	5,776,171	1/24/19	49,395	
Euro	DBAB	Sell	673,497	778,038	1/25/19	4,631	
Euro	JPHQ	Sell	565,000	652,945	1/25/19	4,130	
Euro	BOFA	Sell	802,498	922,552	1/28/19	762	
Euro	BOFA	Sell	802,498	917,988	1/30/19		(3,966)
Euro	SCNY	Sell	179,416	205,216	1/30/19		(907)
Euro	BZWS	Sell	1,273,708	1,462,554	1/31/19		(866)
Euro	DBAB	Sell	2,265,071	2,599,395	1/31/19		(3,046)
Mexican Peso	HSBK	Buy	600,000,000	31,294,660	1/31/19		(919,245)
Euro	CITI	Sell	358,630	411,421	2/01/19		(658)
Australian Dollar	CITI	Sell	3,264,496	2,313,966	2/13/19	11,993	
Australian Dollar	JPHQ	Sell	3,675,250	2,606,671	2/13/19	15,053	
Euro	BOFA	Sell	3,358,713	3,827,858	2/19/19		(36,846)
Euro	DBAB	Sell	359,450	409,273	2/19/19		(4,328)
Euro	JPHQ	Sell	565,000	642,515	2/19/19		(7,602)
Japanese Yen	JPHQ	Sell	2,334,700,000	20,764,517	2/19/19		(621,134)
Euro	JPHQ	Sell	565,000	650,021	2/20/19		(147)

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Euro	GSCO	Sell	407,626	470,567	2/21/19	1,459	
Euro	JPHQ	Sell	565,000	651,394	2/21/19	1,175	
Euro	SCNY	Sell	413,000	477,056	2/21/19	1,764	
Euro	UBSW	Sell	2,688,465	3,098,980	2/21/19	5,014	
Australian Dollar	BOFA	Sell	1,753,000	1,269,523	2/28/19	33,118	
Euro	BZWS	Sell	636,854	730,089	2/28/19		(3,222)
Euro	DBAB	Sell	2,265,961	2,582,210	2/28/19		(26,953)
Euro	SCNY	Sell	182,974	208,920	2/28/19		(1,768)
Mexican Peso	DBAB	Buy	366,946,257	18,678,863	2/28/19		(174,525)
Euro	SCNY	Sell	628,500	718,533	3/05/19		(5,477)
Mexican Peso	JPHQ	Buy	105,732,972	5,339,779	3/11/19		(17,538)
Mexican Peso	JPHQ	Sell	105,732,972	5,487,064	3/11/19	164,823	
Euro	DBAB	Sell	1,649,275	1,896,312	3/12/19		(4,790)
Australian Dollar	CITI	Sell	3,276,008	2,366,867	3/13/19	55,831	
Euro	BOFA	Sell	1,679,357	1,908,522	3/18/19		(28,300)
Euro	GSCO	Sell	1,220,012	1,397,463	3/18/19		(9,592)

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 TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS

Forward Exchange Contracts (continued)

Currency	Counterparty	Type	Quantity	Contract Amount	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Euro	GSCO	Sell	407,626	\$ 469,524	3/21/19	\$	\$ (723)
Euro	BZWS	Sell	636,854	728,137	3/28/19		(7,015)
Japanese Yen	HSBK	Sell	1,620,890,000	14,728,870	4/17/19		(193,008)
Mexican Peso	GSCO	Buy	449,723,060	21,286,147	5/15/19	1,100,024	
Total Forward Exchange Contracts						\$ 1,837,184	\$ (2,772,055)
Net unrealized appreciation (depreciation)							\$ (934,871)

^aMay be comprised of multiple contracts with the same counterparty, currency and settlement date.

At December 31, 2018, the Fund had the following interest rate swap contracts outstanding. See Note 1(c).

Interest Rate Swap Contracts

Description	Payment Frequency	Maturity Date	Notional Amount	Value/Unrealized Appreciation (Depreciation)
Centrally Cleared Swap Contracts				
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.310%	Semi-Annual	7/29/25	\$53,095,000	\$ 669,078
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.432%	Semi-Annual	3/03/27	18,500,000	198,298
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.568%	Semi-Annual	3/13/27	8,500,000	2,573
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.383%	Semi-Annual	4/03/27	8,400,000	175,202
Receive Floating 3-month USD LIBOR	Quarterly			

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Pay Fixed 2.752%	Semi-Annual	7/29/45	39,530,000	397,094
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.980%	Semi-Annual	2/20/48	6,230,000	(240,585)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 3.002%	Semi-Annual	2/22/48	6,230,000	(250,206)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 3.019%	Semi-Annual	2/23/48	6,230,000	(271,873)
Total Interest Rate Swap Contracts				\$679,581

See Note 10 regarding other derivative information.

See Abbreviations on page 31.

16 Annual Report | The accompanying notes are an integral part of these financial statements.

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 TEMPLETON EMERGING MARKETS INCOME FUND
Financial Statements**Statement of Assets and Liabilities**

December 31, 2018

Assets:

Investments in securities:

Cost - Unaffiliated issuers	\$522,739,558
Cost - Non-controlled affiliates (Note 3c)	67,920,235

Value - Unaffiliated issuers	\$438,113,013
Value - Non-controlled affiliates (Note 3c)	67,920,235
Restricted cash for OTC derivative contracts (Note 1d)	1,152,000
Foreign currency, at value (cost \$1,729,519)	1,729,181

Receivables:

Interest	10,038,561
Deposits with brokers for:	
OTC derivative contracts	1,420,000
Centrally cleared swap contracts	7,894,970
Unrealized appreciation on OTC forward exchange contracts	1,837,184

Total assets	530,105,144
--------------	-------------

Liabilities:

Payables:

Management fees	426,198
Variation margin on centrally cleared swap contracts	651,341
Deposits from brokers for:	
OTC derivative contracts	1,152,000
Unrealized depreciation on OTC forward exchange contracts	2,772,055
Deferred tax	457,639
Accrued expenses and other liabilities	194,998

Total liabilities	5,654,231
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Net assets, at value	\$524,450,913
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Net assets consist of:

Paid-in capital	\$636,566,347
Total distributable earnings (loss)	(112,115,434)

Net assets, at value	\$524,450,913
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Shares outstanding	47,998,418
Net asset value per share	\$10.93

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 TEMPLETON EMERGING MARKETS INCOME FUND

FINANCIAL STATEMENTS

Statement of Operations

for the year ended December 31, 2018

Investment income:

Dividends:

Non-controlled affiliates (Note 3c)	\$ 727,126
Interest: (net of foreign taxes)~ Unaffiliated issuers	45,425,050

Total investment income	46,152,176
-------------------------	------------

Expenses:

Management fees (Note 3a)	5,677,325
Transfer agent fees	332,663
Custodian fees (Note 4)	154,169
Reports to shareholders	46,707
Registration and filing fees	50,922
Professional fees	114,385
Trustees fees and expenses	81,184
Other	167,214

Total expenses	6,624,569
Expense reductions (Note 4)	(14,958)
Expenses waived/paid by affiliates (Note 3c)	(171,379)

Net expenses	6,438,232
--------------	-----------

Net investment income	39,713,944
-----------------------	------------

Realized and unrealized gains (losses):

Net realized gain (loss) from:

Investments:# Unaffiliated issuers	(22,174,419)
Foreign currency transactions	(1,842,792)
Forward exchange contracts	14,245,398
Swap contracts	14,657

Net realized gain (loss)	(9,757,156)
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Net change in unrealized appreciation (depreciation) on:
Investments:

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Unaffiliated issuers	(75,018,258)
Translation of other assets and liabilities denominated in foreign currencies	109,579
Forward exchange contracts	(3,793,457)
Swap contracts	3,747,451
Change in deferred taxes on unrealized appreciation	394,593
Net change in unrealized appreciation (depreciation)	(74,560,092)
Net realized and unrealized gain (loss)	(84,317,248)
Net increase (decrease) in net assets resulting from operations	\$ (44,603,304)

~Foreign taxes withheld on interest	\$ 664,587
#Net of foreign taxes	\$ 405,972

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 TEMPLETON EMERGING MARKETS INCOME FUND

FINANCIAL STATEMENTS

Statements of Changes in Net Assets

	Year Ended December 31,	
	2018	2017
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 39,713,944	\$ 40,838,718
Net realized gain (loss)	(9,757,156)	(17,205,568)
Net change in unrealized appreciation (depreciation)	(74,560,092)	33,873,876
Net increase (decrease) in net assets resulting from operations	(44,603,304)	57,507,026
Distributions to shareholders (Note 1f)	(31,429,601)	(29,797,418)
Distributions to shareholders from tax return of capital	(11,360,989)	
Total distributions to shareholders	(42,790,590)	(29,797,418)
Net increase (decrease) in net assets	(87,393,894)	27,709,608
Net assets:		
Beginning of year	611,844,807	584,135,199
End of year (Note 1f)	\$524,450,913	\$611,844,807

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TEMPLETON EMERGING MARKETS INCOME FUND

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Templeton Emerging Markets Income Fund (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).

The following summarizes the Fund's significant accounting policies.

a. 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 each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. 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 Fund may 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.

Certain derivative financial instruments are centrally cleared or trade in the OTC market. The Fund's pricing services use various techniques including industry standard option pricing models and proprietary discounted cash flow models to determine the fair value of those instruments. The Fund's net benefit or obligation under the derivative contract, as measured by the fair value of the contract, is included in net assets.

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 Fund 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.

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

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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.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Derivative Financial Instruments

The Fund invested in derivative financial instruments in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an

illiquid secondary market, and/or the potential for market movements which expose the Fund to gains or losses in excess of the amounts shown in the Statement of Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statement of Operations.

Derivative counterparty credit risk is managed through a formal evaluation of the creditworthiness of all potential counter-parties. The Fund attempts to reduce its exposure to counterparty credit risk on OTC derivatives, whenever possible, by entering into International Swaps and Derivatives Association (ISDA) master agreements with certain counterparties. These agreements contain various provisions, including but not limited to collateral requirements, events of default, or early termination. Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or limit the decline in net assets over various periods

TEMPLETON EMERGING MARKETS INCOME FUND

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1. Organization and Significant Accounting

Policies (continued)

c. Derivative Financial Instruments *(continued)*

of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. However, absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under the ISDA agreement.

Collateral requirements differ by type of derivative. Collateral or initial margin requirements are set by the broker or exchange clearing house for exchange traded and centrally cleared derivatives. Initial margin deposited is held at the exchange and can be in the form of cash and/or securities. For OTC derivatives traded under an ISDA master agreement, posting of collateral is required by either the Fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds the minimum transfer amount, which typically ranges from \$100,000 to \$250,000, and can vary depending on the counterparty and the type of the agreement. Generally, collateral is determined at the close of Fund business each day and any additional collateral required due to changes in derivative values may be delivered by the Fund or the counterparty the next business day, or within a few business days. Collateral pledged and/or received by the Fund for OTC derivatives, if any, is held in segregated accounts with the Fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Fund's investment objectives. To the extent that the amounts due to the Fund from its counterparties are not subject to collateralization or are not fully collateralized, the Fund bears the risk of loss from counterparty non-performance.

The Fund entered into OTC forward exchange contracts primarily to manage and/or gain exposure to certain foreign currencies. A forward exchange contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency at a specific exchange rate on a future date.

The Fund entered into interest rate swap contracts primarily to manage interest rate risk. An interest rate swap is an agreement between the Fund and a counterparty to exchange cash flows

based on the difference between two interest rates, applied to a notional amount. These agreements may be privately negotiated in the over-the-counter market (OTC interest rate swaps) or may be executed on a registered exchange (centrally cleared interest rate swaps). For centrally cleared interest rate swaps, required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the

Statement of Assets and Liabilities. Over the term of the contract, contractually required payments to be paid and to be received are accrued daily and recorded as unrealized depreciation and appreciation until the payments are made, at which time they are realized.

The Fund invests in value recovery instruments (VRI) primarily to gain exposure to economic growth. Periodic payments from VRI are dependent on established benchmarks for underlying variables. VRI has a notional amount, which is used to calculate amounts of payments to holders. Payments are recorded upon receipt as realized gains in the Statement of Operations. The risks of investing in VRI include growth risk, liquidity, and the potential loss of investment.

See Note 10 regarding other derivative information.

d. Restricted Cash

At December 31, 2018, the Fund held restricted cash in connection with investments in certain derivative securities. Restricted cash is held in a segregated account with the Fund's custodian and is reflected in the Statement of Assets and Liabilities.

e. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined

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to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of December 31, 2018, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

f. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.*

Inflation-indexed bonds are adjusted for inflation through periodic increases or decreases in the security's interest accruals, face amount, or principal redemption value, by amounts corresponding to the rate of inflation as measured by an index. Any increase or decrease in the face amount or principal redemption value will be included as interest income in the Statement of Operations.

g. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

h. Guarantees and Indemnifications

Under the Fund's organizational documents, its officers and trustees are indemnified by the Fund against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund expects the risk of loss to be remote.

*Effective during the current reporting period, it is no longer required to present certain line items in the Statements of Changes in Net Assets. The below prior period amounts affected by this change are shown as they were in the prior year Statements of Changes in Net Assets.

For the year ended December 31, 2017, distributions to shareholders from net investment income was \$(29,797,418).

For the year ended December 31, 2017, distributions in excess of net investment income included in net assets was \$(13,739,165).

2. Shares of Beneficial Interest

At December 31, 2018, there were an unlimited number of shares authorized (without par value). During the years ended December 31, 2018 and December 31, 2017, there were no shares issued; all reinvested distributions were satisfied with previously issued shares purchased in the open market.

 TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO FINANCIAL STATEMENTS

2. Shares of Beneficial Interest (continued)

Under the Board approved open-market share repurchase program, the Fund may purchase, from time to time, Fund shares in open-market transactions, at the discretion of management. Since the inception of the program, the Fund has repurchased a total of 610,500 shares. During the years ended December 31, 2018 and December 31, 2017, there were no shares repurchased.

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager

a. Management Fees

The Fund pays an investment management fee to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
1.000%	Up to and including \$1 billion
0.980%	Over \$1 billion, up to and including \$5 billion
0.960%	Over \$5 billion, up to and including \$10 billion
0.940%	Over \$10 billion, up to and including \$15 billion
0.920%	Over \$15 billion, up to and including \$20 billion
0.900%	In excess of \$20 billion

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Fund. The fee is paid by Advisers based on the Fund's average daily net assets, and is not an additional expense of the Fund.

c. 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. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended December 31, 2018, the Fund held investments in affiliated management investment companies as follows:

	Number of Shares Held at Beginning of Year	Gross Additions	Gross Reductions	Number of Shares Held at End of Year	Value at End of Year	Dividend Income	Net Change in Realized Capital Gains (Losses) and Appreciation
Non-Controlled Affiliates							
Institutional Fiduciary Trust							
Money Market Portfolio, 1.99%	32,733,354	262,990,431	(227,803,550)	67,920,235	\$67,920,235	\$727,126	\$ \$

 TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO FINANCIAL STATEMENTS

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended December 31, 2018, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains, if any.

At December 31, 2018, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short Term	\$ 146,740
Long Term	7,893,867
 Total capital loss carryforwards	 \$ 8,040,607

The tax character of distributions paid during the years ended December 31, 2018 and 2017, was as follows:

	2018	2017
Distributions paid from:		
Ordinary income	\$31,429,601	\$29,797,418
Return of capital	11,360,989	
	\$42,790,590	\$29,797,418

At December 31, 2018, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$ 610,123,946
 Unrealized appreciation	 \$ 12,495,575
Unrealized depreciation	(115,981,661)

Net unrealized appreciation (depreciation) \$ (103,486,086)

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of payments-in-kind, foreign currency transactions, bond discounts and premiums and swaps.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2018, aggregated \$61,180,600 and \$133,882,128, respectively.

7. Credit Risk

At December 31, 2018, the Fund had 65.2% of its portfolio invested in high yield or other securities rated below investment grade and unrated securities, if any. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

 TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO FINANCIAL STATEMENTS

8. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. Current political and financial uncertainty surrounding the European Union may increase market volatility and the economic risk of investing in securities in Europe. In addition, certain foreign securities may not be as liquid as U.S. securities.

9. Restricted Securities

The Fund invests in securities that are restricted under the Securities Act of 1933 (1933 Act). Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Fund may have registration rights for restricted securities. The issuer generally incurs all registration costs.

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

Principal Amount*/ Shares/ Warrants	Issuer	Acquisition Date	Cost	Value
4,375	Edcon Holdings Ltd., F wts., 2/20/49	11/27/15	\$ 46	\$
78,291,411	Edcon Holdings Ltd., F1 wts., 2/20/49	11/27/15	829,537	
6,340,039	Edcon Holdings Ltd., F2 wts., 2/20/49	11/27/15	67,176	
93,760,463	K2016470219 South Africa Ltd., A	5/10/11 - 2/01/17	538,947	65,255
161,018,517	K2016470219 South Africa Ltd., B	5/10/11 - 2/01/17	119,550	112,066
7,321,065	K2016470219 South Africa Ltd., senior secured note, 144A, PIK, 3.00%, 12/31/22	2/01/17 - 12/31/18	8,861,099	9,016
2,193,197	EUR K2016470219 South Africa Ltd., senior secured note, 144A, PIK, 8.00%, 12/31/22	2/01/17 - 12/31/18	1,324,229	48,326
27,083,427				

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	K2016470260 South Africa Ltd., senior secured note, 144A, PIK, 25.00%, 12/31/22	2/01/17 - 12/31/18	23,250,889	1,925,933
13,586,400	Reventazon Finance Trust, secured bond, first lien, 144A, 8.00%, 11/15/33	12/18/13	13,586,400	12,769,657
12,500,000	^a Swala (PAEM) Ltd., senior note, 144A, 16.00% to 1/15/19, 17.50% to 7/15/19, 19.00% to 1/15/20, 20.50% to 7/15/20, 23.00% to 1/15/21, thereafter 24.50%, 1/15/23	1/15/18	12,500,000	12,759,173
	Total Restricted Securities (Value is 5.3% of Net Assets)		\$61,077,873	\$27,689,426

* In U.S. dollars unless otherwise indicated.

^aThe Fund also invests in unrestricted securities of the issuer, valued at \$98,799 as of December 31, 2018.

10. Other Derivative Information

At December 31, 2018, the Fund's investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

		Asset Derivatives	Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Interest rate contracts	Variation margin on centrally cleared swap contracts	\$ 1,442,245 ^a	Variation margin on centrally cleared swap contracts	\$ 762,664 ^a

TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO FINANCIAL STATEMENTS

	Asset Derivatives		Liability Derivatives	
	Statement of		Statement of	
Derivative Contracts Not Accounted for as Hedging Instruments	Assets and Liabilities		Assets and Liabilities	
	Location	Fair Value	Location	Fair Value
Foreign exchange contracts	Unrealized appreciation on OTC forward exchange contracts	\$1,837,184	Unrealized depreciation on OTC forward exchange contracts	\$2,772,055
Value recovery instruments	Investments in securities, at value	3,657,691 ^b		
Totals		\$6,937,120		\$3,534,719

^aThis amount reflects the cumulative appreciation (depreciation) of centrally cleared swap contracts as reported in the Statement of Investments. Only the variation margin receivable/payable at year end is separately reported within the Statement of Assets and Liabilities. Prior variation margin movements were recorded to cash upon receipt or payment.

^bVRI are included in investments in securities, at value in the Statement of Assets and Liabilities.

For the year ended December 31, 2018, the effect of derivative contracts in the Fund's Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Year	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Year
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts	Swap contracts	\$ 14,657	Swap contracts	\$ 3,747,451
Foreign exchange contracts	Forward exchange contracts	14,245,398	Forward exchange contracts	(3,793,457)

Value recovery instruments	Investments	393,213 ^a	Investments	(369,511) ^a
Totals		\$14,653,268		\$ (415,517)

^aVRI contracts are included in net realized gain (loss) from investments and net change in unrealized appreciation (depreciation) on investments in the Statement of Operations.

For the year ended December 31, 2018, the average month end notional amount of swap contracts represented \$147,340,385. The average month end contract value and fair value of forward exchange contracts and VRI, was \$226,815,380 and \$5,686,858, respectively.

At December 31, 2018, the Fund's OTC derivative assets and liabilities are as follows:

**Gross Amounts of
Assets and Liabilities Presented
in the Statement of Assets and Liabilities**

	Assets ^a	Liabilities ^a
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Derivatives

Forward exchange contracts	\$1,837,184	\$2,772,055
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^aAbsent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

 TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO FINANCIAL STATEMENTS

10. Other Derivative Information (continued)

At December 31, 2018, the Fund's OTC derivative assets, which may be offset against the Fund's OTC derivative liabilities and collateral received from the counterparty, are as follows:

Counterparty	Amounts Not Offset in the Statement of Assets and Liabilities				
	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments Available for Offset	Financial Instruments Collateral Received	Cash Collateral Received ^a	Net Amount (Not less than zero)
BOFA	\$ 33,880	\$ (33,880)	\$	\$	\$
BZWS					
CITI	89,123	(89,123)			
DBAB	106,761	(106,761)			
GSCO	1,127,742	(10,315)		(1,100,000)	17,427
HSBK	13,714	(13,714)			
JPHQ	232,000	(232,000)			
MSCO	8,195			(8,195)	
SCNY	181,640	(181,640)			
UBSW	44,129				44,129
Total	\$1,837,184	\$(667,433)	\$	\$(1,108,195)	\$61,556

At December 31, 2018, the Fund's OTC derivative liabilities, which may be offset against the Fund's OTC derivative assets and collateral pledged to the counterparty, are as follows:

	Amounts Not Offset in the Statement of Assets and Liabilities				Net Amount (Not less than zero)
	Gross Amounts of Liabilities Presented in the Statement of Assets and	Financial Instruments Available for Offset	Financial Instruments Collateral Pledged	Cash Collateral Pledged ^a	

Counterparty	Liabilities			
BOFA	\$ 69,112	\$ (33,880)	\$	\$ 35,232
BZWS	11,103			11,103
CITI	129,224	(89,123)		40,101
DBAB	213,642	(106,761)		56,881
GSCO	10,315	(10,315)		
HSBK	1,112,253	(13,714)	(1,090,000)	8,539
JPHQ	646,421	(232,000)	(280,000)	134,421
MSCO				
SCNY	579,985	(181,640)		398,345
UBSW				
Total	\$2,772,055	\$(667,433)	\$(1,420,000)	\$684,622

^aIn some instances, the collateral amounts disclosed in the table above were adjusted due to the requirement to limit collateral amounts to avoid the effect of overcollateralization. Actual collateral received and/or pledged may be more than the amounts disclosed herein.

See Note 1(c) regarding derivative financial instruments.

See Abbreviations on page 31.

 TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO FINANCIAL STATEMENTS

11. 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.

A summary of inputs used as of December 31, 2018, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities: ^a				
Equity Investments: ^b				
Mexico	\$	\$	\$ 4,123 ^c	\$ 4,123
South Africa	299,323		177,321 ^c	476,644
United Republic of Tanzania			98,799	98,799
Convertible Bonds		2,881,600		2,881,600
Foreign Government and Agency Securities		300,380,722		300,380,722
Quasi-Sovereign and Corporate Bonds:				
Costa Rica			12,769,657	12,769,657
South Africa		1,925,933	57,342	1,983,275
United Republic of Tanzania			12,759,173	12,759,173
		28,756,949		28,756,949

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All Other Quasi-Sovereign and Corporate Bonds				
Short Term Investments	117,878,667	28,043,639		145,922,306
Total Investments in Securities	\$ 118,177,990	\$ 361,988,843	\$ 25,866,415	\$ 506,033,248
Other Financial Instruments:				
Forward Exchange Contracts	\$	\$ 1,837,184	\$	\$ 1,837,184
Swap Contracts		1,442,245		1,442,245
Total Other Financial Instruments	\$	\$ 3,279,429	\$	\$ 3,279,429
Liabilities:				
Other Financial Instruments:				
Forward Exchange Contracts	\$	\$ 2,772,055	\$	\$ 2,772,055
Swap Contracts		762,664		762,664
Total Other Financial Instruments	\$	\$ 3,534,719	\$	\$ 3,534,719

^aFor detailed categories, see the accompanying Statement of Investments.

^bIncludes common stocks as well as other equity interests.

^cIncludes securities determined to have no value at December 31, 2018.

 TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO FINANCIAL STATEMENTS

11. Fair Value Measurements (continued)

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 year. At December 31, 2018, the reconciliation of assets, is as follows:

	Balance at Beginning of Year	Purchases	Sales	Transfer Into Level 3 ^a	Transfer Out of Level 3 ^b	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Year
Securities:								
Equity Securities:								
Common Stocks	\$ 205,925 ^d	\$	\$	\$ 7,338	\$	\$	\$ (3,215)	\$ 4,123 ^d
Bonds of Tanzania							(28,604)	177,321 ^d
Preferred Stocks	3,274,479				(3,020,184)		98,799	98,799
Real Estate and Other							(254,295)	
Equity Securities	15,489,398		(424,800)				(2,294,941)	12,769,657
Bonds of Tanzania	12,165			141,044			(95,867)	57,342
Preferred Stocks		12,500,000					259,173	12,759,173
Real Estate and Other								
Total Investments in Securities	\$18,981,967	\$ 12,500,000	\$ (424,800)	\$ 148,382	\$ (3,020,184)	\$	\$ (2,318,950)	\$ 25,866,415

^aThe investments were transferred into Level 3 as a result of the unavailability of a quoted market price in an active market for identical securities and other significant observable valuation inputs. May include amounts related to a corporate action.

^bThe investments were transferred out of Level 3 as a result of the availability of other significant observable valuation inputs. May include amounts related to a corporate action.

^cIncludes common stocks and other equity interests.

^dIncludes securities determined to have no value.

TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO FINANCIAL STATEMENTS

Significant unobservable valuation inputs for material Level 3 financial instruments and impact to fair value as a result of changes in unobservable valuation inputs as of December 31, 2018, are as follows:

Description	Fair Value at End of Year	Valuation Technique	Unobservable Inputs	Amount	Impact to Fair Value if Input Increases ^a
Assets:					
Investments in Securities:					
Quasi-Sovereign and Corporate Bonds					
Costa Rica	\$ 12,769,657	Discounted cash flow model	Discount rate ^b	9.1%	Decrease ^c
United Republic of Tanzania	12,759,173	Discounted cash flow model	Discount rate	23.7%	Decrease ^c
All other investments ^d	337,585				
Total	\$ 25,866,415				

^aRepresents the directional change in the fair value of the Level 3 financial instruments that would result from a significant and reasonable increase in the corresponding input. A significant and reasonable decrease in the input would have the opposite effect. Significant impacts, if any, to fair value and/or net assets have been indicated.

^bThe discount rate is comprised of the risk-free rate, the 10-year Costa Rican CDS curve, and an incremental credit spread that combines with the first two components to arrive at an 8% yield on issue date for an 8% coupon bond issued at par.

^cRepresents a significant impact to fair value and net assets.

^dIncludes fair value of immaterial financial instruments developed using various valuation techniques and unobservable inputs. May also include investments with values derived using private transaction prices or non-public third party pricing information which is unobservable.

12. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Abbreviations

Counterparty	Currency	Selected Portfolio
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A Bank of America Corp.	ARS Argentine Peso	ARPP7DRR Argentina Central Bank 7 Day Repo Rate
BS Barclays Bank PLC	BRL Brazilian Real	FRN Floating Rate Note
C Citigroup, Inc.	COP Colombian Peso	GDP Gross Domestic Product
D Deutsche Bank AG	EGP Egyptian Pound	LIBOR London InterBank Offered Rate
G The Goldman Sachs Group, Inc.	EUR Euro	PIK Payment-In-Kind
H HSBC Bank PLC	GHS Ghanaian Cedi	VRI Value Recovery Instruments
J JP Morgan Chase & Co.	IDR Indonesian Rupiah	
M Morgan Stanley	INR Indian Rupee	
S Standard Chartered Bank	MXN Mexican Peso	
U UBS AG	USD United States Dollar	

TEMPLETON EMERGING MARKETS INCOME FUND

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Templeton Emerging Markets Income Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Templeton Emerging Markets Income Fund (the Fund) as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statement of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for two years ended December 31, 2018, the period September 1, 2016 through December 31, 2016, and the three years ended August 31, 2016 (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for two years ended December 31, 2018, the period September 1, 2016 through December 31, 2016, and the three years ended August 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund s management. Our responsibility is to express an opinion on the Fund s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California

February 15, 2019

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

TEMPLETON EMERGING MARKETS INCOME FUND

Tax Information (unaudited)

At December 31, 2018, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. The Fund elects to treat foreign taxes paid as allowed under Section 853 of the Internal Revenue Code. This election will allow shareholders of record as of the first distribution in 2019, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

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TEMPLETON EMERGING MARKETS INCOME FUND
Annual Meeting of Shareholders

May 30, 2018 and Reconvened on June 13, 2018, June 27, 2018 and June 29, 2018 (unaudited)

The Annual Meeting of Shareholders of Templeton Emerging Markets Income Fund (the Fund) was held at the Fund's offices, 300 S.E. 2nd Street, Fort Lauderdale, Florida, on May 30, 2018 and reconvened on June 13, 2018, June 27, 2018 and June 29, 2018. The purpose of the meeting was to elect four Trustees of the Fund, to approve the elimination of the fundamental investment policy requiring the Fund to invest at least 65% of its total assets in U.S. dollar-denominated securities, to approve an amended fundamental investment restriction regarding investments in commodities and to ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Fund for the fiscal year ending December 31, 2018. At the meeting, the following persons were elected by the shareholders to serve as Trustees of the Fund: Ann Torre Bates, David W. Niemiec, Larry D. Thompson and Robert E. Wade.* The proposal to ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Fund for the fiscal year ending December 31, 2018 was approved by shareholders. Sufficient votes were not received to pass the proposals to eliminate the fundamental investment policy requiring the Fund to invest at least 65% of its total assets in U.S. dollar-denominated securities or to approve an amended fundamental investment restriction regarding investments in commodities. No other business was transacted at the meeting with respect to the Fund.

The results of the voting at the Annual Meeting are as follows:

1. Election of four Trustees:

Term Expiring 2021	For	% of Outstanding Shares	% of Shares Present	Withheld	% of Outstanding Shares	% of Shares Present
Ann Torre Bates	25,590,634	53.32%	71.04%	10,431,519	21.73%	28.96%
David W. Niemiec	25,618,011	53.37%	71.12%	10,404,141	21.68%	28.88%
Larry D. Thompson	25,634,348	53.41%	71.16%	10,387,805	21.64%	28.84%
Robert E. Wade	25,622,026	53.38%	71.13%	10,400,126	21.67%	28.87%

There were no broker non-votes received with respect to this item.

2. To approve the elimination of the fundamental investment policy requiring the Fund to invest at least 65% of its total assets in U.S. dollar-denominated securities:

	Shares Voted	% of Outstanding Shares	% of Shares Present
For	21,994,707	45.82%	61.06%
Against	10,330,010	21.52%	28.68%
Abstain	455,650	0.95%	1.26%

There were 3,241,785 broker non-votes received with respect to this item.

 TEMPLETON EMERGING MARKETS INCOME FUND

ANNUAL MEETING OF SHAREHOLDERS

3. To approve an amended fundamental investment restriction regarding investments in commodities:

	Shares Voted	% of Outstanding Shares	% of Shares Present
For	21,886,926	45.60%	60.76%
Against	10,304,637	21.47%	28.61%
Abstain	588,805	1.23%	1.63%

There were 3,241,785 broker non-votes received with respect to this item.

4. Ratification of the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Fund for the fiscal year ending December 31, 2018:

	Shares Voted	% of Outstanding Shares	% of Shares Present
For	34,360,993	71.59%	95.39%
Against	1,268,834	2.64%	3.52%
Abstain	392,329	0.82%	1.09%

* Harris J. Ashton, Mary C. Choksi, Edith E. Holiday, Gregory E. Johnson, Rupert H. Johnson, Jr., J. Michael Luttig and Constantine D. Tseretopoulos are Trustees of the Fund who are currently serving and whose terms of office continued after the Annual Meeting of Shareholders.

TEMPLETON EMERGING MARKETS INCOME FUND

Dividend Reinvestment and Cash Purchase Plan

The Fund offers a Dividend Reinvestment and Cash Purchase Plan (the Plan) with the following features:

If shares of the Fund are held in the shareholder's name, the shareholder will automatically be a participant in the Plan unless the shareholder elects to withdraw. If the shares are registered in the name of a broker-dealer or other nominee (i.e., in street name), the broker-dealer or nominee will elect to participate in the Plan on the shareholder's behalf unless the shareholder instructs them otherwise, or unless the reinvestment service is not provided by the broker-dealer or nominee.

To receive dividends or distributions in cash, the shareholder must notify American Stock Transfer and Trust Company, LLC (the Plan Administrator) at P.O. Box 922, Wall Street Station, New York, NY 10269-0560 or the institution in whose name the shares are held. The Plan Administrator must receive written notice ten business days before the record date for the distribution.

Whenever the Fund declares dividends in either cash or shares of the Fund, if the market price is equal to or exceeds net asset value at the valuation date, the participant will receive the dividends entirely in new shares at a price equal to the net asset value, but not less than 95% of the then current market price of the Fund's shares. If the market price is lower than net asset value or if dividends and/or capital gains distributions are payable only in cash, the participant will receive shares purchased on the New York Stock Exchange or otherwise on the open market.

A participant has the option of submitting additional cash payments to the Plan Administrator, in any amounts of at least \$100, up to a maximum of \$5,000 per month, for the purchase of Fund shares for his or her account. These payments can be made by check payable to American Stock Transfer and Trust Company, LLC and sent to American Stock Transfer and Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, NY 10269-0560, Attention: Templeton Emerging Markets Income Fund. The Plan Administrator will apply such payments (less a \$5.00 service charge and less a pro rata share of trading fees) to purchases of the Fund's shares on the open market.

The automatic reinvestment of dividends and/or capital gains does not relieve the participant of any income tax that may be payable on dividends or distributions.

Whenever shares are purchased on the New York Stock Exchange or otherwise on the open market, each participant will pay a pro rata portion of trading fees. Trading fees will be deducted from amounts to be invested. The Plan Administrator's fee for a sale of shares through the Plan is \$15.00 per transaction plus a \$0.12 per share trading fee.

A participant may withdraw from the Plan without penalty at any time by written notice to the Plan Administrator sent to American Stock Transfer and Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, NY 10269-0560. Upon withdrawal, the participant will receive, without charge, share certificates issued in the participant's name for all full shares held by the Plan Administrator; or, if the participant wishes, the Plan Administrator will sell the participant's shares and send the proceeds to the participant, less a service charge of \$15.00 and less trading fees of \$0.12 per share. The Plan Administrator will convert any fractional shares held at the time of withdrawal to cash at current market price and send a check to the participant for the net proceeds.

For more information, please see the Plan's Terms and Conditions located at the back of this report.

TEMPLETON EMERGING MARKETS INCOME FUND

Transfer Agent

American Stock Transfer and Trust Company, LLC

P.O. Box 922, Wall Street Station

New York, NY 1029-0560

(800) 416-5585

www.astfinancial.com

Direct Deposit Service for Registered Shareholders

Cash distributions can now be electronically credited to a checking or savings account at any financial institution that participates in the Automated Clearing House (ACH) system. The Direct Deposit service is provided for registered shareholders at no charge. To enroll in the service, access your account online by going to www.astfinancial.com or dial (800) 416-5585 (toll free) and follow the instructions. Direct Deposit will begin with the next scheduled distribution payment date following enrollment in the service.

Direct Registration

If you are a registered shareholder of the Fund, purchases of shares of the Fund can be electronically credited to your Fund account at American Stock Transfer and Trust Company, LLC through Direct Registration. This service provides shareholders with a convenient way to keep track of shares through book entry transactions, electronically move book-entry shares between broker-dealers, transfer agents and DRS eligible issuers, and eliminate the possibility of lost certificates. For additional information, please contact American Stock Transfer and Trust Company, LLC at (800) 416-5585.

Shareholder Information

Shares of Templeton Emerging Markets Income Fund are traded on the New York Stock Exchange under the symbol TEI. Information about the net asset value and the market price is available at franklintempleton.com.

For current information about dividends and shareholder accounts, call (800) 416-5585. Registered shareholders can access their Fund account on-line. For information go to American Stock Transfer and Trust Company, LLC's web site at www.astfinancial.com and follow the instructions.

The daily closing net asset value as of the previous business day may be obtained when available by calling Franklin Templeton Fund Information after 7 a.m. Pacific time any business day at (800) DIAL BEN/342-5236. The Fund's net asset value and dividends are also listed on the NASDAQ Stock Market, Inc.'s Mutual Fund Quotation Service (NASDAQ MFQS).

Shareholders not receiving copies of reports to shareholders because their shares are registered in the name of a broker or a custodian can request that they be added to the Fund's mailing list, by writing Templeton Emerging Markets Income Fund, 100 Fountain Parkway, P.O. Box 33030, St. Petersburg, FL, 33733-8030.

 TEMPLETON EMERGING MARKETS INCOME FUND

Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton Investments fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 1993	136	Bar-S Foods (meat packing company) (1981-2010).

Principal Occupation During at Least the Past 5 Years:

Director of various companies; and **formerly**, Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).

Ann Torre Bates (1958) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2008	38	Ares Capital Corporation (specialty finance company) (2010-present), United Natural Foods, Inc. (distributor of natural, organic and specialty foods) (2013-present), Allied Capital Corporation (financial services) (2003-2010), SLM Corporation (Sallie Mae) (1997-2014) and Navient Corporation (loan management, servicing and asset recovery) (2014-2016).
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Principal Occupation During at Least the Past 5 Years:

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Director of various companies; and **formerly**, Executive Vice President and Chief Financial Officer, NHP Incorporated (manager of multifamily housing) (1995-1997); and Vice President and Treasurer, US Airways, Inc. (until 1995).

<p>Mary C. Choksi (1950) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923</p>	<p>Trustee</p>	<p>Since 2016</p>	<p>136</p>	<p>Avis Budget Group Inc. (car rental) (2007-present), Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present).</p>
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Principal Occupation During at Least the Past 5 Years:

Director of various companies; and **formerly**, Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).

<p>Edith E. Holiday (1952) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923</p>	<p>Lead Independent Trustee</p>	<p>Trustee since 1996 and Lead Independent Trustee since 2007</p>	<p>136</p>	<p>Hess Corporation (exploration of oil and gas) (1993-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).</p>
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Principal Occupation During at Least the Past 5 Years:

Director or Trustee of various companies and trusts; and **formerly**, Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison - United States Treasury Department (1988-1989).

 TEMPLETON EMERGING MARKETS INCOME FUND
Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
J. Michael Luttig (1954) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2009	136	Boeing Capital Corporation (aircraft financing) (2006-2013).
Principal Occupation During at Least the Past 5 Years: Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (aerospace company) (2006-present); and formerly , Federal Appeals Court Judge, U.S. Court of Appeals for the Fourth Circuit (1991-2006).				
David W. Niemiec (1949) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2005	38	Hess Midstream Partners LP (oil and gas midstream infrastructure) (2017-present).
Principal Occupation During at Least the Past 5 Years: Advisor, Saratoga Partners (private equity fund); and formerly , Managing Director, Saratoga Partners (1998-2001) and SBC Warburg Dillon Read (investment banking) (1997-1998); Vice Chairman, Dillon, Read & Co. Inc. (investment banking) (1991-1997); and Chief Financial Officer, Dillon, Read & Co. Inc. (1982-1997).				
Larry D. Thompson (1945) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2005	136	The Southern Company (energy company) (2014-present; previously 2010-2012), Graham Holdings Company (education and media organization) (2011-present) and Cbeyond, Inc. (business communications provider) (2010-2012).

Principal Occupation During at Least the Past 5 Years:

Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and **formerly**, Executive Vice President Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

Constantine D. Tseretopoulos Trustee Since 1999 24 None
(1954)

300 S.E. 2nd Street

Fort Lauderdale, FL 33301-1923

Principal Occupation During at Least the Past 5 Years:

Physician, Chief of Staff, owner and operator of the Lyford Cay Hospital (1987-present); director of various nonprofit organizations; and **formerly**, Cardiology Fellow, University of Maryland (1985-1987); and Internal Medicine Resident, Greater Baltimore Medical Center (1982-1985).

Robert E. Wade (1946) Trustee Since 2006 38 El Oro Ltd (investments)

300 S.E. 2nd Street Fort
Lauderdale, FL 33301-1923

(2003-present).

Principal Occupation During at Least the Past 5 Years:

Attorney at law engaged in private practice as a sole practitioner (1972-2008) and member of various boards.

 TEMPLETON EMERGING MARKETS INCOME FUND
Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	150	None

Principal Occupation During at Least the Past 5 Years:

Chairman of the Board, Member - Office of the Chairman, Director and Chief Executive Officer, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 42 of the investment companies in Franklin Templeton Investments; Vice Chairman, Investment Company Institute; and **formerly**, President, Franklin Resources, Inc. (1994-2015).

**Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, Trustee and Vice President	Chairman of the Board, Trustee since 2013 and Vice President since 1996	136	None
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Principal Occupation During at Least the Past 5 Years:

Vice Chairman, Member - Office of the Chairman and Director, Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 40 of the investment companies in Franklin Templeton Investments.

Alison E. Baur (1964)	Vice President	Since 2012	Not Applicable	Not Applicable
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One Franklin
Parkway

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Deputy General Counsel, Franklin Templeton Investments; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 44 of the investment companies in Franklin Templeton Investments.

Aliya S. Gordon (1973)	Vice President	Since 2009	Not Applicable	Not Applicable
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One Franklin
Parkway

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; and officer of 44 of the investment companies in Franklin Templeton Investments.

Steven J. Gray (1955)	Vice President	Since 2009	Not Applicable	Not Applicable
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One Franklin
Parkway

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 44 of the investment companies in Franklin Templeton Investments.

Michael Hasenstab, Ph.D. (1973)	President and Chief Executive Officer Investment Management	Since December 2018	Not Applicable	Not Applicable
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One Franklin
Parkway

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Executive Vice President, Franklin Advisers, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of four of the investment companies in Franklin Templeton Investments.

Matthew T. Hinkle (1971)	Chief Executive Officer Finance and Administration	Since 2017	Not Applicable	Not Applicable
One Franklin Parkway				

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Senior Vice President, Franklin Templeton Services, LLC; officer of 44 of the investment companies in Franklin Templeton Investments; and **formerly**, Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton Investments (2009-2017).

 TEMPLETON EMERGING MARKETS INCOME FUND
Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Robert G. Kubilis (1973) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2017	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:

Treasurer, U.S. Fund Administration & Reporting, Franklin Templeton Investments; and officer of 16 of the investment companies in Franklin Templeton Investments.

Robert Lim (1948) One Franklin Parkway San Mateo, CA 94403-1906	Vice President AML Compliance	Since 2016	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 44 of the investment companies in Franklin Templeton Investments.

Kimberly H. Novotny (1972) 300 S.E. 2nd Street	Vice President	Since 2013	Not Applicable	Not Applicable
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Fort Lauderdale, FL
33301-1923

Principal Occupation During at Least the Past 5 Years:

Associate General Counsel, Franklin Templeton Investments; Vice President and Corporate Secretary, Fiduciary Trust International of the South; Vice President, Templeton Investment Counsel, LLC; Assistant Secretary, Franklin Resources, Inc.; and officer of 44 of the investment companies in Franklin Templeton Investments.

Robert C. Rosselot (1960)	Chief	Since 2013	Not Applicable	Not Applicable
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300 S.E. 2nd Street Fort Compliance
 Lauderdale, FL 33301-1923 Officer

Principal Occupation During at Least the Past 5 Years:

Director, Global Compliance, Franklin Templeton Investments; Vice President, Franklin Templeton Companies, LLC; officer of 44 of the investment companies in Franklin Templeton Investments; and **formerly**, Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).

Navid J. Tofigh (1972) Vice President Since 2015 Not Applicable Not Applicable

One Franklin Parkway
 San Mateo, CA 94403-1906

Principal Occupation During at Least the Past 5 Years:

Associate General Counsel, Franklin Templeton Investments; and officer of 44 of the investment companies in Franklin Templeton Investments.

Craig S. Tyle (1960) Vice President Since 2005 Not Applicable Not Applicable

One Franklin Parkway
 San Mateo, CA 94403-1906

Principal Occupation During at Least the Past 5 Years:

General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 44 of the investment companies in Franklin Templeton Investments.

Lori A. Weber (1964) Vice President Vice President Not Applicable Not Applicable
 and Secretary since 2011

300 S.E. 2nd Street
 Fort Lauderdale, FL
 33301-1923 and Secretary
 since 2013

Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 44 of the investment companies in Franklin Templeton Investments.

 TEMPLETON EMERGING MARKETS INCOME FUND
Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Christine Zhu (1975) One Franklin Parkway	Vice President	Since December 2018	Not Applicable	Not Applicable

San Mateo, CA
94403-1906

Principal Occupation During at Least the Past 5 Years:

Vice President, Franklin Advisers, Inc.; and officer of four of the investment companies in Franklin Templeton Investments.

*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton Investments fund complex. These portfolios have a common investment manager or affiliated investment managers.

**Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the U.S. Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated each of Ann Torre Bates and David W. Niemiec as an audit committee financial expert. The Board believes that Ms. Bates and Mr. Niemiec qualify as such an expert in view of their extensive business background and experience. Ms. Bates has served as a member of the Fund Audit Committee since 2008. She currently serves as a director of Ares Capital Corporation (2010-present) and United Natural Foods, Inc. (2013-present) and was formerly a director of Navient Corporation from 2014 to 2016, SLM Corporation from 1997 to 2014 and Allied Capital Corporation from 2003 to 2010, Executive Vice President and Chief Financial Officer of NHP Incorporated

from 1995 to 1997 and Vice President and Treasurer of US Airways, Inc. until 1995. Mr. Niemiec has served as a member of the Fund Audit Committee since 2005, currently serves as an Advisor to Saratoga Partners and was formerly its Managing Director from 1998 to 2001 and serves as a director of Hess Midstream Partners LP (2017-present). Mr. Niemiec was formerly a director of Emeritus Corporation from 1999 to 2010 and OSI Pharmaceuticals, Inc. from 2006 to 2010, Managing Director of SBC Warburg Dillon Read from 1997 to 1998, and was Vice Chairman from 1991 to 1997 and Chief Financial Officer from 1982 to 1997 of Dillon, Read & Co. Inc. As a result of such background and experience, the Board believes that Ms. Bates and Mr. Niemiec have each acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Bates and Mr. Niemiec are independent Board members as that term is defined under the applicable U.S. Securities and Exchange Commission Rules and Releases or the listing standards applicable to the Fund.

TEMPLETON EMERGING MARKETS INCOME FUND

Shareholder Information

Proxy Voting Policies and Procedures

The Fund's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Fund uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Fund's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Fund's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Fund files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

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TERMS AND CONDITIONS OF DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

1. Each holder of shares (a Shareholder) in Templeton Emerging Markets Income Fund (the Fund) whose Fund shares are registered in his or her own name will automatically be a participant in the Dividend Reinvestment and Cash Purchase Plan (the Plan), unless any such Shareholder specifically elects in writing to receive all dividends and capital gains in cash, paid by check, mailed directly to the Shareholder. A Shareholder whose shares are registered in the name of a broker-dealer or other nominee (the Nominee) will be a participant if (a) such a service is provided by the Nominee and (b) the Nominee makes an election on behalf of the Shareholder to participate in the Plan. Nominees intend to make such an election on behalf of Shareholders whose shares are registered in their names, as Nominee, unless a Shareholder specifically instructs his or her Nominee to pay dividends and capital gains in cash. American Stock Transfer and Trust Company, LLC (AST) will act as Plan Administrator and will open an account for each participating shareholder (participant) under the Plan in the same name as that in which the participant s present shares are registered.

2. Whenever the Fund declares a distribution from capital gains or an income dividend payable in either cash or shares of the Fund (Fund shares), if the market price per share on the valuation date equals or exceeds the net asset value per share, participants will receive such dividend or distribution entirely in Fund shares, and AST shall automatically receive such Fund shares for participant accounts including aggregate fractions. The number of additional Fund shares to be credited to participant accounts shall be determined by dividing the equivalent dollar amount of the capital gains distribution or dividend payable to participants by the Fund s net asset value per share of the Fund shares on the valuation date, provided that the Fund shall not issue such shares at a price lower than 95% of the current market price per share. The valuation date will be the payable date for such distribution or dividend.

3. Whenever the Fund declares a distribution from capital gains or an income dividend payable only in cash, or if the Fund s net asset value per share exceeds the market price per share on the valuation date, AST shall apply the amount of such dividend or distribution payable to participants to the purchase of Fund shares on the open market (less their pro rata share of trading fees incurred with respect to open market purchases in connection with the reinvestment of such dividend or distribution). If, before AST has completed its purchases, the market price exceeds the net asset value per share, the average per share purchase price paid by AST may exceed the net asset value of the Fund s shares, resulting in the acquisition of fewer shares than if the dividend or capital gains distribution had been paid in shares issued by the Fund at net asset value per share. Such purchases will be made promptly after the payable date for such dividend or distribution, and in no event more than 30 days after such date except where temporary curtailment or suspension of purchase is necessary to comply with applicable provisions of the Federal securities laws.

4. A participant has the option of submitting additional payments to AST, in any amounts of at least \$100, up to a maximum of \$5,000 per month, for the purchase of Fund shares for his or her account. These payments may be made electronically through www.astfinancial.com or by check payable to American Stock Transfer and Trust Company, LLC and sent to American Stock Transfer and Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, NY 10269-0560, Attention: Templeton Emerging Markets Income Fund. AST shall apply such payments (less a \$5.00 service charge and less a pro rata share of trading fees) to purchases of Fund shares on the open market, as discussed below in paragraph 6. AST shall make such purchases promptly on approximately the 15th of each month or, during a month in which a dividend or distribution is paid, beginning on the dividend payment date, and in no event more than 30 days after receipt, except where necessary to comply with provisions of Federal securities

law. Any voluntary payment received less than two business days before an investment date shall be invested during the following month unless there are more than 30 days until the next investment date, in which case such payment will be returned to the participant. AST shall return to the participant his or her entire voluntary cash payment upon written notice of withdrawal received by AST not less than 48 hours before such payment is to be invested. Such

written notice shall be sent to AST by the participant, as discussed below in paragraph 14.

5. For all purposes of the Plan: (a) the market price of the Fund's shares on a particular date shall be the last sale price on the New York Stock Exchange on that date if a business day and if not, on the preceding business day, or if there is no sale on such Exchange on such date, then the mean between the closing bid and asked quotations for such shares on such Exchange on such date, and (b) net asset value per share of the Fund's shares on a particular date shall be as determined by or on behalf of the Fund.

6. Open market purchases provided for above may be made on any securities exchange where Fund shares are traded, in the over-the-counter market or in negotiated transactions and may be on such terms as to price, delivery and otherwise as AST shall determine. Participant funds held by AST uninvested will not bear interest, and it is understood that, in any event, AST shall have no liability in connection with any inability to purchase Fund shares within 30 business days after the payable date for any dividend or distribution as herein provided, or with the timing of any purchases effected. AST shall have no responsibility as to the value of the Fund shares acquired for participant accounts. For the purposes of purchases in the open market, AST may aggregate purchases with those of other participants, and the average price (including trading fees) of all shares purchased by AST shall be the price per share allocable to all participants.

7. AST will hold shares acquired pursuant to this Plan, together with the shares of other participants acquired pursuant to this Plan, in its name or that of its nominee. AST will forward to participants any proxy solicitation material and will vote any shares so held for participants only in accordance with the proxies returned by participants to the Fund. Upon written request, AST will deliver to participants, without charge, a certificate or certificates for all or a portion of the full shares held by AST.

8. AST will confirm to participants each acquisition made for an account as soon as practicable but not later than 60 business days after the date thereof. AST will send to participants a detailed account statement showing total dividends and distributions, date of investment, shares acquired and price per share, and total shares of record for the account. Although participants may from time to time have an undivided fractional interest (computed to three decimal places) in a share of the Fund, no certificates for a fractional share will be issued. However, dividends and distributions on fractional shares will be credited to participant accounts. In the event of termination of an account under the Plan, AST will adjust for any such undivided fractional interest in cash at the market price of the Fund's shares on the date of termination.

9. Any share dividends or split shares distributed by the Fund on shares held by AST for participants will be credited to participant accounts. In the event that the Fund makes available to its shareholders transferable rights to purchase additional Fund shares or other securities, AST will sell such rights and apply the proceeds of the sale to the purchase of additional Fund shares for the participant accounts. The shares held for participants under the Plan will be added to underlying shares held by participants in calculating the number of rights to be issued.

TERMS AND CONDITIONS OF DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN (continued)

10. AST's service charge for capital gains or income dividend purchases will be paid by the Fund when shares are issued by the Fund or purchased on the open market. AST will deduct a \$5.00 service charge from each voluntary cash payment. Participants will be charged a pro rata share of trading fees on all open market purchases.

11. Participants may withdraw shares from such participant's account or terminate their participation under the Plan by notifying AST in writing. Such withdrawal or termination will be effective immediately if notice is received by AST not less than ten days prior to any dividend or distribution record date; otherwise such withdrawal or termination will be effective after the investment of any current dividend or distribution or voluntary cash payment. The Plan may be terminated by AST or the Fund upon 90 days' notice in writing mailed to participants. Upon any withdrawal or termination, AST will cause a certificate or certificates for the full shares held by AST for participants and cash adjustment for any fractional shares (valued at the market value of the shares at the time of withdrawal or termination) to be delivered to participants, less any trading fees. Alternatively, a participant may elect by written notice to AST to have AST sell part or all of the shares held for him and to remit the proceeds to him. AST is authorized to deduct a \$15.00 service charge and a trading fee of \$0.12 per share for this transaction from the proceeds. If a participant disposes of all shares registered in his name on the books of the Fund, AST may, at its option, terminate the participant's account or determine from the participant whether he wishes to continue his participation in the Plan.

12. These terms and conditions may be amended or supplemented by AST or the Fund at any time or times, except when necessary or appropriate to comply with applicable law or the rules or policies of the U.S. Securities and Exchange Commission or any other regulatory authority, only by mailing to participants appropriate written notice at least 90 days prior to the effective date thereof. The amendment or supplement shall be deemed to be accepted by participants unless, prior to the effective date thereof, AST receives written notice of the termination of a participant account under the Plan. Any such amendment may include an appointment by AST in its place and stead of a successor Plan Administrator under these terms and conditions, with full power and authority to perform all or any of the acts to be performed by AST under these terms and conditions. Upon any such appointment of a Plan Administrator for the purpose of receiving dividends and distributions, the Fund will be authorized to pay to such successor Plan Administrator, for a participant's account, all dividends and distributions payable on Fund shares held in a participant's name or under the Plan for retention or application by such successor Plan Administrator as provided in these terms and conditions.

13. AST shall at all times act in good faith and agree to use its best efforts within reasonable limits to ensure the accuracy of all services performed under this Agreement and to comply with applicable law, but shall assume no responsibility and shall not be liable for loss or damage due to errors unless such error is caused by AST's negligence, bad faith or willful misconduct or that of its employees.

14. Any notice, instruction, request or election which by any provision of the Plan is required or permitted to be given or made by the participant to AST shall be in writing addressed to American Stock Transfer and Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, NY 10269-0560, or www.astfinancial.com or such other address as AST shall furnish to the participant, and shall have been deemed to be given or made when received by AST.

15. Any notice or other communication which by any provision of the Plan is required to be given by AST to the participant shall be in writing and shall be deemed to have been sufficiently given for all purposes by being deposited postage prepaid in a post office letter box addressed to the participant at his or her address as it shall last appear on AST's records. The participant agrees to notify AST promptly of any change of address.

16. These terms and conditions shall be governed by and construed in accordance with the laws of the State of New York and the rules and regulations of the U.S. Securities and Exchange Commission, as they may be amended from time to time.

franklintempleton.com

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Annual Report

Templeton Emerging Markets Income Fund

Investment Manager

Franklin Advisers, Inc.

Transfer Agent

American Stock Transfer & Trust Co., LLC

6201 15th Avenue

Brooklyn, NY 11219

Toll Free Number: (800) 416-5585

Hearing Impaired Number: (866) 703-9077

International Phone Number: (718) 921-8124

www.astfinancial.com

Fund Information

(800) DIAL BEN® / 342-5236

Investors should be aware that the value of investments made for the Fund may go down as well as up. Like any investment in securities, the value of the Fund's portfolio will be subject to the risk of loss from market, currency, economic, political and other factors. The Fund and its investors are not protected from such losses by the investment manager. Therefore, investors who cannot accept this risk should not invest in shares of the Fund.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.

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Item 2. Code of Ethics.

- (a) The Registrant has adopted a code of ethics that applies to its principal executive officers and principal financial and accounting officer.

- (c) N/A

- (d) N/A

- (f) Pursuant to Item 12(a)(1), the Registrant is attaching as an exhibit a copy of its code of ethics that applies to its principal executive officers and principal financial and accounting officer.

Item 3. Audit Committee Financial Expert.

- (a) (1) The Registrant has an audit committee financial expert serving on its audit committee.

- (2) The audit committee financial expert is David W. Niemiec and he is independent as defined under the relevant Securities and Exchange Commission Rules and Releases.

Item 4. Principal Accountant Fees and Services.

(a) Audit Fees

The aggregate fees paid to the principal accountant for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or for services that are normally provided by the principal accountant in connection with statutory and regulatory filings or engagements were \$55,338 for the fiscal year ended December 31, 2018 and \$55,231 for the fiscal year ended December 31, 2017.

(b) Audit-Related Fees

There were no fees paid to the principal accountant for assurance and related services rendered by the principal accountant to the registrant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of Item 4.

There were no fees paid to the principal accountant for assurance and related services rendered by the principal accountant to the registrant's investment adviser and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the registrant that are reasonably related to the performance of the audit of their financial statements.

(c) Tax Fees

There were no fees paid to the principal accountant for professional services rendered by the principal accountant to the registrant for tax compliance, tax advice and tax planning.

The aggregate fees paid to the principal accountant for professional services rendered by the principal accountant to the registrant's investment adviser and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the registrant for tax compliance, tax advice and tax planning were \$5,000 for the fiscal year ended December 31, 2018 and \$0 for the fiscal year ended December 31, 2017. The

services for which these fees were paid included tax consulting services related to the operating agreement and term sheet for the launch of a new fund.

(d) All Other Fees

The aggregate fees paid to the principal accountant for products and services rendered by the principal accountant to the registrant not reported in paragraphs (a)-(c) of Item 4 were \$220 for the fiscal year ended December 31, 2018 and \$0 for the fiscal year ended December 31, 2017. The services for which these fees were paid included review of materials provided to the fund Board in connection with the investment management contract renewal process.

The aggregate fees paid to the principal accountant for products and services rendered by the principal accountant to the registrant's investment adviser and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the registrant not reported in paragraphs (a)-(c) of Item 4 were \$16,500 for the fiscal year ended December 31, 2018 and \$0 for the fiscal year ended December 31, 2017. The services for which these fees were paid included the issuance of an Auditor's Certificate for South Korean regulatory shareholders disclosures and assets under management certification.

(e) (1) The registrant's audit committee is directly responsible for approving the services to be provided by the auditors, including:

(i) pre-approval of all audit and audit related services;

(ii) pre-approval of all non-audit related services to be provided to the Fund by the auditors;

(iii) pre-approval of all non-audit related services to be provided to the registrant by the auditors to the registrant's investment adviser or to any entity that controls, is controlled by or is under common control with the registrant's investment adviser and that provides ongoing services to the registrant where the non-audit services relate directly to the operations or financial reporting of the registrant; and

(iv) establishment by the audit committee, if deemed necessary or appropriate, as an alternative to committee pre-approval of services to be provided by the auditors, as required by paragraphs (ii) and (iii) above, of policies and procedures to permit such services to be pre-approved by other means, such as through establishment of guidelines or by action of a designated member or members of the committee; provided the policies and procedures are detailed as to the particular service and the committee is informed of each service and such policies and procedures do not include delegation of audit committee responsibilities, as contemplated under the Securities Exchange Act of 1934, to management; subject, in the case of (ii) through (iv), to any waivers, exceptions or exemptions that may be available under applicable law or rules.

(e) (2) None of the services provided to the registrant described in paragraphs (b)-(d) of Item 4 were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of regulation S-X.

(f) No disclosures are required by this Item 4(f).

(g) The aggregate non-audit fees paid to the principal accountant for services rendered by the principal accountant to the registrant and the registrant's

investment adviser and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the registrant were \$21,720 for the fiscal year ended December 31, 2018 and \$0 for the fiscal year ended December 31, 2017.

(h) The registrant's audit committee of the board has considered whether the provision of non-audit services that were rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

Item 5. Audit Committee of Listed Registrants.

Members of the Audit Committee are: Ann Torre Bates, J. Michael Luttig, David W. Niemiec and Constantine D. Tseretopoulos.

Item 6. Schedule of Investments. N/A

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

The board of trustees of the Fund has delegated the authority to vote proxies related to the portfolio securities held by the Fund to the Fund's investment manager Franklin Advisers, Inc. in accordance with the Proxy Voting Policies and Procedures (Policies) adopted by the investment manager.

The investment manager has delegated its administrative duties with respect to the voting of proxies for securities to the Proxy Group within Franklin Templeton Companies, LLC (Proxy Group), an affiliate and wholly owned subsidiary of Franklin Resources, Inc. All proxies received by the Proxy Group will be voted based upon the investment manager's instructions and/or policies. The investment manager votes proxies solely in the best interests of the Fund and its shareholders.

To assist it in analyzing proxies of equity securities, the investment manager subscribes to Institutional Shareholder Services, Inc. (ISS), an unaffiliated third-party corporate governance research service that provides in-depth analyses of shareholder meeting agendas, vote recommendations, vote execution services, ballot reconciliation services, recordkeeping and vote disclosure services. In addition, the investment manager subscribes to Glass, Lewis & Co., LLC (Glass Lewis), an unaffiliated third-party analytical research firm, to receive analyses and vote recommendations on the shareholder meetings of publicly held U.S. companies, as well as a limited subscription to its international research. Also, the investment manager has a supplemental subscription to Egan-Jones Proxy Services (Egan-Jones), an unaffiliated third party proxy advisory firm, to receive analyses and vote recommendations. Although analyses provided by ISS, Glass Lewis, Egan-Jones, and/or another independent third party proxy service provider (each a Proxy Service) are thoroughly reviewed and considered in making a final voting decision, the investment manager does not consider recommendations from a Proxy Service or

any third party to be determinative of the investment manager's ultimate decision. Rather, the investment manager exercises its independent judgment in making voting decisions. For most proxy proposals, the investment manager's evaluation should result in the same position being taken for all Funds. In some cases, however, the evaluation may result in a Fund voting differently, depending upon the nature and objective of the Fund, the composition of its portfolio and other factors. As a matter of policy, the officers, directors/trustees and employees of the investment manager and the Proxy Group will not be influenced by outside sources whose interests conflict with the interests of the Fund and its shareholders. Efforts are made to resolve all conflicts in the best interests of the investment manager's clients. Material conflicts of interest are identified by the Proxy Group based upon analyses of client, distributor, broker-dealer and vendor lists, information periodically gathered from directors and officers, and information derived from other sources, including public filings. In situations where a material conflict of interest is identified, the Proxy Group may vote consistent with the voting recommendation of a Proxy Service; or send the proxy directly to the Fund's board or a committee of the board with the investment manager's recommendation regarding the vote for approval.

Where a material conflict of interest has been identified, but the items on which the investment manager's vote recommendations differ from a Proxy Service and relate specifically to (1) shareholder proposals regarding social or environmental issues, (2) Other Business without describing the matters that might be considered, or (3) items the investment manager wishes to vote in opposition to the recommendations of an issuer's management, the Proxy Group may defer to the vote recommendations of the investment manager rather than sending the proxy directly to the Fund's board or a board committee for approval.

To avoid certain potential conflicts of interest, the investment manager will employ echo voting or pass-through voting, if possible, in the following instances: (1) when the Fund invests in an underlying fund in reliance on any one of Sections 12(d)(1)(F), or (G) of the 1940 Act, the rules thereunder, or pursuant to a SEC exemptive order thereunder; (2) when the Fund invests uninvested cash in affiliated money market funds pursuant to the rules under the 1940 Act or any exemptive orders thereunder (cash sweep arrangement); or (3) when required pursuant to the Fund's governing documents or applicable law. Echo voting means that the investment manager will vote the shares in the same proportion as the vote of all of the other holders of the underlying fund's shares. With respect to instances when a Franklin Templeton U.S. registered investment company invests in an underlying fund in reliance on any one of Sections 12(d)(1)(F) or (G) of the 1940 Act, the rules thereunder, or pursuant to an SEC exemptive order thereunder, and there are no other unaffiliated shareholders also invested in the underlying fund, the Investment Manager will vote in accordance with the recommendation of such investment company's board of trustees or directors. In addition, to avoid certain potential conflicts of interest, and where required under a fund's governing documents or applicable law, the Investment Manager will employ pass-through voting when a Franklin Templeton U.S. registered investment company invests in an underlying fund in reliance on Section 12(d)(1)(E) of the 1940 Act, the rules thereunder, or pursuant to an SEC exemptive order thereunder. In pass-through voting, a feeder fund will solicit voting instructions from its shareholders as to how to vote on the master fund's proposals.

The recommendation of management on any issue is a factor that the investment manager considers in determining how proxies should be voted. However, the

investment manager does not consider recommendations from management to be determinative of the investment manager's ultimate decision. As a matter of practice, the votes with respect to most issues are cast in accordance with the position of the company's management. Each issue, however, is considered on its own merits, and the investment manager will not support the position of the company's management in any situation where it deems that the ratification of management's position would adversely affect the investment merits of owning that company's shares.

Engagement with issuers. The investment manager believes that engagement with issuers is important to good corporate governance and to assist in making proxy voting decisions. The investment manager may engage with issuers to discuss specific ballot items to be voted on in advance of an annual or special meeting to obtain further information or clarification on the proposals. The investment manager may also engage with management on a range of environmental, social or corporate governance issues throughout the year.

Investment manager's proxy voting policies and principles The investment manager has adopted general proxy voting guidelines, which are summarized below. These guidelines are not an exhaustive list of all the issues that may arise and the investment manager cannot anticipate all future situations. In all cases, each proxy and proposal (including both management and shareholder proposals) will be considered based on the relevant facts and circumstances on a case-by-case basis.

Board of directors. The investment manager supports an independent, diverse board of directors, and prefers that key committees such as audit, nominating, and compensation committees be comprised of independent directors. The investment manager supports boards with strong risk management oversight. The investment manager will generally vote against management efforts to classify a board and will generally support proposals to declassify the board of directors. The investment manager will consider withholding votes from directors who have attended less than 75% of meetings without a valid reason. While generally in favor of separating Chairman and CEO positions, the investment manager will review this issue as well as proposals to restore or provide for cumulative voting on a case-by-case basis, taking into consideration factors such as the company's corporate governance guidelines or provisions and performance. The investment manager generally will support non-binding shareholder proposals to require a majority vote standard for the election of directors; however, if these proposals are binding, the investment manager will give careful review on a case-by-case basis of the potential ramifications of such implementation.

In the event of a contested election, the investment manager will review a number of factors in making a decision including management's track record, the company's financial performance, qualifications of candidates on both slates, and the strategic plan of the dissidents and/or shareholder nominees.

Ratification of auditors of portfolio companies. The investment manager will closely scrutinize the independence, role and performance of auditors. On a case-by-case basis, the investment manager will examine proposals relating to non-audit relationships and non-audit fees. The investment manager will also consider, on a case-by-case basis, proposals to rotate auditors, and will vote against the ratification of auditors when there is clear and compelling evidence of a lack of independence, accounting irregularities or negligence. The investment manager may also consider whether the ratification of auditors

has been approved by an appropriate audit committee that meets applicable composition and independence requirements.

Management and director compensation. A company's equity-based compensation plan should be in alignment with the shareholders' long-term interests. The investment manager believes that executive compensation should be directly linked to the performance of the company. The investment manager evaluates plans on a case-by-case basis by considering several factors to determine whether the plan is fair and reasonable, including the ISS quantitative model utilized to assess such plans and/or the Glass Lewis evaluation of the plans. The investment manager will generally oppose plans that have the potential to be excessively dilutive, and will almost always oppose plans that are structured to allow the repricing of underwater options, or plans that have an automatic share replenishment evergreen feature. The investment manager will generally support employee stock option plans in which the purchase price is at least 85% of fair market value, and when potential dilution is 10% or less.

Severance compensation arrangements will be reviewed on a case-by-case basis, although the investment manager will generally oppose golden parachutes that are considered to be excessive. The investment manager will normally support proposals that require a percentage of directors' compensation to be in the form of common stock, as it aligns their interests with those of shareholders.

The investment manager will review non-binding say-on-pay proposals on a case-by-case basis, and will generally vote in favor of such proposals unless compensation is misaligned with performance and/or shareholders' interests, the company has not provided reasonably clear disclosure regarding its compensation practices, or there are concerns with the company's remuneration practices.

Anti-takeover mechanisms and related issues. The investment manager generally opposes anti-takeover measures since they tend to reduce shareholder rights. However, as with all proxy issues, the investment manager conducts an independent review of each anti-takeover proposal. On occasion, the investment manager may vote with management when the research analyst has concluded that the proposal is not onerous and would not harm the Fund or its shareholders' interests. The investment manager generally supports proposals that require shareholder rights plans (poison pills) to be subject to a shareholder vote and will closely evaluate such plans on a case-by-case basis to determine whether or not they warrant support. In addition, the investment manager will generally vote against any proposal to issue stock that has unequal or subordinate voting rights. The investment manager generally opposes any supermajority voting requirements as well as the payment of greenmail. The investment manager generally supports fair price provisions and confidential voting. The investment manager will review a company's proposal to reincorporate to a different state or country on a case-by-case basis taking into consideration financial benefits such as tax treatment as well as comparing corporate governance provisions and general business laws that may result from the change in domicile.

Changes to capital structure. The investment manager realizes that a company's financing decisions have a significant impact on its shareholders, particularly when they involve the issuance of additional shares of common or preferred stock or the assumption of additional debt. The investment manager will review, on a case-by-case basis, proposals by companies to increase authorized shares and the purpose for the increase. The investment manager will generally not vote in favor of dual-class capital structures to increase the number of authorized shares where that class of stock would have superior

voting rights. The investment manager will generally vote in favor of the issuance of preferred stock in cases where the company specifies the voting, dividend, conversion and other rights of such stock and the terms of the preferred stock issuance are deemed reasonable. The investment manager will review proposals seeking preemptive rights on a case-by-case basis.

Mergers and corporate restructuring. Mergers and acquisitions will be subject to careful review by the research analyst to determine whether they would be beneficial to shareholders. The investment manager will analyze various economic and strategic factors in making the final decision on a merger or acquisition. Corporate restructuring proposals are also subject to a thorough examination on a case-by-case basis.

Environmental and social issues. The investment manager considers environmental and social issues alongside traditional financial measures to provide a more comprehensive view of the value, risk and return potential of an investment. Companies may face significant financial, legal and reputational risks resulting from poor environmental and social practices, or negligent oversight of environmental or social issues. Franklin Templeton's Responsible Investment Principles and Policies describes the investment manager's approach to consideration of environmental, social and governance issues within the investment manager's processes and ownership practices.

In the investment manager's experience, those companies that are managed well are often effective in dealing with the relevant environmental and social issues that pertain to their business. As such, the investment manager will generally give management discretion with regard to environmental and social issues. However, in cases where management and the board have not demonstrated adequate efforts to mitigate material environmental or social risks, have engaged in inappropriate or illegal conduct, or have failed to adequately address current or emergent risks that threaten shareholder value, the investment manager may choose to support well-crafted shareholder proposals that serve to promote or protect shareholder value. This may include seeking appropriate disclosure regarding material environmental and social issues. The investment manager will review shareholder proposals on a case-by-case basis and may support those that serve to enhance value or mitigate risk, are drafted appropriately, and do not disrupt the course of business or require a disproportionate or inappropriate use of company resources.

The investment manager will consider supporting a shareholder proposal seeking disclosure and greater board oversight of lobbying and corporate political contributions if the investment manager believes that there is evidence of inadequate oversight by the company's board, if the company's current disclosure is significantly deficient, or if the disclosure is notably lacking in comparison to the company's peers.

Governance matters. The investment manager generally supports the right of shareholders to call special meetings and act by written consent. However, the investment manager will review such shareholder proposals on a case-by-case basis in an effort to ensure that such proposals do not disrupt the course of business or require a disproportionate or inappropriate use of company resources.

Proxy access. In cases where the investment manager is satisfied with company performance and the responsiveness of management, it will generally vote against shareholder proxy access proposals not supported by management. In other instances, the investment manager will consider such proposals on a case-

by-case basis, taking into account factors such as the size of the company, ownership thresholds and holding periods, nomination limits (e.g., number of candidates that can be nominated), the intentions of the shareholder proponent, and shareholder base.

Global corporate governance. Many of the tenets discussed above are applied to the investment manager's proxy voting decisions for international investments. However, the investment manager must be flexible in these worldwide markets. Principles of good corporate governance may vary by country, given the constraints of a country's laws and acceptable practices in the markets. As a result, it is on occasion difficult to apply a consistent set of governance practices to all issuers. As experienced money managers, the investment manager's analysts are skilled in understanding the complexities of the regions in which they specialize and are trained to analyze proxy issues germane to their regions.

The investment manager will generally attempt to process every proxy it receives for all domestic and foreign securities. However, there may be situations in which the investment manager may be unable to successfully vote a proxy, or may choose not to vote a proxy, such as where: (i) a proxy ballot was not received from the custodian bank; (ii) a meeting notice was received too late; (iii) there are fees imposed upon the exercise of a vote and it is determined that such fees outweigh the benefit of voting; (iv) there are legal encumbrances to voting, including blocking restrictions in certain markets that preclude the ability to dispose of a security if the investment manager votes a proxy or where the investment manager is prohibited from voting by applicable law, economic or other sanctions, or other regulatory or market requirements, including but not limited to, effective Powers of Attorney; (v) additional documentation or the disclosure of beneficial owner details is required; (vi) the investment manager held shares on the record date but has sold them prior to the meeting date; (vii) a proxy voting service is not offered by the custodian in the market; (viii) due to either system error or human error, the investment manager's intended vote is not correctly submitted; (ix) the investment manager believes it is not in the best interest of the Fund or its shareholders to vote the proxy for any other reason not enumerated herein; or (x) a security is subject to a securities lending or similar program that has transferred legal title to the security to another person.

In some non-U.S. jurisdictions, even if the investment manager uses reasonable efforts to vote a proxy on behalf of the Fund, such vote or proxy may be rejected because of (a) operational or procedural issues experienced by one or more third parties involved in voting proxies in such jurisdictions; (b) changes in the process or agenda for the meeting by the issuer for which the investment manager does not have sufficient notice; or (c) the exercise by the issuer of its discretion to reject the vote of the investment manager. In addition, despite the best efforts of the Proxy Group and its agents, there may be situations where the investment manager's votes are not received, or properly tabulated, by an issuer or the issuer's agent.

The investment manager or its affiliates may, on behalf of one or more of the proprietary registered investment companies advised by the investment manager or its affiliates, determine to use its best efforts to recall any security on loan where the investment manager or its affiliates (a) learn of a vote on a material event that may affect a security on loan and (b) determine that it is in the best interests of such proprietary registered investment companies to recall the security for voting purposes.

Procedures for meetings involving fixed income securities. From time to time, certain custodians may process events for fixed income securities through their proxy voting channels rather than corporate action channels for administrative convenience. In such cases, the Proxy Group will receive ballots for such events on the ISS voting platform. The Proxy Group will solicit voting instructions from the investment manager for each Fund involved. If the Proxy Group does not receive voting instructions from the investment manager, the Proxy Group will take no action on the event. The investment manager may be unable to vote a proxy for a fixed income security, or may choose not to vote a proxy, for the reasons described under the section entitled Proxy Procedures.

The Proxy Group will monitor such meetings involving fixed income securities for conflicts of interest in accordance with these procedures for fixed income securities. If a fixed income issuer is flagged as a potential conflict of interest, the investment manager may nonetheless vote as it deems in the best interests of the Fund. The investment manager will report such decisions on an annual basis to the Fund board as may be required.

Shareholders may view the complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301-1923, Attention: Proxy Group. Copies of the Fund's proxy voting records are available online at franklintempleton.com and posted on the SEC website at www.sec.gov. The proxy voting records are updated each year by August 31 to reflect the most recent 12-month period ended June 30.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

(a)(1) As of February 26, 2018, the portfolio managers of the Fund are as follows:

MICHAEL HASENSTAB, Ph.D., Senior Vice President of *Franklin Advisers* Dr. Hasenstab has been a portfolio manager of the Fund since 2002. He has final authority over all aspects of the Fund's investment portfolio, including but not limited to, purchases and sales of individual securities, portfolio risk assessment, and the management of daily cash balances in accordance with anticipated management requirements. The degree to which he may perform these functions, and the nature of these functions, may change from time to time. He first joined Franklin Templeton Investments in 1995, rejoining again in 2001 after a three-year leave to obtain his PH.D.

Calvin Ho, Ph.D., Senior Vice President of *Franklin Advisers* Dr. Ho has been a portfolio manager of the Fund since December 2018. He provides research and advice on the purchases and sales of individual securities and portfolio risk assessment. He joined Franklin Templeton Investments in 2005.

(a)(2) This section reflects information about the portfolio managers as of the fiscal year ended December 31, 2018.

The following table shows the number of other accounts managed by each portfolio manager and the total assets in the accounts managed within each category:

Name	Number of Other Registered Investment Companies Managed	Assets of Other Registered Investment Companies (x \$1 million)	Number of Other Pooled Investment Vehicles Managed ¹	Assets of Other Pooled Investment Vehicles Managed (x \$1 million) ¹	Number of Other Accounts Managed ¹	Assets of Other Accounts Managed (x \$1 million) ¹
Michael Hasenstab	19	48,139.5	44 ²	60,324.5	15 ²	5,871.2
Calvin Ho	9	43,083.8	18	45,985.9	1	0.0

1. The various pooled investment vehicles and accounts listed are managed by a team of investment professionals. Accordingly, the individual managers listed would not be solely responsible for managing such listed amounts.
2. Dr. Hasenstab manages a Pooled Investment Vehicle and Other Accounts with \$10,911 in total assets with a performance fee.

Portfolio managers that provide investment services to the Fund may also provide services to a variety of other investment products, including other funds, institutional accounts and private accounts. The advisory fees for some of such other products and accounts may be different than that charged to the Fund and may include performance-based compensation (as noted, in the chart above, if any). This may result in fees that are higher (or lower) than the advisory fees paid by the Fund. As a matter of policy, each fund or account is managed solely for the benefit of the beneficial owners thereof. As discussed below, the separation of the trading execution function from the portfolio management function and the application of objectively based trade allocation procedures help to mitigate potential conflicts of interest that may arise as a result of the portfolio managers managing accounts with different advisory fees.

Conflicts. The management of multiple funds, including the Fund, and accounts may also give rise to potential conflicts of interest if the funds and other accounts have different objectives, benchmarks, time horizons, and fees as the portfolio manager must allocate his or her time and investment ideas across multiple funds and accounts. The investment manager seeks to manage such competing interests for the time and attention of portfolio managers by having portfolio managers focus on a particular investment discipline. Most other accounts managed by a portfolio manager are managed using the same investment strategies that are used in connection with the management of the Fund. Accordingly, portfolio holdings, position sizes, and industry and sector exposures tend to be similar across similar portfolios, which may minimize the potential for conflicts of interest. As noted above, the separate management of the trade execution and valuation functions from the portfolio management process also helps to reduce potential conflicts of interest. However, securities selected for funds or accounts other than the Fund may outperform the securities selected for the Fund. Moreover, if a portfolio manager identifies a limited investment opportunity that may be suitable for more than one fund or other account, the Fund may not be able to take full advantage of that opportunity due to an allocation of that opportunity across all eligible funds and other accounts. The investment manager seeks to manage such potential conflicts by using procedures intended to provide a fair allocation of buy and sell opportunities among funds and other accounts.

The structure of a portfolio manager's compensation may give rise to potential conflicts of interest. A portfolio manager's base pay and bonus tend to increase with additional and more complex responsibilities that include increased assets under management. As such, there may be an indirect relationship between a portfolio manager's marketing or sales efforts and his or her bonus.

Finally, the management of personal accounts by a portfolio manager may give rise to potential conflicts of interest. While the funds and the investment manager have adopted a code of ethics which they believe contains provisions designed to prevent a wide range of prohibited activities by portfolio managers and others with respect to their personal trading activities, there can be no assurance that the code of ethics addresses all individual conduct that could result in conflicts of interest.

The investment manager and the Fund have adopted certain compliance procedures that are designed to address these, and other, types of conflicts. However, there is no guarantee that such procedures will detect each and every situation where a conflict arises.

Compensation. The investment manager seeks to maintain a compensation program that is competitively positioned to attract, retain and motivate top-quality investment professionals. Portfolio managers receive a base salary, a cash incentive bonus opportunity, an equity compensation opportunity, and a benefits package. Portfolio manager compensation is reviewed annually and the level of compensation is based on individual performance, the salary range for a portfolio manager's level of responsibility and Franklin Templeton guidelines. Portfolio managers are provided no financial incentive to favor one fund or account over another. Each portfolio manager's compensation consists of the following three elements:

Base salary Each portfolio manager is paid a base salary.

Annual bonus Annual bonuses are structured to align the interests of the portfolio manager with those of the Fund's shareholders. Each portfolio manager is eligible to receive an annual bonus. Bonuses generally are split between cash (50% to 65%) and restricted shares of Resources stock (17.5% to 25%) and mutual fund shares (17.5% to 25%). The deferred equity-based compensation is intended to build a vested interest of the portfolio manager in the financial performance of both Resources and mutual funds advised by the investment manager. The bonus plan is intended to provide a competitive level of annual bonus compensation that is tied to the portfolio manager achieving consistently strong investment performance, which aligns the financial incentives of the portfolio manager and Fund shareholders. The Chief Investment Officer of the investment manager and/or other officers of the investment manager, with responsibility for the Fund, have discretion in the granting of annual bonuses to portfolio managers in accordance with Franklin Templeton guidelines. The following factors are generally used in determining bonuses under the plan:

Investment performance. Primary consideration is given to the historic investment performance of all accounts managed by the portfolio manager over the 1, 3 and 5 preceding years measured against risk benchmarks developed by the fixed income management team. The pre-tax performance of each fund managed is measured relative to a relevant peer group and/or applicable benchmark as appropriate.

Non-investment performance. The more qualitative contributions of the portfolio manager to the investment manager's business and the investment management team, including business knowledge, productivity, customer service, creativity, and contribution to team goals, are evaluated in determining the amount of any bonus award.

Responsibilities. The characteristics and complexity of funds managed by the portfolio manager are factored in the investment manager's appraisal.

Additional long-term equity-based compensation Portfolio managers may also be awarded restricted shares or units of Resources stock or restricted shares or units of one or more mutual funds. Awards of such deferred equity-based compensation typically vest over time, so as to create incentives to retain key talent.

Portfolio managers also participate in benefit plans and programs available generally to all employees of the investment manager.

Ownership of Fund shares. The investment manager has a policy of encouraging portfolio managers to invest in the funds they manage. Exceptions arise when, for example, a fund is closed to new investors or when tax considerations or jurisdictional constraints cause such an investment to be inappropriate for the portfolio manager. The following is the dollar range of Fund shares beneficially owned by the portfolio managers (such amounts may change from time to time):

	Dollar Range of Fund Shares Beneficially Owned
Portfolio Manager	
Michael Hasenstab	None
Calvin Ho	None

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers. N/A

Item 10. Submission of Matters to a Vote of Security Holders.

There have been no changes to the procedures by which shareholders may recommend nominees to the Registrant's Board of Trustees that would require disclosure herein.

Item 11. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures. The Registrant maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934, as amended, 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 Shareholder Report on Form N-CSR, 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 control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect the internal control over financial reporting.

Item 12. Disclosure of Securities Lending Activities for Closed-End Management Investment Company. N/A

Item 13. Exhibits.

(a)(1) Code of Ethics

(a)(2) Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Matthew T. Hinkle, Chief Executive Officer Finance and Administration, and Robert G. Kubilis, Chief Financial Officer and Chief Accounting Officer

(b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Matthew T. Hinkle, Chief Executive Officer Finance and Administration, and Robert G. Kubilis, 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.

TEMPLETON EMERGING MARKETS INCOME FUND

By /s/ MATTHEW T. HINKLE

Matthew T. Hinkle

Chief Executive Officer

Finance and Administration

Date: February 26, 2019

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: February 26, 2019

By /s/ ROBERT G. KUBILIS

Robert G. Kubilis

Chief Financial Officer and

Chief Accounting Officer

Date: February 26, 2019