

TEMPLETON EMERGING MARKETS INCOME FUND
Form N-CSR
November 03, 2016

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: 8/31

Date of reporting period: 8/31/16

Item 1. Reports to Stockholders.

Annual Report

August 31, 2016

Templeton Emerging Markets Income Fund

Franklin Templeton Investments

Gain From Our Perspective®

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

Contents

<u>Annual Report</u>	
<u>Templeton Emerging Markets Income Fund</u>	2
<u>Performance Summary</u>	6
<u>Important Notice to Shareholders</u>	8
<u>Financial Highlights and Statement of Investments</u>	9
<u>Financial Statements</u>	17
<u>Notes to Financial Statements</u>	20
<u>Report of Independent Registered</u>	
<u>Public Accounting Firm</u>	32
<u>Tax Information</u>	33
<u>Annual Meeting of Shareholders</u>	34
<u>Dividend Reinvestment and Cash Purchase Plan</u>	35
<u>Board Members and Officers</u>	37
<u>Shareholder Information</u>	42

Annual Report

Templeton Emerging Markets Income Fund

Dear Shareholder:

This annual report for Templeton Emerging Markets Income Fund covers the fiscal year ended August 31, 2016.

Your Fund's Goal and Main Investments

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

Performance Overview

For the 12 months under review, the Fund delivered cumulative total returns of +19.78% based on market price and +8.19% 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, posted a +14.82% 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

Global markets experienced periods of heightened volatility during the 12-month period, as declines in oil prices and concerns about global growth appeared to have negative effects on investor sentiment at times. Conditions in China also had significant influence on global markets. However, contrary to the dire concerns held by a number of market participants, we viewed the country's moderation of growth as an inevitable and reasonable normalization for an economy of its size, and held the view that China's growth would remain around its 6% to 7% expansionary pace. Nonetheless, risk aversion persisted at

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

the beginning of the period before eventually diminishing in October, as several emerging market currencies rebounded and appreciated against the U.S. dollar, while the euro and the Japanese yen depreciated.

After postponing action in September and October, the U.S. Federal Reserve (Fed) finally raised its policy rate by 25 basis points (0.25%) at its December 2015 meeting, marking the first increase in the federal funds rate since 2006 and the first non-zero rate policy since 2008. Despite the move toward tightening policy, the Federal Open Market Committee stressed that U.S. monetary policy would remain highly accommodative and that the pace of future increases would be gradual. Although bond yields initially shifted higher across much of Europe, Asia ex-Japan and Latin America in December, they subsequently declined during the first two months of 2016 as risk aversion returned and oil prices dropped below US\$30 per barrel.

Despite the return of market pessimism, we continued to believe that fears of global deflation were unwarranted and that markets were overestimating the extent to which lower headline inflation reflected structurally weaker global demand. Supply factors were the main driver behind falling energy and

1. Source: Morningstar.

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

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.

2 Annual Report

franklintempleton.com

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

TEMPLETON EMERGING MARKETS INCOME FUND

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

commodity prices, by our assessment, which in turn pushed headline inflation lower. These were short-term effects, and we viewed their disinflationary impact as a factor that should wane as commodity prices stabilize. The belief that inflation had become structurally lower appeared to lead several investors to take a complacent view on interest rates, yet markets remained in a vulnerable phase of the yield cycle, by our assessment. Underlying inflation in the U.S. was not adequately priced into bond yields during the period, in our view, and we were wary of the lack of inflation being priced into bond yields across the globe. We believed there were more risks of inflation moving up than down, yet markets appeared to price in deflation and downside risks.

Additionally, during January and February, markets appeared to regard emerging economies as being in near-crisis condition, reacting as if conditions were worse than the 2008 global financial crisis or the Asian financial crisis of 1997 and 1998. However, several emerging market economies were in far better shape, by our assessment, with larger foreign reserves and more diversified, growing economies. We were focused on a number of opportunities in emerging market currencies on the conviction that the broad fears of a systemic crisis across the asset class were exaggerated. Over the final weeks of February, risk appetites returned and several local-currency markets rallied, creating a positive trend for global markets that largely carried into March and April.

The Fed passed on raising rates at its March and April meetings while indicating that rate hikes would likely be more gradual than envisioned at the end of 2015, reducing the number of projected rate hikes for 2016 from four to two. The result of the Fed's dovishness was an implicit easing of policy, as markets essentially eliminated previously priced-in rate hikes for the year. Consequently, the U.S. dollar weakened as the Japanese yen and the euro notably strengthened. We believed the periods of yen and euro strength would prove temporary and that fundamentals would ultimately re-emerge. We also believed that a firmer commitment to rate hikes in the U.S. would fortify the divergences in monetary policies between the easings of the European Central Bank and Bank of Japan and the Fed's tightening.

Market expectations for U.S. interest rate hikes increased sharply after hawkish-sounding comments were released in the Fed meeting minutes on May 18, leading yields to temporarily surge higher. However, in late June, U.K. voters approved the "Brexit" referendum to leave the European Union, which caused global markets to retreat into a state of heightened risk aversion. Yields declined to historic lows in the eurozone and the U.S. during the first eight days of July, before markets relatively stabilized by mid-month. A number of local-currency emerging markets rebounded in the second half of July, and Fed Chair Janet Yellen's comments at Jackson Hole at the end of August added support to higher yield levels.

Top 10 Countries

8/31/16

	% of Total Net Assets
Brazil	10.6 %
Ukraine	8.1 %
Indonesia	7.5 %
Zambia	6.3 %
Ghana	3.9 %
Iraq	3.8 %
Kenya	3.6 %
Serbia	3.6 %
Mexico	3.2 %
Colombia	3.0 %

Investment Strategy

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

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

Manager's Discussion

On the whole, we continued to position our strategies for rising rates by maintaining low portfolio duration and aiming at a

franklintempleton.com

Annual Report

3

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

TEMPLETON EMERGING MARKETS INCOME FUND

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 Breakdown*

8/31/16

	% of Total	Net Assets
Americas		105.6 %
U.S. Dollar		87.0 %
Mexican Peso		4.8 %
Brazilian Real		10.6 %
Colombian Peso		3.2 %
Asia Pacific		-0.4 %
Malaysian Ringitt		0.7 %
Indian Rupee		1.1 %
Indonesian Rupiah		7.5 %
Sri Lanka Rupee		1.2 %
Japanese Yen*		-10.9 %
Middle East & Africa		4.7 %
Ghanaian Cedi		4.2 %
South Africa Rand		0.5 %
Europe		-6.5 %
Serbian Dinar		1.5 %
Euro		-8.0 %
Australia & New Zealand		-3.4 %
Australian Dollar		-3.4 %

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

negative correlation with U.S. Treasury returns. We also continued to actively seek select duration exposures that we believe can offer positive real yields without taking undue interest-rate risk, favoring countries that we believe have solid underlying fundamentals and prudent fiscal, monetary and financial policies. When investing globally, investment opportunities may take time to materialize, which may require weathering short-term volatility as the longer term investing theses develop. During the period we shifted out of markets that we were previously contrarian on to reallocate to positions that we believe have fundamentally attractive valuations for the medium term ahead. We also maintained our exposures to several of our strongest investment convictions and added to those types of positions as prices became cheaper during periods of heightened volatility. Despite the persistence of volatility during the period, we remained encouraged by the vast set of what we considered fundamentally attractive valuations across the local currency markets. We were positioned for depreciation of the euro and the Japanese yen, rising U.S. Treasury yields, and currency appreciation in select emerging markets. During the period, we used currency forward contracts to actively manage exposure to currencies. We also used interest rate swaps to tactically manage duration exposures.

What is duration?

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

What is an interest rate swap?

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

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

During the period the Fund's absolute performance benefited from overall credit exposures and interest rate strategies. Currency positions detracted from absolute return. Credit exposures in Europe, Latin America and Africa contributed to absolute performance. The Fund maintained a defensive approach regarding interest rates in developed and emerging markets. Select duration exposures in Latin America (Brazil) and Asia ex-Japan (Indonesia) contributed to absolute performance. However, negative duration exposure to U.S. Treasuries, achieved through the use of interest rate swaps, detracted from absolute return. Among currencies, the Fund's net-negative position in the Japanese yen, achieved through the use of currency forward contracts, detracted from absolute performance. However, the Fund's currency positions in Latin America (Brazilian real) contributed.

4 Annual Report

franklintempleton.com

TEMPLETON EMERGING MARKETS INCOME FUND

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

Sincerely,

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2016, 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.

franklintempleton.com

Annual Report

5

TEMPLETON EMERGING MARKETS INCOME FUND

Performance Summary as of August 31, 2016

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. 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 gains distributions, if any, or any realized gains on the sale of Fund shares.

Share Prices

Symbol:TEI		8/31/16	8/31/15	Change
Net Asset Value	\$	12.11 \$	12.00 +\$	0.11
Market Price (NYSE)	\$	11.03 \$	9.97 +\$	1.06

Distributions¹ (9/1/15–8/31/16)

	Dividend Income	Long-Term Capital Gain	Tax Return of Capital	Total
\$	0.4000 \$	0.0218 \$	0.4000 \$	0.8218

Performance²

	Cumulative Total Return ³		Average Annual Total Return ³		Average Annual Total Return (9/30/16) ⁴	
	Based on	Based on	Based on	Based on	Based on	Based on
	NAV ⁵	market price ⁶	NAV ⁵	market price ⁶	NAV ⁵	market price ⁶
1-Year	+8.19 %	+19.78 %	+8.19 %	+19.78 %	+12.11 %	+22.66 %
5-Year	+15.31 %	+3.64 %	+2.89 %	+0.72 %	+4.71 %	+3.70 %
10-Year	+102.25 %	+111.98 %	+7.30 %	+7.80 %	+7.28 %	+7.90 %

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.

See page 7 for Performance Summary footnotes.

6 Annual Report

franklintempleton.com

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

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

1. The distribution amount is the sum of the dividend payments to shareholders for the period shown and includes only estimated tax-basis net investment income, capital gain and tax return of capital.
2. 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 its current fiscal year-end. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.
3. 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.
4. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
5. Assumes reinvestment of distributions based on net asset value.
6. Assumes reinvestment of distributions based on the dividend reinvestment and cash purchase plan.

franklintempleton.com

Annual Report

TEMPLETON EMERGING MARKETS INCOME FUND

Important Notice to Shareholders

Changes to the Fiscal Year-End and Distribution Policy

Effective December 31, 2016, as approved by the board of trustees, the Fund's fiscal year-end will be changed to December 31st. This will result in the Fund having a fiscal year that is shorter than a full calendar year covering the transitional period between the Fund's current fiscal year and December 31, 2016.

In addition, the Fund, which has historically sought to pay a level distribution amount from net investment income on a quarterly basis, will implement a variable pay distribution policy, effective December 31, 2016. The Fund will continue to seek to pay any distributions from net investment income on a quarterly basis. Capital gains, if any, may be paid at least annually. The Fund may distribute income dividends and capital gains more frequently, if necessary, in order to reduce or eliminate federal excise or income taxes on the Fund. The amount of any distribution will vary, and there is no guarantee the Fund will pay either income dividends or capital gain distributions.

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.

8 Annual Report

franklintempleton.com

TEMPLETON EMERGING MARKETS INCOME FUND

Financial Highlights

	Year Ended August 31,				
	2016	2015	2014	2013	2012
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$ 12.00	\$ 14.39	\$ 14.58	\$ 15.91	\$ 16.61
Income from investment operations:					
Net investment income ^a	0.77	0.93	1.02	1.07	1.08
Net realized and unrealized gains (losses)	0.16	(2.18)	0.18	(0.54)	(0.37)
Total from investment operations	0.93	(1.25)	1.20	0.53	0.71
Less distributions from:					
Net investment income and net foreign currency gains	(0.40)	(0.79)	(1.19)	(1.44)	(1.34)
Net realized gains	(0.02)	(0.35)	(0.20)	(0.42)	(0.07)
Tax return of capital.	(0.40)				
Total distributions	(0.82)	(1.14)	(1.39)	(1.86)	(1.41)
Net asset value, end of year.	\$ 12.11	\$ 12.00	\$ 14.39	\$ 14.58	\$ 15.91
Market value, end of year ^b	\$ 11.03	\$ 9.97	\$ 13.41	\$ 13.85	\$ 17.01
Total return (based on market value per share)	19.78 %	(17.94)%	6.83 %	(8.75)%	8.17 %
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.12 %	1.10 %	1.09 %	1.09 %	1.15 %
Expenses net of waiver and payments by affiliates	1.10 %	1.09 %	1.08 %	1.09 % ^c	1.15 %
Net investment income	6.56 %	7.19 %	7.03 %	6.79 %	6.90 %
Supplemental data					
Net assets, end of year (000 s)	\$ 581,158	\$ 576,069	\$ 690,850	\$ 699,414	\$ 759,024
Portfolio turnover rate	27.98 %	23.57 %	28.67 %	14.53 %	16.56 %

^aBased on average daily shares outstanding.^bBased on the last sale on the New York Stock Exchange.^cBenefit of expense reduction rounds to less than 0.01%.

TEMPLETON EMERGING MARKETS INCOME FUND

Statement of Investments, August 31, 2016

	Shares/ Warrants		Value
Common Stocks and Other Equity Interests 0.0%			
Mexico 0.0%			
a Corporacion GEO SAB de CV, B	221,287	\$	96,470
a,b Corporacion GEO SAB de CV, wts., 2/01/49	346,196		
			96,470
South Africa 0.0%			
a,c Edcon Holdings Ltd., F wts., 2/20/49	4,375		
a,c Edcon Holdings Ltd., F1 wts., 2/20/49.	78,291,411		
a,c Edcon Holdings Ltd., F2 wts., 2/20/49.	6,340,039		
Total Common Stocks and Other Equity Interests (Cost \$9,316,759)			96,470

		Principal Amount*	
Foreign Government and Agency Securities 64.5%			
Brazil 10.6%			
Nota Do Tesouro Nacional,			
10.00%, 1/01/21	1,725 d	BRL	501,117
10.00%, 1/01/25	360 d	BRL	100,566
10.00%, 1/01/27	3,670 d	BRL	1,007,108
e Index Linked, 6.00%, 5/15/17	134 d	BRL	121,326
e Index Linked, 6.00%, 5/15/19	16,424 d	BRL	14,796,676
e Index Linked, 6.00%, 8/15/22	11,920 d	BRL	10,764,403
e Index Linked, 6.00%, 5/15/23	13,639 d	BRL	12,360,463
e Index Linked, 6.00%, 8/15/24	3,340 d	BRL	3,047,430
e Index Linked, 6.00%, 8/15/50	18,020 d	BRL	16,748,829
senior note, 10.00%, 1/01/17	6,300 d	BRL	1,926,820

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

61,374,738

Colombia 3.0%

Government of Colombia,			
senior bond, 7.75%, 4/14/21	2,433,000,000	COP	863,766
senior bond, 4.375%, 3/21/23.	164,000,000	COP	49,104
senior bond, 9.85%, 6/28/27	262,000,000	COP	106,926
Titulos de Tesoreria,			
B, 5.00%, 11/21/18	565,000,000	COP	182,766
B, 7.75%, 9/18/30	15,700,000,000	COP	5,366,064
senior bond, B, 11.25%, 10/24/18	2,335,000,000	COP	849,518
senior bond, B, 7.00%, 5/04/22.	2,211,000,000	COP	737,207
senior bond, B, 10.00%, 7/24/24	4,722,000,000	COP	1,834,539
senior bond, B, 7.50%, 8/26/26.	16,738,000,000	COP	5,628,908
senior bond, B, 6.00%, 4/28/28.	3,196,000,000	COP	952,623
senior note, B, 7.00%, 9/11/19	1,585,000,000	COP	533,161
senior note, B, 11.00%, 7/24/20	1,655,000,000	COP	629,026
			17,733,608

Croatia 1.5%

^f Government of Croatia, 144A, 6.75%, 11/05/19.	7,920,000		8,743,680
--	-----------	--	-----------

Dominican Republic 2.7%

^g Government of the Dominican Republic, senior bond, Reg S, 6.85%, 1/27/45	14,000,000		15,954,960
---	------------	--	------------

Ecuador 0.6%

^f Government of Ecuador, senior note, 144A, 7.95%, 6/20/24	3,920,000		3,451,540
---	-----------	--	-----------

10 Annual Report

franklintempleton.com

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

TEMPLETON EMERGING MARKETS INCOME FUND
STATEMENT OF INVESTMENTS

	Principal Amount*	Value
Foreign Government and Agency Securities (continued)		
El Salvador 0.5%		
† Government of El Salvador, 144A, 7.65%, 6/15/35	2,650,000	\$ 2,835,500
Ethiopia 1.7%		
† Federal Democratic Republic of Ethiopia, 144A, 6.625%, 12/11/24	10,000,000	9,788,650
Ghana 3.9%		
Ghana Treasury Note,		
24.25%, 10/09/17	1,130,000 GHS	285,918
23.95%, 11/06/17	610,000 GHS	153,871
23.30%, 12/11/17	2,560,000 GHS	641,410
24.25%, 6/11/18	10,040,000 GHS	2,531,582
Government of Ghana,		
23.00%, 2/13/17	9,670,000 GHS	2,429,862
25.48%, 4/24/17	230,000 GHS	58,443
24.44%, 5/29/17	3,670,000 GHS	927,943
26.00%, 6/05/17	130,000 GHS	33,209
25.40%, 7/31/17	3,410,000 GHS	870,114
23.00%, 8/21/17	13,160,000 GHS	3,296,720
23.23%, 2/19/18	3,340,000 GHS	836,735
22.49%, 4/23/18	1,730,000 GHS	427,815
23.47%, 5/21/18	8,220,000 GHS	2,061,456
19.04%, 9/24/18	14,300,000 GHS	3,336,769
24.50%, 10/22/18	5,917,000 GHS	1,504,822
24.50%, 4/22/19	5,300,000 GHS	1,343,182
24.50%, 5/27/19	2,040,000 GHS	519,706
21.00%, 3/23/20	110,000 GHS	26,070
24.50%, 6/21/21	5,460,000 GHS	1,413,165
		22,698,792
India 1.2%		
Government of India,		
senior bond, 7.80%, 5/03/20	68,300,000 INR	1,046,977
senior bond, 8.35%, 5/14/22	20,200,000 INR	318,886
senior bond, 8.28%, 9/21/27	20,600,000 INR	332,504

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

senior bond, 8.60%, 6/02/28	71,000,000 INR	1,175,155
senior note, 7.28%, 6/03/19	2,700,000 INR	40,711
senior note, 8.12%, 12/10/20	51,300,000 INR	797,764
senior note, 7.16%, 5/20/23	12,700,000 INR	190,343
senior note, 8.83%, 11/25/23	171,200,000 INR	2,798,351
		6,700,691

Indonesia 7.5%

Government of Indonesia,

FR36, 11.50%, 9/15/19	40,000,000,000 IDR	3,414,360
FR48, 9.00%, 9/15/18	2,961,000,000 IDR	233,220
senior bond, FR31, 11.00%, 11/15/20	134,139,000,000 IDR	11,639,536
senior bond, FR39, 11.75%, 8/15/23	1,780,000,000 IDR	167,871
senior bond, FR40, 11.00%, 9/15/25	58,140,000,000 IDR	5,510,538
senior bond, FR42, 10.25%, 7/15/27	2,368,000,000 IDR	219,086
senior bond, FR44, 10.00%, 9/15/24	1,066,000,000 IDR	94,608
senior bond, FR46, 9.50%, 7/15/23	80,000,000,000 IDR	6,828,720
senior bond, FR53, 8.25%, 7/15/21	6,465,000,000 IDR	517,249
senior bond, FR56, 8.375%, 9/15/26	70,379,000,000 IDR	5,795,295
senior bond, FR61, 7.00%, 5/15/22	1,720,000,000 IDR	130,159
senior bond, FR63, 5.625%, 5/15/23	3,071,000,000 IDR	215,554

franklintempleton.com

Annual Report

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

TEMPLETON EMERGING MARKETS INCOME FUND
STATEMENT OF INVESTMENTS

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
Indonesia (continued)			
Government of Indonesia, (continued)			
senior bond, FR69, 7.875%, 4/15/19	21,627,000,000	IDR \$	1,678,975
senior bond, FR70, 8.375%, 3/15/24	85,338,000,000	IDR	6,930,598
senior note, FR66, 5.25%, 5/15/18	3,553,000,000	IDR	262,575
			43,638,344
Iraq 3.8%			
^f Government of Iraq, 144A, 5.80%, 1/15/28	27,190,000		22,112,132
Kenya 3.6%			
Government of Kenya,			
^f senior note, 144A, 6.875%, 6/24/24	6,033,000		5,918,433
^g senior note, Reg S, 5.875%, 6/24/19	7,200,000		7,375,860
^g senior note, Reg S, 6.875%, 6/24/24	7,700,000		7,553,777
			20,848,070
Mexico 3.2%			
Government of Mexico,			
7.25%, 12/15/16	367,050	h MXN	1,967,546
7.75%, 12/14/17	1,503,920	h MXN	8,307,400
senior note, 8.50%, 12/13/18	904,500	h MXN	5,141,880
senior note, M, 5.00%, 6/15/17	607,200	h MXN	3,237,033
			18,653,859
Senegal 1.2%			
^f Government of Senegal, 144A, 6.25%, 7/30/24	6,900,000		7,074,743
Serbia 3.6%			
^f Government of Serbia, senior note, 144A, 7.25%, 9/28/21	10,250,000		11,903,274
Serbia Treasury Bond, 8.00%, 10/22/20	133,400,000	RSD	1,335,595
Serbia Treasury Note,			
10.00%, 4/27/18	569,450,000	RSD	5,626,743
10.00%, 11/21/18	13,450,000	RSD	135,749
10.00%, 3/20/21	56,890,000	RSD	613,061
10.00%, 6/05/21	33,720,000	RSD	365,114
10.00%, 9/11/21	68,330,000	RSD	743,048

20,722,584

South Africa 1.4%

Government of South Africa,

8.00%, 1/31/30	2,690,000	ZAR	163,359
8.875%, 2/28/35	8,080,000	ZAR	515,677
9.00%, 1/31/40	6,730,000	ZAR	428,567
8.75%, 2/28/48	6,530,000	ZAR	403,870
R186, 10.50%, 12/21/26	76,150,000	ZAR	5,664,937
8.75%, 1/31/44	11,850,000	ZAR	731,761
			7,908,171

Sri Lanka 1.2%

Government of Sri Lanka,

10.60%, 9/15/19	321,640,000	LKR	2,168,691
8.00%, 11/01/19	18,120,000	LKR	113,520
9.25%, 5/01/20	68,990,000	LKR	441,434
11.20%, 7/01/22	31,680,000	LKR	210,857
A, 9.00%, 5/01/21	387,750,000	LKR	2,408,581

12 Annual Report

franklintempleton.com

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

TEMPLETON EMERGING MARKETS INCOME FUND
STATEMENT OF INVESTMENTS

	Principal Amount*	Value
Foreign Government and Agency Securities (continued)		
Sri Lanka (continued)		
Government of Sri Lanka, (continued)		
A, 11.00%, 8/01/21	259,200,000 LKR \$	1,727,923 7,071,006
Ukraine 7.0%		
^f Government of Ukraine,		
144A, 7.75%, 9/01/19	5,855,000	5,844,754
144A, 7.75%, 9/01/20	8,667,000	8,590,080
144A, 7.75%, 9/01/21	3,506,000	3,449,027
144A, 7.75%, 9/01/22	3,406,000	3,331,579
144A, 7.75%, 9/01/23	3,406,000	3,315,060
144A, 7.75%, 9/01/24	3,406,000	3,304,195
144A, 7.75%, 9/01/25	3,406,000	3,291,984
144A, 7.75%, 9/01/26	3,406,000	3,278,360
144A, 7.75%, 9/01/27	3,406,000	3,261,160
a, ⁱ 144A, VRI, GDP Linked Securities, 5/31/40	10,087,000	3,259,160 40,925,359
Zambia 6.3%		
^f Government of Zambia, senior bond, 144A, 8.97%, 7/30/27	11,460,000	11,287,985
^f Government of Zambia International Bond,		
144A, 5.375%, 9/20/22	26,070,000	22,964,933
144A, 8.50%, 4/14/24	2,470,000	2,430,011 36,682,929
Total Foreign Government and Agency Securities (Cost \$392,164,887)		374,919,356
Quasi-Sovereign and Corporate Bonds 14.1%		
Bermuda 0.4%		
^f Digicel Group Ltd., senior note, 144A, 7.125%, 4/01/22	3,300,000	2,668,875
Canada 1.5%		
^f First Quantum Minerals Ltd., senior note, 144A, 7.25%, 5/15/22	10,000,000	8,500,000

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

Chile 2.2%

^f VTR Finance BV, senior secured note, 144A, 6.875%, 1/15/24	12,000,000	12,626,400
---	------------	------------

Costa Rica 2.6%

^c Reventazon Finance Trust, secured bond, first lien, 144A, 8.00%, 11/15/33	14,400,000	15,288,746
--	------------	------------

Nigeria 1.4%

^f Access Bank PLC, sub. note, 144A, 9.25% to 6/23/19, FRN thereafter, 6/24/21	10,100,000	8,157,770
--	------------	-----------

Peru 0.2%

^f Peru Enhanced Pass-Through Finance Ltd., senior secured bond, A-1, 144A, zero cpn., 5/31/18	1,025,067	946,468
---	-----------	---------

Russia 1.7%

LUKOIL International Finance BV, ^f 144A, 6.656%, 6/07/22	4,540,000	5,185,407
^g Reg S, 6.656%, 6/07/22.	3,970,000	4,535,824
		9,721,231

franklintempleton.com

Annual Report

13

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

TEMPLETON EMERGING MARKETS INCOME FUND
STATEMENT OF INVESTMENTS

	Principal Amount*		Value
Quasi-Sovereign and Corporate Bonds (continued)			
South Africa 0.9%			
f,j Edcon Ltd.,			
k senior secured note, 144A, 9.50%, 3/01/18	2,828,000	EUR \$	947,840
k senior secured note, 144A, 9.50%, 3/01/18	7,250,000		2,178,625
l senior secured note, 144A, PIK, 12.75%, 6/30/19	1,886,005	EUR	598,368
l super senior secured note, 144A, PIK, 8.00%, 6/30/19	1,802,728	EUR	1,389,943
			5,114,776
Turkey 1.2%			
f Yasar Holdings SA, senior note, 144A, 8.875%, 5/06/20	6,680,000		7,009,625
Ukraine 1.1%			
f,m Ukreximbank, (BIZ Finance PLC), loan participation, senior note, 144A, 9.75%, 1/22/25.	6,405,000		6,218,646
United States 0.9%			
General Electric Co., senior note, A, 8.50%, 4/06/18	101,000,000	MXN	5,577,136
Total Quasi-Sovereign and Corporate Bonds (Cost \$93,709,501)			81,829,673
Total Investments before Short Term Investments (Cost \$495,191,147)			456,845,499
Short Term Investments 17.1%			
n,o Senior Floating Rate Interests (Cost \$6,607,231) 1.1%			
United States 1.1%			
j Edcon Ltd., Tranche 2 Bridge Facility, 4.90%, 12/30/16	6,775,940		6,767,470
Foreign Government and Agency Securities (Cost \$1,762,049) 0.3%			
Mexico 0.3%			
p Mexico Treasury Bill, 10/13/16 - 3/30/17	3,150,320	q MXN	1,650,934
Total Investments before Money Market Funds (Cost \$503,560,427)			465,263,903
		Shares	
Money Market Funds (Cost \$91,119,633) 15.7%			
United States 15.7%			
a,r Institutional Fiduciary Trust Money Market Portfolio	91,119,633		91,119,633
Total Investments (Cost \$594,680,060) 95.7%			556,383,536

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

Other Assets, less Liabilities 4.3%	24,774,908
Net Assets 100.0%	\$ 581,158,444

14 Annual Report

franklintempleton.com

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

TEMPLETON EMERGING MARKETS INCOME FUND STATEMENT OF INVESTMENTS

Rounds to less than 0.1% of net assets.

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

^aNon-income producing.

^bSecurity has been deemed illiquid because it may not be able to be sold within seven days. At August 31, 2016, the value of this security was \$-, representing less than 0.1% of net assets.

^cSee Note 9 regarding restricted securities.

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

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

^fSecurity was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers

or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Fund's Board of Trustees. At

August 31, 2016, the aggregate value of these securities was \$205,864,207, representing 35.4% of net assets.

^gSecurity was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States.

Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption

from registration. These securities have been deemed liquid under guidelines approved by the Fund's Board of Trustees. At August 31, 2016, the aggregate value of these

securities was \$35,420,421, representing 6.1% of net assets.

^hPrincipal amount is stated in 100 Mexican Peso Units.

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

^jAt August 31, 2016, pursuant to the Fund's policies and the requirements of applicable securities law, the Fund is restricted from trading these securities at year end.

^kSee Note 7 regarding defaulted securities.

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

^mSee Note 1(e) regarding loan participation notes.

ⁿThe coupon rate shown represents the rate at period end.

^oSee Note 1(e) regarding senior floating rate interests.

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

^qPrincipal amount is stated in 10 Mexican Peso Units.

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

At August 31, 2016, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counterparty	Type	Quantity	Contract Amount	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Euro	DBAB	Sell	1,506,000	\$ 1,688,407	9/06/16	\$ 8,235	
Australian Dollar	CITI	Sell	4,886,000	3,519,777	9/14/16		(150,215)

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

Euro	MSCO	Sell	907,070	1,013,460	9/15/16	1,076	
Australian Dollar	BOFA	Sell	1,753,000	1,309,491	9/29/16		(6,712)
Euro	DBAB	Sell	9,366,031	10,597,290	9/30/16	136,748	
Ghanaian Cedi	BZWS	Buy	2,895,477	676,909	10/11/16	33,951	
Euro	HSBC	Sell	826,000	936,775	10/13/16	13,748	
Euro	GSCO	Sell	2,753,000	3,068,907	10/18/16		(8,119)
Euro	DBAB	Sell	3,345,000	3,691,753	10/31/16		(48,986)
Euro	CITI	Sell	358,631	399,034	11/10/16		(2,198)
Euro	DBAB	Sell	266,000	289,626	11/14/16		(8,022)
Euro	GSCO	Sell	910,000	1,021,166	11/14/16	2,894	
Euro	DBAB	Sell	3,032,550	3,399,306	11/15/16	5,799	
Euro	SCNY	Sell	413,000	463,035	11/15/16	876	
Euro	BZWS	Sell	10,415,000	11,293,609	11/16/16		(361,567)
Euro	DBAB	Sell	359,450	404,011	11/17/16	1,742	
Euro	MSCO	Sell	907,070	1,019,329	11/17/16	4,205	
Euro	DBAB	Sell	1,347,000	1,530,596	11/22/16	22,812	
Euro	BOFA	Sell	1,604,997	1,814,738	11/28/16	17,698	
Euro	SCNY	Sell	362,390	409,810	11/28/16	4,058	
South African Rand	DBAB	Buy	20,617,594	1,394,060	11/29/16		(17,700)

franklintempleton.com

Annual Report

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-CSR

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)							
South African Rand	DBAB	Sell	20,617,594	\$ 1,433,489	11/29/16	\$ 57,130	\$
South African Rand	HSBC	Buy	20,397,800	1,378,789	11/29/16		(17,102)
South African Rand	HSBC	Sell	32,841,182	2,262,615	11/29/16	70,251	
South African Rand	HSBC	Sell	28,567,456	1,988,754	11/30/16	82,067	
Australian Dollar	JPHQ	Sell	4,946,000	3,519,964	12/12/16		(187,269)
Australian Dollar	JPHQ	Sell	7,297,000	5,384,566	12/13/16		(84,726)
Australian Dollar	CITI	Sell	4,919,000	3,630,812			