



**Annual Report  
and Shareholder Letter**

December 31, 2018

# Templeton Emerging Markets Bond Fund

A SERIES OF TEMPLETON INCOME TRUST



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# 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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Dear Shareholder:

During the 12 months ended December 31, 2018, the global economy generally expanded amid higher crude oil prices, upbeat economic data, solid corporate earnings and hints of a slower pace of interest-rate increases from the U.S. Federal Reserve (Fed). The European Central Bank (ECB) left its benchmark interest rate unchanged but reduced its monthly bond purchases and planned to conclude the program at the end of 2018. The Fed raised its federal funds rate range by 0.25% four times in 2018 and continued reducing its balance sheet. Global markets were pressured by concerns about increased technology company regulation, U.S. and European Union political uncertainties, major central banks' interest-rate policies, and the impact of the U.S.-China trade dispute on global growth and corporate earnings. In this environment, global government bonds, as measured by the FTSE World Government Bond Index, declined 0.84% in U.S. dollar terms but rose 1.10% in local currency terms. The U.S. dollar appreciated against most foreign currencies during the period.

We are committed to our long-term perspective and disciplined investment approach as we conduct a rigorous, fundamental analysis of securities with a regular emphasis on investment risk management.

Historically, patient investors have achieved rewarding results by evaluating their goals, diversifying their assets globally and maintaining a disciplined investment program, all hallmarks of the Templeton investment philosophy developed more than 60 years ago. We continue to recommend investors consult their financial advisors and review their portfolios to design a

long-term strategy and portfolio allocation that meet their individual needs, goals and risk tolerance.

Templeton Emerging Markets Bond Fund's annual report includes more detail about prevailing conditions and a discussion about investment decisions during the period. Please remember all securities markets fluctuate, as do mutual fund share prices.

We thank you for investing with Franklin Templeton, welcome your questions and comments, and look forward to serving your investment needs in the years ahead.

Sincerely,



Sonal Desai, Ph.D.  
Executive Vice President, Chief Investment Officer of Franklin Templeton Fixed Income Group  
Templeton Income Trust

*This letter reflects our analysis and opinions as of December 31, 2018, unless otherwise indicated. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.*

Not FDIC Insured | May Lose Value | No Bank Guarantee

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to access your account, or to find helpful  
financial planning tools.

# Annual Report

## Templeton Emerging Markets Bond Fund

This annual report for Templeton Emerging Markets Bond Fund covers the fiscal year ended December 31, 2018.

### Your Fund's Goal and Main Investments

The Fund seeks current income with capital appreciation as a secondary goal. Under normal market conditions, the Fund invests at least 80% of its net assets in a non-diversified portfolio of bonds issued by governments or government-related entities that are located in emerging market countries, as well as bonds issued by emerging market corporate entities.

### Performance Overview

For the 12 months under review, the Fund's Class A shares had a -3.30% cumulative total return. In comparison, U.S. dollar-denominated emerging market bonds, as measured by the Fund's benchmark, 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.<sup>1</sup> You can find more of the Fund's performance data in the Performance Summary beginning on page 7.

*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. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

### 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

1. Source: Morningstar.

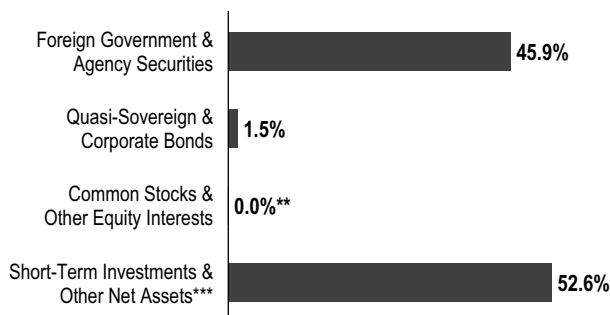
The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

See [www.franklintempletondatasources.com](http://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 16.

### Portfolio Composition\*

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



\*Figures reflect 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 derivatives, unsettled trades or other factors.

\*\*Rounds to less than 0.1% of net assets.

\*\*\*Includes foreign government and agency securities, money market funds and other net assets (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 on flights to quality. Several Latin American countries

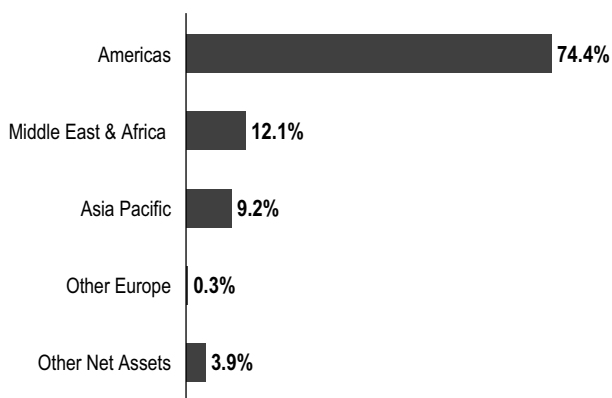
concurrently saw rising yields and sharp depreciations of their exchange rates on regional volatility.

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.

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.

**Geographic Composition\***

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



\*Figures reflect 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, unsettled trades or other factors.

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 seek to generate income for the Fund, pursuing opportunities while monitoring changes in interest rates, currency exchange rates and credit risks. We manage the Fund’s exposure to various currencies and regularly use currency and cross currency forward contracts. We may also use other derivative instruments, such as interest-rate swaps.

**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).

**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 USTs. 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

**Currency Composition\***

12/31/18

	<b>% of Total Net Assets</b>
<b>Americas</b>	<b>96.1%</b>
U.S. Dollar	42.1%
Mexican Peso	21.2%
Brazilian Real	15.8%
Argentine Peso	13.9%
Colombian Peso	3.1%
<b>Middle East &amp; Africa</b>	<b>12.1%</b>
Ghanaian Cedi	7.5%
Egyptian Pound	4.6%
South African Rand	0.0%**
<b>Asia Pacific</b>	<b>9.7%</b>
Indian Rupee	11.3%
Indonesian Rupiah	11.1%
Thailand Baht	4.4%
Australian Dollar	-5.5%
Japanese Yen	-11.6%
<b>Europe</b>	<b>-17.9%</b>
Euro	-17.9%

\*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%.

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.

**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.

During the period, the Fund's negative absolute performance was primarily due to currency positions. Overall credit

exposures moderately detracted from absolute results while interest-rate strategies contributed. Among currencies, exposure to the Argentine peso and Brazilian real detracted from absolute return, while exposure to the Mexican peso contributed. The Fund's net-negative positions in the euro and Australian dollar, 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. The Fund maintained low overall portfolio duration, while holding duration exposures in select emerging markets. Select duration exposures in Latin America (Brazil and Argentina) and Africa (Ghana) contributed to absolute performance.

Subsequent to fiscal year-end December 31, 2018, Laura Burakreis departed the firm effective February 1, 2019. Her responsibilities have been allocated to others in the portfolio management team.

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



Michael Hasenstab, Ph.D.  
Lead Portfolio Manager



Laura Burakreis

Calvin Ho  
Portfolio Management Team

*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.*



## Performance Summary as of December 31, 2018

The performance table and graphs do 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. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities.

### Performance as of 12/31/18<sup>1</sup>

*Cumulative total return excludes sales charges. Average annual total return includes maximum sales charges. Sales charges will vary depending on the size of the investment and the class of share purchased. The maximum is 4.25% and the minimum is 0%. **Class A:** 4.25% maximum initial sales charge; **Advisor Class:** no sales charges. For other share classes, visit [franklintempleton.com](http://franklintempleton.com).*

Share Class	Cumulative Total Return <sup>2</sup>	Average Annual Total Return <sup>3</sup>
<b>A</b>		
1-Year	-3.30%	-7.44%
5-Year	+10.73%	+1.18%
Since Inception (4/1/13)	+10.49%	+0.99%
<b>Advisor</b>		
1-Year	-3.01%	-3.01%
5-Year	+11.93%	+2.28%
Since Inception (4/1/13)	+11.99%	+1.99%

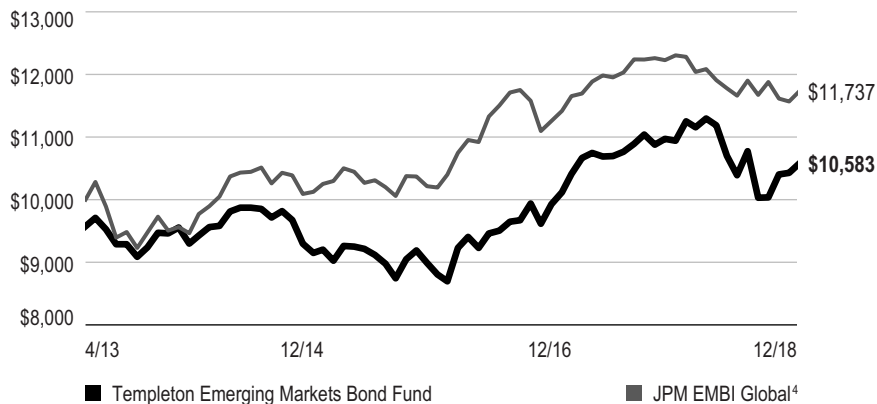
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

See page 9 for Performance Summary footnotes.

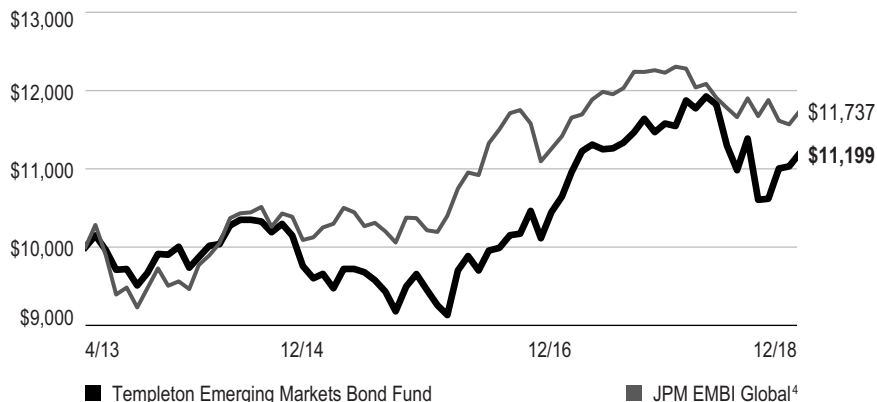
### Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged index includes reinvestment of any income or distributions. It differs from the Fund in composition and does not pay management fees or expenses. One cannot invest directly in an index.

#### Class A (4/1/13–12/31/18)



#### Advisor Class (4/1/13–12/31/18)



See page 9 for Performance Summary footnotes.

## Distributions (1/1/18–12/31/18)

Share Class	Net Investment Income	Long-Term Capital Gain	Tax Return of Capital	Total
A	\$0.5174	\$0.0104	\$0.1921	\$0.7199
C	\$0.4928	\$0.0104	\$0.1830	\$0.6862
R	\$0.5109	\$0.0104	\$0.1899	\$0.7112
R6	\$0.5394	\$0.0104	\$0.2003	\$0.7501
Advisor	\$0.5347	\$0.0104	\$0.1984	\$0.7435

## Total Annual Operating Expenses<sup>5</sup>

Share Class	With Fee Waiver	Without Fee Waiver
A	1.17%	2.52%
Advisor	0.92%	2.27%

Each class of shares is available to certain eligible investors and has different annual fees and expenses, as described in the prospectus.

All investments involve risks, including possible loss of principal. Foreign securities involve special risks, including currency rate fluctuations (which may be significant over the short term) and economic and political uncertainties; investments in emerging markets involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity. 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. 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 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. Bonds are subject to liquidity risk, which may have an adverse impact on the security's value or a fund's ability to sell such securities. Changes in interest rates will affect the value of the Fund's portfolio, share price and yield. Bond prices generally move in the opposite direction of interest rates. As prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. Investments in lower rated securities include higher risks of default and loss of principal. The Fund's prospectus also includes a description of the main investment risks.

1. The Fund has an expense reduction and a fee waiver associated with any investments it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/19. Fund investment results reflect the expense reduction and fee waiver; without these reductions, the results would have been lower.

2. Cumulative total return represents the change in value of an investment over the periods indicated.

3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.

4. Source: Morningstar. The JPM EMBI Global tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans and Eurobonds.

5. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.

See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

## Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including sales charges (loads) on Fund purchases and redemptions; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

### Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value" for each class of shares. You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then  $\$8,600 \div \$1,000 = 8.6$* ). Then multiply the result by the number in the row for your class of shares under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then  $8.6 \times \$7.50 = \$64.50$* ). In this illustration, the actual expenses paid this period are \$64.50.

### Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Share Class	Beginning Account Value 7/1/18	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 <sup>1,2</sup>	Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 <sup>1,2</sup>	
A	\$1,000	\$1,018.30	\$5.65	\$1,019.61	\$5.65	1.11%
C	\$1,000	\$1,016.10	\$7.67	\$1,017.59	\$7.68	1.51%
R	\$1,000	\$1,017.70	\$6.15	\$1,019.11	\$6.16	1.21%
R6	\$1,000	\$1,019.00	\$3.87	\$1,021.37	\$3.87	0.76%
Advisor	\$1,000	\$1,019.70	\$4.38	\$1,020.87	\$4.38	0.86%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

## Financial Highlights

### Templeton Emerging Markets Bond Fund

	Year Ended December 31,			Year Ended August 31,		
	2018	2017	2016 <sup>a</sup>	2016	2015	2014
<b>Class A</b>						
<b>Per share operating performance</b>						
(for a share outstanding throughout the year)						
Net asset value, beginning of year . . . . .	\$ 9.16	\$ 8.84	\$ 8.75	\$ 8.33	\$ 9.78	\$ 9.49
Income from investment operations <sup>b</sup> :						
Net investment income <sup>c</sup> . . . . .	0.68	0.70	0.21	0.55	0.48	0.50
Net realized and unrealized gains (losses) . . . . .	(0.99)	0.20	0.04	0.06	(1.33)	0.28
Total from investment operations . . . . .	(0.31)	0.90	0.25	0.61	(0.85)	0.78
Less distributions from:						
Net investment income . . . . .	(0.52)	(0.57)	(0.16)	(0.19)	(0.60)	(0.49)
Net realized gains . . . . .	(0.01)	(0.01)	—	—	—	—
Tax return of capital . . . . .	(0.19)	—	—	—	—	—
Total distributions . . . . .	(0.72)	(0.58)	(0.16)	(0.19)	(0.60)	(0.49)
Net asset value, end of year . . . . .	\$ 8.13	\$ 9.16	\$ 8.84	\$ 8.75	\$ 8.33	\$ 9.78
Total return <sup>d</sup> . . . . .	(3.30)%	10.21%	2.89%	7.47%	(8.88)%	8.42%
<b>Ratios to average net assets<sup>e</sup></b>						
Expenses before waiver and payments by affiliates . . . . .	2.15%	2.46%	3.22%	2.45%	2.27%	3.24%
Expenses net of waiver and payments by affiliates . . . . .	1.14%	1.22%	1.11%	1.15%	1.16%	1.25% <sup>f</sup>
Net investment income . . . . .	8.03%	7.51%	7.16%	6.56%	5.47%	5.16%
<b>Supplemental data</b>						
Net assets, end of year (000's) . . . . .	\$20,728	\$19,042	\$14,214	\$13,643	\$14,085	\$17,462
Portfolio turnover rate . . . . .	18.82%	77.90%	15.23%	40.40%	43.49%	6.31%

<sup>a</sup>For the period September 1, 2016 to December 31, 2016.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

<sup>e</sup>Ratios are annualized for periods less than one year.

<sup>f</sup>Benefit of expense reduction rounds to less than 0.01%.

**Templeton Emerging Markets Bond Fund** (continued)

	Year Ended December 31,			Year Ended August 31,		
	2018	2017	2016 <sup>a</sup>	2016	2015	2014
<b>Class C</b>						
<b>Per share operating performance</b> (for a share outstanding throughout the year)						
Net asset value, beginning of year . . . . .	\$ 9.15	\$ 8.84	\$ 8.73	\$ 8.31	\$ 9.77	\$ 9.47
Income from investment operations <sup>b</sup> :						
Net investment income <sup>c</sup> . . . . .	0.65	0.67	0.20	0.51	0.44	0.46
Net realized and unrealized gains (losses) . . . . .	(1.00)	0.19	0.03	0.07	(1.34)	0.29
Total from investment operations . . . . .	(0.35)	0.86	0.23	0.58	(0.90)	0.75
Less distributions from:						
Net investment income . . . . .	(0.49)	(0.54)	(0.12)	(0.16)	(0.56)	(0.45)
Net realized gains . . . . .	(0.01)	(0.01)	—	—	—	—
Tax return of capital . . . . .	(0.18)	—	—	—	—	—
Total distributions . . . . .	(0.68)	(0.55)	(0.12)	(0.16)	(0.56)	(0.45)
Net asset value, end of year . . . . .	\$ 8.12	\$ 9.15	\$ 8.84	\$ 8.73	\$ 8.31	\$ 9.77
Total return <sup>d</sup> . . . . .	(3.69)%	9.75%	2.67%	6.98%	(9.31)%	8.03%
<b>Ratios to average net assets<sup>e</sup></b>						
Expenses before waiver and payments by affiliates . . . . .	2.54%	2.89%	3.74%	2.94%	2.76%	3.64%
Expenses net of waiver and payments by affiliates . . . . .	1.53%	1.65%	1.63%	1.64%	1.65%	1.65% <sup>f</sup>
Net investment income . . . . .	7.64%	7.08%	6.64%	6.07%	4.98%	4.76%
<b>Supplemental data</b>						
Net assets, end of year (000's) . . . . .	\$2,799	\$2,553	\$548	\$464	\$551	\$817
Portfolio turnover rate . . . . .	18.82%	77.90%	15.23%	40.40%	43.49%	6.31%

<sup>a</sup>For the period September 1, 2016 to December 31, 2016.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

<sup>e</sup>Ratios are annualized for periods less than one year.

<sup>f</sup>Benefit of expense reduction rounds to less than 0.01%.

**Templeton Emerging Markets Bond Fund** (continued)

	Year Ended December 31,			Year Ended August 31,		
	2018	2017	2016 <sup>a</sup>	2016	2015	2014
<b>Class R</b>						
<b>Per share operating performance</b>						
(for a share outstanding throughout the year)						
Net asset value, beginning of year . . . . .	\$ 9.17	\$ 8.85	\$ 8.71	\$ 8.30	\$ 9.76	\$ 9.48
Income from investment operations <sup>b</sup> :						
Net investment income <sup>c</sup> . . . . .	0.68	0.70	0.21	0.51	0.43	0.47
Net realized and unrealized gains (losses) . . . . .	(1.00)	0.20	0.05	0.07	(1.31)	0.28
Total from investment operations . . . . .	(0.32)	0.90	0.26	0.58	(0.88)	0.75
Less distributions from:						
Net investment income . . . . .	(0.51)	(0.57)	(0.12)	(0.17)	(0.58)	(0.47)
Net realized gains . . . . .	(0.01)	(0.01)	—	—	—	—
Tax return of capital . . . . .	(0.19)	—	—	—	—	—
Total distributions . . . . .	(0.71)	(0.58)	(0.12)	(0.17)	(0.58)	(0.47)
Net asset value, end of year . . . . .	\$ 8.14	\$ 9.17	\$ 8.85	\$ 8.71	\$ 8.30	\$ 9.76
Total return <sup>d</sup> . . . . .	(3.40)%	10.13%	2.96%	7.15%	(9.14)%	7.94%
<b>Ratios to average net assets<sup>e</sup></b>						
Expenses before waiver and payments by affiliates . . . . .	2.24%	2.50%	3.12%	2.77%	2.61%	3.49%
Expenses net of waiver and payments by affiliates . . . . .	1.22%	1.26%	1.01%	1.47%	1.50%	1.50% <sup>f</sup>
Net investment income . . . . .	7.95%	7.47%	7.26%	6.24%	5.13%	4.91%
<b>Supplemental data</b>						
Net assets, end of year (000's) . . . . .	\$12	\$14	\$10	\$9	\$26	\$10
Portfolio turnover rate . . . . .	18.82%	77.90%	15.23%	40.40%	43.49%	6.31%

<sup>a</sup>For the period September 1, 2016 to December 31, 2016.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return is not annualized for periods less than one year.

<sup>e</sup>Ratios are annualized for periods less than one year.

<sup>f</sup>Benefit of expense reduction rounds to less than 0.01%.

**Templeton Emerging Markets Bond Fund** (continued)

	Year Ended December 31,			Year Ended August 31,		
	2018	2017	2016 <sup>a</sup>	2016	2015	2014
<b>Class R6</b>						
<b>Per share operating performance</b>						
(for a share outstanding throughout the year)						
Net asset value, beginning of year . . . . .	\$ 9.17	\$ 8.85	\$ 8.77	\$ 8.34	\$ 9.79	\$ 9.50
Income from investment operations <sup>b</sup> :						
Net investment income <sup>c</sup> . . . . .	0.74	0.74	0.22	0.57	0.50	0.53
Net realized and unrealized gains (losses) . . . . .	(1.02)	0.19	0.04	0.06	(1.33)	0.27
Total from investment operations . . . . .	(0.28)	0.93	0.26	0.63	(0.83)	0.80
Less distributions from:						
Net investment income . . . . .	(0.54)	(0.60)	(0.18)	(0.20)	(0.62)	(0.51)
Net realized gains . . . . .	(0.01)	(0.01)	—	—	—	—
Tax return of capital . . . . .	(0.20)	—	—	—	—	—
Total distributions . . . . .	(0.75)	(0.61)	(0.18)	(0.20)	(0.62)	(0.51)
Net asset value, end of year . . . . .	\$ 8.14	\$ 9.17	\$ 8.85	\$ 8.77	\$ 8.34	\$ 9.79
Total return <sup>d</sup> . . . . .	(2.95)%	10.50%	2.90%	7.84%	(8.75)%	8.67%
<b>Ratios to average net assets<sup>e</sup></b>						
Expenses before waiver and payments by affiliates . . . . .	1.91%	2.87%	5.59%	6.58%	2.01%	3.44%
Expenses net of waiver and payments by affiliates . . . . .	0.78%	0.92%	0.91%	0.93%	0.95%	0.96% <sup>f</sup>
Net investment income . . . . .	8.39%	7.81%	7.36%	6.77%	5.68%	5.45%
<b>Supplemental data</b>						
Net assets, end of year (000's) . . . . .	\$831	\$281	\$4	\$4	\$4	\$5
Portfolio turnover rate . . . . .	18.82%	77.90%	15.23%	40.40%	43.49%	6.31%

<sup>a</sup>For the period September 1, 2016 to December 31, 2016.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return is not annualized for periods less than one year.

<sup>e</sup>Ratios are annualized for periods less than one year.

<sup>f</sup>Benefit of expense reduction rounds to less than 0.01%.



**Templeton Emerging Markets Bond Fund** (continued)

	Year Ended December 31,			Year Ended August 31,		
	2018	2017	2016 <sup>a</sup>	2016	2015	2014
<b>Advisor Class</b>						
<b>Per share operating performance</b> (for a share outstanding throughout the year)						
Net asset value, beginning of year . . . . .	\$ 9.19	\$ 8.86	\$ 8.78	\$ 8.35	\$ 9.80	\$ 9.51
Income from investment operations <sup>b</sup> :						
Net investment income <sup>c</sup> . . . . .	0.76	0.74	0.21	0.55	0.50	0.52
Net realized and unrealized gains (losses) . . . . .	(1.05)	0.19	0.04	0.07	(1.33)	0.28
Total from investment operations . . . . .	(0.29)	0.93	0.25	0.62	(0.83)	0.80
Less distributions from:						
Net investment income . . . . .	(0.53)	(0.59)	(0.17)	(0.19)	(0.62)	(0.51)
Net realized gains . . . . .	(0.01)	(0.01)	—	—	—	—
Tax return of capital . . . . .	(0.20)	—	—	—	—	—
Total distributions . . . . .	(0.74)	(0.60)	(0.17)	(0.19)	(0.62)	(0.51)
Net asset value, end of year . . . . .	\$ 8.16	\$ 9.19	\$ 8.86	\$ 8.78	\$ 8.35	\$ 9.80
Total return <sup>d</sup> . . . . .	(3.01)%	10.53%	2.90%	7.65%	(8.69)%	8.60%
<b>Ratios to average net assets<sup>e</sup></b>						
Expenses before waiver and payments by affiliates . . . . .	1.89%	2.24%	3.09%	2.30%	2.11%	2.99%
Expenses net of waiver and payments by affiliates . . . . .	0.88%	1.00%	0.98%	1.00%	1.00%	1.00% <sup>f</sup>
Net investment income . . . . .	8.29%	7.73%	7.29%	6.71%	5.63%	5.41%
<b>Supplemental data</b>						
Net assets, end of year (000's) . . . . .	\$10,797	\$1,585	\$312	\$353	\$774	\$684
Portfolio turnover rate . . . . .	18.82%	77.90%	15.23%	40.40%	43.49%	6.31%

<sup>a</sup>For the period September 1, 2016 to December 31, 2016.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return is not annualized for periods less than one year.

<sup>e</sup>Ratios are annualized for periods less than one year.

<sup>f</sup>Benefit of expense reduction rounds to less than 0.01%.

**Statement of Investments, December 31, 2018**  
**Templeton Emerging Markets Bond Fund**

	Shares/ Warrants		Value
<b>Common Stocks and Other Equity Interests 0.0%†</b>			
<b>South Africa 0.0%†</b>			
<sup>a,b,c</sup> Edcon Holdings Ltd., F wts., 2/20/49	84	\$	—
<sup>a,b,c</sup> Edcon Holdings Ltd., F1 wts., 2/20/49	1,503,436		—
<sup>a,b,c</sup> Edcon Holdings Ltd., F2 wts., 2/20/49	121,748		—
<sup>a,b,c</sup> K2016470219 South Africa Ltd., A	2,171,539		1,511
<sup>a,b,c</sup> K2016470219 South Africa Ltd., B	619,903		432
<b>Total Common Stocks and Other Equity Interests (Cost \$32,218)</b>			<u>1,943</u>
		<b>Principal Amount*</b>	
<b>Foreign Government and Agency Securities 45.9%</b>			
<b>Argentina 8.8%</b>			
Argentina Treasury Bill, Strip, 4/30/20	2,599,000	ARS	75,929
Argentine Bonos del Tesoro,			
18.20%, 10/03/21	12,616,000	ARS	259,013
16.00%, 10/17/23	44,547,000	ARS	1,000,609
senior note, 15.50%, 10/17/26	49,512,000	ARS	989,212
Government of Argentina,			
<sup>d</sup> FRN, 65.509%, (ARPP7DRR), 6/21/20	5,545,000	ARS	159,619
<sup>e</sup> Index Linked, 3.75%, 2/08/19	7,691,000	ARS	289,930
<sup>e</sup> Index Linked, 4.00%, 3/06/20	225,000	ARS	7,239
senior note, 4.50%, 2/13/20	359,000		326,196
			<u>3,107,747</u>
<b>Brazil 13.8%</b>			
Letra Tesouro Nacional,			
Strip, 7/01/21	4,680 <sup>f</sup>	BRL	1,000,844
Strip, 1/01/22	340 <sup>f</sup>	BRL	69,344
Nota Do Tesouro Nacional,			
10.00%, 1/01/23	2,500 <sup>f</sup>	BRL	675,336
10.00%, 1/01/25	1,060 <sup>f</sup>	BRL	285,529
10.00%, 1/01/27	10,430 <sup>f</sup>	BRL	2,808,217
			<u>4,839,270</u>
<b>Colombia 3.1%</b>			
Government of Colombia,			
senior bond, 7.75%, 4/14/21	58,000,000	COP	18,617
senior bond, 9.85%, 6/28/27	13,000,000	COP	4,920
Titulos de Tesoreria,			
B, 7.75%, 9/18/30	381,800,000	COP	125,353
B, 7.00%, 6/30/32	637,000,000	COP	193,643
senior bond, B, 11.00%, 7/24/20	59,000,000	COP	19,734
senior bond, B, 7.00%, 5/04/22	132,000,000	COP	42,461
senior bond, B, 10.00%, 7/24/24	383,000,000	COP	138,885
senior bond, B, 7.50%, 8/26/26	1,199,800,000	COP	390,193
senior bond, B, 6.00%, 4/28/28	428,400,000	COP	125,349
senior note, B, 7.00%, 9/11/19	65,000,000	COP	20,320
			<u>1,079,475</u>
<b>Ethiopia 0.5%</b>			
<sup>9</sup> Government of Ethiopia, 144A, 6.625%, 12/11/24	200,000		192,117

Templeton Emerging Markets Bond Fund (continued)

	Principal Amount*		Value
<b>Foreign Government and Agency Securities (continued)</b>			
<b>Ghana 7.3%</b>			
Ghana Treasury Note,			
19.95%, 5/06/19 . . . . .	50,000	GHS \$	10,272
17.24%, 11/11/19 . . . . .	50,000	GHS	10,093
17.18%, 1/06/20 . . . . .	110,000	GHS	22,121
16.50%, 3/16/20 . . . . .	1,220,000	GHS	242,053
Government of Ghana,			
24.50%, 4/22/19 . . . . .	190,000	GHS	39,489
24.50%, 5/27/19 . . . . .	170,000	GHS	35,542
21.00%, 3/23/20 . . . . .	80,000	GHS	16,630
24.75%, 3/01/21 . . . . .	100,000	GHS	22,182
16.25%, 5/17/21 . . . . .	1,140,000	GHS	218,192
24.50%, 6/21/21 . . . . .	730,000	GHS	162,671
24.75%, 7/19/21 . . . . .	540,000	GHS	120,855
19.50%, 10/18/21 . . . . .	885,000	GHS	182,204
18.75%, 1/24/22 . . . . .	320,000	GHS	63,776
17.60%, 11/28/22 . . . . .	100,000	GHS	18,998
16.50%, 2/06/23 . . . . .	810,000	GHS	149,728
19.75%, 3/25/24 . . . . .	270,000	GHS	53,156
19.00%, 11/02/26 . . . . .	810,000	GHS	153,243
senior bond, 19.75%, 3/15/32 . . . . .	1,212,000	GHS	239,138
senior note, 21.50%, 3/09/20 . . . . .	110,000	GHS	22,865
senior note, 18.50%, 6/01/20 . . . . .	70,000	GHS	14,112
senior note, 18.25%, 9/21/20 . . . . .	100,000	GHS	20,029
senior note, 24.00%, 11/23/20 . . . . .	1,820,000	GHS	395,677
senior note, 16.50%, 3/22/21 . . . . .	1,710,000	GHS	330,084
senior note, 18.25%, 7/25/22 . . . . .	50,000	GHS	9,773
			<u>2,552,883</u>
<b>Indonesia 4.8%</b>			
Government of Indonesia,			
senior bond, FR31, 11.00%, 11/15/20 . . . . .	777,000,000	IDR	57,837
senior bond, FR34, 12.80%, 6/15/21 . . . . .	48,000,000	IDR	3,737
senior bond, FR35, 12.90%, 6/15/22 . . . . .	8,000,000	IDR	641
senior bond, FR43, 10.25%, 7/15/22 . . . . .	24,000,000	IDR	1,793
senior bond, FR53, 8.25%, 7/15/21 . . . . .	988,000,000	IDR	69,850
senior bond, FR56, 8.375%, 9/15/26 . . . . .	1,866,000,000	IDR	131,957
senior bond, FR59, 7.00%, 5/15/27 . . . . .	8,082,000,000	IDR	525,134
senior bond, FR61, 7.00%, 5/15/22 . . . . .	6,688,000,000	IDR	455,067
senior bond, FR63, 5.625%, 5/15/23 . . . . .	5,925,000,000	IDR	381,129
senior bond, FR71, 9.00%, 3/15/29 . . . . .	332,000,000	IDR	24,375
senior bond, FR73, 8.75%, 5/15/31 . . . . .	414,000,000	IDR	30,052
senior note, FR69, 7.875%, 4/15/19 . . . . .	104,000,000	IDR	7,264
			<u>1,688,836</u>
<b>Mexico 2.3%</b>			
Government of Mexico,			
senior bond, M, 8.00%, 6/11/20 . . . . .	101,700 <sup>h</sup>	MXN	514,170
senior bond, M, 6.50%, 6/10/21 . . . . .	30,700 <sup>h</sup>	MXN	149,379
senior note, M, 5.00%, 12/11/19 . . . . .	30,000 <sup>h</sup>	MXN	147,816
			<u>811,365</u>
<b>Senegal 0.6%</b>			
<sup>9</sup> Government of Senegal, 144A, 6.25%, 7/30/24 . . . . .	200,000		<u>195,337</u>

**Templeton Emerging Markets Bond Fund** (continued)

	Principal Amount*		Value
<b>Foreign Government and Agency Securities</b> (continued)			
<b>Thailand 4.4%</b>			
Bank of Thailand Bond,			
senior note, 1.49%, 8/28/19 . . . . .	14,492,000	THB	\$ 447,592
senior note, 1.77%, 3/27/20 . . . . .	29,200,000	THB	903,435
Government of Thailand, senior bond, 3.875%, 6/13/19 . . . . .	6,800,000	THB	212,336
			<u>1,563,363</u>
<b>Ukraine 0.3%</b>			
<sup>a,g,i</sup> Government of Ukraine, 144A, VRI, GDP Linked Security, 5/31/40 . . . . .	189,000		<u>108,884</u>
<b>Total Foreign Government and Agency Securities (Cost \$20,067,509)</b> . . . . .			<u>16,139,277</u>
<b>Quasi-Sovereign and Corporate Bonds 1.6%</b>			
<b>Costa Rica 1.5%</b>			
<sup>b,c</sup> Reventazon Finance Trust, secured bond, first lien, 144A, 8.00%, 11/15/33 . . . . .	566,100		<u>532,069</u>
<b>South Africa 0.1%</b>			
<sup>b,c,j</sup> K2016470219 South Africa Ltd.,			
senior secured note, 144A, PIK, 3.00%, 12/31/22 . . . . .	169,562		209
senior secured note, 144A, PIK, 8.00%, 12/31/22 . . . . .	42,110	EUR	928
<sup>c,i</sup> K2016470260 South Africa Ltd., senior secured note, 144A, PIK, 25.00%, 12/31/22 . . . . .	104,268		7,414
			<u>8,551</u>
<b>Total Quasi-Sovereign and Corporate Bonds (Cost \$899,237)</b> . . . . .			<u>540,620</u>
<b>Total Investments before Short Term Investments (Cost \$20,998,964)</b> . . . . .			<u>16,681,840</u>
<b>Short Term Investments 48.6%</b>			
<b>Foreign Government and Agency Securities 10.6%</b>			
<b>Argentina 5.8%</b>			
<sup>k</sup> Argentina Treasury Bill,			
2/28/19 - 5/31/19 . . . . .	16,771,000	ARS	496,181
9/30/19 . . . . .	31,619,000	ARS	954,860
10/31/19 . . . . .	20,421,000	ARS	594,318
			<u>2,045,359</u>
<b>Egypt 3.5%</b>			
<sup>k</sup> Egypt Treasury Bill, 1/08/19 - 3/05/19 . . . . .	22,475,000	EGP	<u>1,236,094</u>
<b>Ghana 0.2%</b>			
Ghana Treasury Note, 21.00%, 1/07/19 . . . . .	270,000	GHS	<u>55,283</u>
<b>Mexico 1.1%</b>			
<sup>k</sup> Mexico Treasury Bill, 2/28/19 - 9/12/19 . . . . .	784,940 <sup>l</sup>	MXN	<u>385,081</u>
<b>Total Foreign Government and Agency Securities (Cost \$3,775,669)</b> . . . . .			<u>3,721,817</u>
<b>Total Investments before Money Market Funds (Cost \$24,774,633)</b> . . . . .			<u>20,403,657</u>

Templeton Emerging Markets Bond Fund (continued)

	Shares	Value
<b>Short Term Investments</b> (continued)		
<b>Money Market Funds (Cost \$13,375,809) 38.0%</b>		
<b>United States 38.0%</b>		
<sup>m,n</sup> Institutional Fiduciary Trust Money Market Portfolio, 1.99% . . . . .	13,375,809	\$13,375,809
<b>Total Investments (Cost \$38,150,442) 96.1%</b> . . . . .		33,779,466
<b>Other Assets, less Liabilities 3.9%</b> . . . . .		1,387,059
<b>Net Assets 100.0%</b> . . . . .		\$35,166,525

<sup>†</sup>Rounds to less than 0.1% of net assets.

<sup>\*</sup>The principal amount is stated in U.S. dollars unless otherwise indicated.

<sup>a</sup>Non-income producing.

<sup>b</sup>Fair valued using significant unobservable inputs. See Note 12 regarding fair value measurements.

<sup>c</sup>See Note 9 regarding restricted securities.

<sup>d</sup>The coupon rate shown represents the rate at period end.

<sup>e</sup>Redemption price at maturity and coupon payment are adjusted for inflation. See Note 1(f).

<sup>f</sup>Principal amount is stated in 1,000 Brazilian Real Units.

<sup>g</sup>Security 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 Trust's Board of Trustees. At December 31, 2018, the aggregate value of these securities was \$496,338, representing 1.4% of net assets.

<sup>h</sup>Principal amount is stated in 100 Mexican Peso Units.

<sup>i</sup>The principal represents the notional amount. See Note 1(c) regarding value recovery instruments.

<sup>j</sup>Income may be received in additional securities and/or cash.

<sup>k</sup>The security was issued on a discount basis with no stated coupon rate.

<sup>l</sup>Principal amount is stated in 10 Mexican Peso Units.

<sup>m</sup>See Note 3(f) regarding investments in affiliated management investment companies.

<sup>n</sup>The rate shown is the annualized seven-day effective yield at period end.

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

**Forward Exchange Contracts**

Currency	Counterparty <sup>a</sup>	Type	Quantity	Contract Amount	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
<b>OTC Forward Exchange Contracts</b>							
Mexican Peso . . . . .	CITI	Buy	3,398,504	\$177,486	1/02/19	\$ —	\$ (4,597)
Mexican Peso . . . . .	CITI	Sell	3,398,504	171,199	1/02/19	—	(1,690)
Euro . . . . .	DBAB	Sell	304,900	354,890	1/07/19	5,319	—
Japanese Yen . . . . .	BZWS	Sell	46,442,500	409,556	1/07/19	—	(14,433)
Japanese Yen . . . . .	JPHQ	Sell	20,000,000	176,683	1/09/19	—	(5,933)
Australian Dollar . . . . .	JPHQ	Sell	104,250	73,639	1/11/19	172	—
Indian Rupee . . . . .	JPHQ	Buy	13,837,500	185,688	1/11/19	13,034	—
Japanese Yen . . . . .	HSBK	Sell	19,800,000	176,253	1/11/19	—	(4,567)
Japanese Yen . . . . .	JPHQ	Sell	20,000,000	181,717	1/11/19	—	(930)
Australian Dollar . . . . .	GSCO	Sell	350,000	249,235	1/14/19	2,567	—
Australian Dollar . . . . .	JPHQ	Sell	208,500	148,100	1/14/19	1,156	—
Euro . . . . .	BNDP	Sell	625,000	727,062	1/14/19	10,048	—
Indian Rupee . . . . .	DBAB	Buy	29,840,000	396,571	1/14/19	31,861	—
Indian Rupee . . . . .	JPHQ	Buy	15,031,190	201,073	1/14/19	14,740	—
Australian Dollar . . . . .	CITI	Sell	92,225	65,600	1/15/19	602	—
Euro . . . . .	DBAB	Sell	33,250	38,796	1/15/19	648	—
Indian Rupee . . . . .	JPHQ	Buy	15,029,810	199,679	1/15/19	16,096	—
Mexican Peso . . . . .	CITI	Buy	2,335,000	120,669	1/16/19	—	(2,162)
Indian Rupee . . . . .	JPHQ	Buy	20,962,000	279,661	1/17/19	21,230	—

**Templeton Emerging Markets Bond Fund** (continued)

**Forward Exchange Contracts** (continued)

Currency	Counterparty <sup>a</sup>	Type	Quantity	Contract Amount	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
<b>OTC Forward Exchange Contracts</b> (continued)							
Japanese Yen	BZWS	Sell	10,100,000	\$ 91,088	1/17/19	\$ —	\$ (1,194)
Euro	UBSW	Sell	25,815	29,929	1/22/19	292	—
Euro	DBAB	Sell	128,180	148,306	1/24/19	1,124	—
Euro	UBSW	Sell	660,000	764,135	1/24/19	6,295	—
Indonesian Rupiah	HSBK	Buy	2,940,000,000	189,922	1/24/19	13,600	—
Euro	JPHQ	Sell	27,350	31,607	1/25/19	200	—
Euro	BZWS	Sell	236,000	270,991	1/31/19	—	(160)
Euro	DBAB	Sell	137,583	157,890	1/31/19	—	(185)
Euro	CITI	Sell	309,594	354,826	2/01/19	—	(908)
Japanese Yen	JPHQ	Sell	20,400,000	182,247	2/01/19	—	(4,370)
Japanese Yen	SCNY	Sell	20,370,000	182,037	2/01/19	—	(4,305)
Indian Rupee	JPHQ	Buy	31,220,000	416,733	2/04/19	30,651	—
Indonesian Rupiah	JPHQ	Buy	9,517,000,000	616,107	2/04/19	41,553	—
Australian Dollar	BNDP	Sell	492,000	353,550	2/05/19	6,654	—
Euro	BNDP	Sell	1,000,000	1,149,871	2/05/19	478	—
Mexican Peso	CITI	Buy	11,484,750	593,813	2/05/19	—	(12,796)
Japanese Yen	JPHQ	Sell	20,420,000	191,385	2/12/19	4,435	—
Australian Dollar	CITI	Sell	92,225	65,372	2/13/19	339	—
Australian Dollar	JPHQ	Sell	104,250	73,939	2/13/19	427	—
Indian Rupee	CITI	Buy	53,117,186	712,600	2/13/19	47,723	—
Euro	BOFA	Sell	32,247	36,751	2/19/19	—	(354)
Euro	JPHQ	Sell	27,350	31,102	2/19/19	—	(368)
Japanese Yen	JPHQ	Sell	158,200,000	1,407,010	2/19/19	—	(42,088)
Euro	JPHQ	Sell	27,350	31,466	2/20/19	—	(7)
Euro	JPHQ	Sell	27,350	31,532	2/21/19	57	—
Euro	UBSW	Sell	25,815	29,757	2/21/19	48	—
Mexican Peso	HSBK	Buy	15,380,000	783,734	2/22/19	—	(7,503)
Mexican Peso	CITI	Buy	19,977,374	1,028,860	2/27/19	—	(21,302)
Australian Dollar	BOFA	Sell	763,000	552,565	2/28/19	14,415	—
Euro	BZWS	Sell	118,000	135,275	2/28/19	—	(597)
Euro	DBAB	Sell	137,637	156,846	2/28/19	—	(1,637)
Brazilian Real	JPHQ	Buy	2,747,303	644,000	3/06/19	62,233	—
Euro	DBAB	Sell	304,900	348,998	3/06/19	—	(2,267)
Euro	DBAB	Sell	393,000	451,620	3/11/19	—	(1,346)
Japanese Yen	BZWS	Sell	20,370,000	182,266	3/11/19	—	(4,636)
Euro	DBAB	Sell	33,250	38,230	3/12/19	—	(97)
Australian Dollar	CITI	Sell	92,550	66,866	3/13/19	1,577	—
Mexican Peso	CITI	Buy	1,690,390	84,963	3/13/19	97	—
Australian Dollar	DBAB	Sell	423,000	302,885	3/18/19	4,461	—
Euro	BOFA	Sell	16,123	18,324	3/18/19	—	(272)
Euro	DBAB	Sell	713,000	815,458	3/18/19	—	(6,853)
Indian Rupee	HSBK	Buy	44,800,000	608,282	3/19/19	30,294	—
Indonesian Rupiah	HSBK	Buy	4,850,000,000	312,601	3/19/19	20,659	—
Mexican Peso	CITI	Buy	9,290,000	480,600	3/20/19	—	(13,675)
Indonesian Rupiah	JPHQ	Buy	14,900,000,000	966,277	3/27/19	56,390	—
Mexican Peso	CITI	Buy	4,729,821	242,120	3/27/19	—	(4,672)
Euro	BZWS	Sell	118,000	134,914	3/28/19	—	(1,300)
Indian Rupee	DBAB	Buy	53,060,000	712,885	3/29/19	42,497	—
Mexican Peso	CITI	Buy	3,398,504	168,870	3/29/19	1,686	—
Japanese Yen	DBAB	Sell	9,900,000	89,379	4/15/19	—	(1,745)
Japanese Yen	BNDP	Sell	78,012,000	702,418	5/07/19	—	(16,965)
Mexican Peso	GSCO	Buy	1,464,330	69,309	5/15/19	3,582	—
Mexican Peso	JPHQ	Buy	6,083,000	288,521	5/31/19	13,439	—
Mexican Peso	HSBK	Buy	7,980,000	383,654	6/03/19	12,268	—
Mexican Peso	CITI	Buy	38,343,902	1,836,702	6/14/19	62,096	—

**Templeton Emerging Markets Bond Fund** (continued)

**Forward Exchange Contracts** (continued)

Currency	Counterparty <sup>a</sup>	Type	Quantity	Contract Amount	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
<b>OTC Forward Exchange Contracts</b> (continued)							
Mexican Peso	DBAB	Buy	3,300,000	\$159,420	6/20/19	\$ 3,827	\$ —
Total Forward Exchange Contracts						\$600,870	\$ (185,914)
Net unrealized appreciation (depreciation)						\$414,956	

<sup>a</sup>May 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)
<b>Centrally Cleared Swap Contracts</b>				
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 3.018%	Semi-Annual	8/22/23	\$520,000	\$ (14,291)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.914%	Semi-Annual	1/22/25	440,000	15,260
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.970%	Semi-Annual	1/23/25	550,000	17,200
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.973%	Semi-Annual	1/27/25	320,000	9,917
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.937%	Semi-Annual	1/29/25	80,000	2,663
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.942%	Semi-Annual	1/30/25	70,000	2,311
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.817%	Semi-Annual	2/03/25	110,000	4,469
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.794%	Semi-Annual	3/13/47	200,000	253
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.980%	Semi-Annual	2/20/48	102,000	(4,082)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 3.002%	Semi-Annual	2/22/48	102,000	(4,240)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 3.019%	Semi-Annual	2/23/48	102,000	(4,595)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 3.292%	Semi-Annual	10/26/48	600,000	(57,967)
Total Interest Rate Swap Contracts				\$ (33,102)

See Note 10 regarding other derivative information.

See Abbreviations on page 39.

## Financial Statements

### Statement of Assets and Liabilities

December 31, 2018

#### Templeton Emerging Markets Bond Fund

Assets:

Investments in securities:

Cost - Unaffiliated issuers . . . . .	\$24,774,633
Cost - Non-controlled affiliates (Note 3f) . . . . .	13,375,809

Value - Unaffiliated issuers . . . . .	\$20,403,657
Value - Non-controlled affiliates (Note 3f) . . . . .	13,375,809

Restricted cash for OTC derivative contracts (Note 1d) . . . . .	110,000
Foreign currency, at value (cost \$456,588) . . . . .	456,220

Receivables:

Capital shares sold . . . . .	14,333
Interest . . . . .	475,891
Affiliates . . . . .	32,915

Deposits with brokers for:

Centrally cleared swap contracts . . . . .	128,490
Unrealized appreciation on OTC forward exchange contracts . . . . .	600,870

Other assets . . . . .	2
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Total assets . . . . .	35,598,187
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Liabilities:

Payables:

Capital shares redeemed . . . . .	17,093
Distribution fees . . . . .	11,864
Transfer agent fees . . . . .	10,062
Professional fees . . . . .	59,410
Variation margin on centrally cleared swap contracts . . . . .	11,384

Deposits from brokers for:

OTC derivative contracts . . . . .	110,000
Unrealized depreciation on OTC forward exchange contracts . . . . .	185,914

Deferred tax . . . . .	7,789
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Accrued expenses and other liabilities . . . . .	18,146
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Total liabilities . . . . .	431,662
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Net assets, at value . . . . .	\$35,166,525
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Net assets consist of:

Paid-in capital . . . . .	\$39,728,891
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Total distributable earnings (loss) . . . . .	(4,562,366)
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Net assets, at value . . . . .	\$35,166,525
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**Statement of Assets and Liabilities** (continued)  
December 31, 2018

**Templeton Emerging Markets Bond Fund**

**Class A:**

Net assets, at value . . . . .	\$20,727,726
Shares outstanding . . . . .	2,549,817
Net asset value per share <sup>a</sup> . . . . .	\$8.13
Maximum offering price per share (net asset value per share ÷ 95.75%) . . . . .	\$8.49

**Class C:**

Net assets, at value . . . . .	\$ 2,798,634
Shares outstanding . . . . .	344,697
Net asset value and maximum offering price per share <sup>a</sup> . . . . .	\$8.12

**Class R:**

Net assets, at value . . . . .	\$ 12,097
Shares outstanding . . . . .	1,486
Net asset value and maximum offering price per share . . . . .	\$8.14

**Class R6:**

Net assets, at value . . . . .	\$ 830,695
Shares outstanding . . . . .	102,018
Net asset value and maximum offering price per share . . . . .	\$8.14

**Advisor Class:**

Net assets, at value . . . . .	\$10,797,373
Shares outstanding . . . . .	1,323,695
Net asset value and maximum offering price per share . . . . .	\$8.16

<sup>a</sup>Redemption price is equal to net asset value less contingent deferred sales charges, if applicable.

**Statement of Operations**

for the year ended December 31, 2018

**Templeton Emerging Markets Bond Fund**

Investment income:

Dividends:

Non-controlled affiliates (Note 3f) . . . . . \$ 161,126

Interest: (net of foreign taxes)-

Unaffiliated issuers . . . . . 2,976,051

Total investment income . . . . . 3,137,177

Expenses:

Management fees (Note 3a) . . . . . 358,807

Distribution fees: (Note 3c)

Class A . . . . . 62,507

Class C . . . . . 21,627

Class R . . . . . 45

Transfer agent fees: (Note 3e)

Class A . . . . . 42,197

Class C . . . . . 5,911

Class R . . . . . 23

Class R6 . . . . . 1,506

Advisor Class . . . . . 11,254

Custodian fees (Note 4) . . . . . 17,621

Reports to shareholders . . . . . 27,011

Registration and filing fees . . . . . 79,722

Professional fees . . . . . 74,085

Other . . . . . 25,621

Total expenses . . . . . 727,937

Expenses waived/paid by affiliates (Note 3f and 3g) . . . . . (346,219)

Net expenses . . . . . 381,718

Net investment income . . . . . 2,755,459

Realized and unrealized gains (losses):

Net realized gain (loss) from:

Investments:#

Unaffiliated issuers . . . . . (1,344,870)

Foreign currency transactions . . . . . (118,368)

Forward exchange contracts . . . . . 261,185

Swap contracts . . . . . (76,326)

Net realized gain (loss) . . . . . (1,278,379)

Net change in unrealized appreciation (depreciation) on:

Investments:

Unaffiliated issuers . . . . . (3,935,804)

Translation of other assets and liabilities  
denominated in foreign currencies . . . . . (935)

Forward exchange contracts . . . . . 551,488

Swap contracts . . . . . 135,616

Change in deferred taxes on unrealized appreciation . . . . . 13,505

Net change in unrealized appreciation (depreciation) . . . . . (3,236,130)

Net realized and unrealized gain (loss) . . . . . (4,514,509)

Net increase (decrease) in net assets resulting from operations . . . . . \$(1,759,050)

-Foreign taxes withheld on interest . . . . . \$ 84,456

#Net of foreign taxes . . . . . \$ 106,292

Statements of Changes in Net Assets

Templeton Emerging Markets Bond Fund

	Year Ended December 31,	
	2018	2017
Increase (decrease) in net assets:		
Operations:		
Net investment income . . . . .	\$ 2,755,459	\$ 1,406,842
Net realized gain (loss) . . . . .	(1,278,379)	116,448
Net change in unrealized appreciation (depreciation) . . . . .	(3,236,130)	43,552
Net increase (decrease) in net assets resulting from operations . . . . .	(1,759,050)	1,566,842
Distributions to shareholders: (Note 1f)		
Class A . . . . .	(1,430,218)	(1,060,109)
Class C . . . . .	(190,191)	(99,205)
Class R . . . . .	(778)	(790)
Class R6 . . . . .	(50,997)	(8,699)
Advisor Class . . . . .	(463,660)	(91,463)
Distributions to shareholders from tax return of capital:		
Class A . . . . .	(523,696)	—
Class C . . . . .	(69,498)	—
Class R . . . . .	(283)	—
Class R6 . . . . .	(19,255)	—
Advisor Class . . . . .	(178,421)	—
Total distributions to shareholders . . . . .	(2,926,997)	(1,260,266)
Capital share transactions: (Note 2)		
Class A . . . . .	5,088,244	4,460,643
Class C . . . . .	702,879	2,034,679
Class R . . . . .	157	2,764
Class R6 . . . . .	659,632	284,155
Advisor Class . . . . .	9,926,593	1,297,568
Total capital share transactions . . . . .	16,377,505	8,079,809
Net increase (decrease) in net assets . . . . .	11,691,458	8,386,385
Net assets:		
Beginning of year . . . . .	23,475,067	15,088,682
End of year (Note 1f) . . . . .	\$35,166,525	\$23,475,067

## Notes to Financial Statements

### Templeton Emerging Markets Bond Fund

#### 1. Organization and Significant Accounting Policies

Templeton Income Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of four separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Templeton Emerging Markets Bond Fund (Fund) is included in this report. The Fund offers five classes of shares: Class A, Class C, Class R, Class R6, and Advisor Class. Beginning on October 19, 2018, Class C shares automatically convert to Class A shares after they have been held for 10 years. Each class of shares may differ by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees due to differing arrangements for distribution and transfer agent fees.

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 Trust'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

**Templeton Emerging Markets Bond Fund** (continued)

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 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 counterparties. 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

## Templeton Emerging Markets Bond Fund (continued)

### 1. Organization and Significant Accounting Policies (continued)

#### c. Derivative Financial Instruments (continued)

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 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.

### Templeton Emerging Markets Bond Fund (continued)

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 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. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.\*

\*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.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust or based on the ratio of number of shareholders of each Fund to the combined number of shareholders of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

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

**Templeton Emerging Markets Bond Fund** (continued)

**1. Organization and Significant Accounting Policies** (continued)

For the year ended December 31, 2017, distributions to shareholders were as follows:

Distributions from net investment income :	
Class A .....	\$(1,047,443)
Class C .....	(97,628)
Class R .....	(781)
Class R6 .....	(8,508)
Advisor Class .....	(90,341)
Distributions from net realized gains:	
Class A .....	(12,666)
Class C .....	(1,577)
Class R .....	(9)
Class R6 .....	(191)
Advisor Class .....	(1,122)

For the year ended December 31, 2017, undistributed net investment income included in net assets was \$203,368.

**2. Shares of Beneficial Interest**

At December 31, 2018, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31,			
	2018		2017	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Shares sold <sup>a</sup> .....	2,364,968	\$ 21,343,779	962,316	\$ 9,056,779
Shares issued in reinvestment of distributions .....	161,154	1,337,905	61,094	567,720
Shares redeemed .....	(2,055,249)	(17,593,440)	(551,755)	(5,163,856)
Net increase (decrease) .....	470,873	\$ 5,088,244	471,655	\$ 4,460,643
<b>Class C Shares:</b>				
Shares sold .....	237,242	\$ 2,155,226	270,483	\$ 2,535,724
Shares issued in reinvestment of distributions .....	30,413	252,051	10,482	97,069
Shares redeemed <sup>a</sup> .....	(202,063)	(1,704,398)	(63,809)	(598,114)
Net increase (decrease) .....	65,592	\$ 702,879	217,156	\$ 2,034,679
<b>Class R Shares:</b>				
Shares sold .....	341	\$ 2,957	279	\$ 2,614
Shares issued in reinvestment of distributions .....	42	350	23	217
Shares redeemed .....	(370)	(3,150)	(7)	(67)
Net increase (decrease) .....	13	\$ 157	295	\$ 2,764
<b>Class R6 Shares:</b>				
Shares sold .....	121,779	\$ 1,084,881	32,626	\$ 307,026
Shares issued in reinvestment of distributions .....	8,521	69,882	913	8,401
Shares redeemed .....	(58,902)	(495,131)	(3,412)	(31,272)
Net increase (decrease) .....	71,398	\$ 659,632	30,127	\$ 284,155



**Templeton Emerging Markets Bond Fund** (continued)

	Year Ended December 31,			
	2018		2017	
	Shares	Amount	Shares	Amount
<b>Advisor Class Shares:</b>				
Shares sold . . . . .	1,430,822	\$ 12,333,674	288,724	\$ 2,724,790
Shares issued in reinvestment of distributions . . . . .	78,603	637,826	9,194	85,807
Shares redeemed . . . . .	(358,309)	(3,044,907)	(160,561)	(1,513,029)
Net increase (decrease) . . . . .	1,151,116	\$ 9,926,593	137,357	\$ 1,297,568

<sup>a</sup>May include a portion of Class C shares that were automatically converted to Class A.

**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
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

**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
1.050%	Up to and including \$1 billion
1.030%	Over \$1 billion, up to and including \$5 billion
1.010%	Over \$5 billion, up to and including \$10 billion
0.990%	Over \$10 billion, up to and including \$15 billion
0.970%	Over \$15 billion, up to and including \$20 billion
0.950%	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. Distribution Fees**

The Board has adopted distribution plans for each share class, with the exception of Class R6 and Advisor Class shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's Class A reimbursement distribution plan, the Fund reimburses Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate. Under the Class A reimbursement distribution plan, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Fund's Class C and R compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate for each class. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

**Templeton Emerging Markets Bond Fund** (continued)

**3. Transactions with Affiliates** (continued)

**c. Distribution Fees** (continued)

The maximum annual plan rates, based on the average daily net assets, for each class, are as follows:

Class A . . . . .	0.25%
Class C . . . . .	0.65%
Class R . . . . .	0.50%

**d. Sales Charges/Underwriting Agreements**

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. These charges are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Fund of the following commission transactions related to the sales and redemptions of the Fund's shares for the year:

Sales charges retained net of commissions paid to unaffiliated brokers/dealers . . . . .	\$12,256
CDSC retained . . . . .	\$ 1,384

Effective on or about March 1, 2019, certain front-end sales charges on Class A shares will be lowered. Further details are disclosed in the Fund's Prospectus.

**e. Transfer Agent Fees**

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations. The fees are based on an annualized asset based fee of 0.02% plus a transaction based fee. In addition, each class reimburses Investor Services for out of pocket expenses incurred and, except for Class R6, reimburses shareholder servicing fees paid to third parties. These fees are allocated daily based upon their relative proportion of such classes' aggregate net assets. Class R6 pays Investor Services transfer agent fees specific to that class.

For the year ended December 31, 2018, the Fund paid transfer agent fees of \$60,891, of which \$37,485 was retained by Investor Services.

**f. 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	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)
<b>Non-Controlled Affiliates</b>								
Institutional Fiduciary Trust Money Market Portfolio, 1.99% . . . . .	6,581,624	32,532,426	(25,738,241)	13,375,809	\$13,375,809	\$161,126	\$ —	\$ —

**Templeton Emerging Markets Bond Fund** (continued)

**g. Waiver and Expense Reimbursements**

Effective February 1, 2018, Advisers and Investor Services have contractually agreed in advance to waive or limit their respective fees and to assume as their own expense certain expenses otherwise payable by the Fund so that the expenses (excluding distribution fees, acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for Class A, Class C, Class R and Advisor Class of the Fund do not exceed 0.86%, and effective May 1, 2018, Class R6 does not exceed 0.76% based on the average net assets of each class until April 30, 2019. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

Prior to May 1, 2018, the expenses (excluding certain fees and expenses as previously disclosed) for Class R6 were limited to 0.79% based on the average net assets of the class.

Prior to February 1, 2018, the expenses (excluding certain fees and expenses as previously disclosed) for Class A, Class C, Class R and Advisor Class were limited to 1.00% and expenses for Class R6 were limited to 0.93% based on the average net assets of each class.

**h. Other Affiliated Transactions**

At December 31, 2018, Advisers owned 18.2% of the Fund's outstanding shares.

**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, there were no credits earned.

**5. Income Taxes**

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 . . . . .	\$2,091,980	\$ 1,260,266
Long term capital gain . . . . .	43,864	—
	\$2,135,844	\$ 1,260,266
Return of capital . . . . .	791,153	—
	\$2,926,997	\$ 1,260,266

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

Cost of investments . . . . .	\$38,721,662
Unrealized appreciation . . . . .	\$ 797,290
Unrealized depreciation . . . . .	(5,343,077)
Net unrealized appreciation (depreciation) . . . . .	\$ (4,545,787)

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of foreign currency transactions.

**Templeton Emerging Markets Bond Fund** (continued)

**6. Investment Transactions**

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2018, aggregated \$10,898,188 and \$3,126,776, respectively.

**7. Credit Risk**

At December 31, 2018, the Fund had 44.0% 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.

**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
84	Edcon Holdings Ltd., F wts., 2/20/49	11/27/15	\$ 1	\$ —
1,503,436	Edcon Holdings Ltd., F1 wts., 2/20/49	11/27/15	15,929	—
121,748	Edcon Holdings Ltd., F2 wts., 2/20/49	11/27/15	1,290	—
2,171,539	K2016470219 South Africa Ltd., A	5/16/13 - 2/01/17	14,538	1,511
619,903	K2016470219 South Africa Ltd., B	2/01/17	460	432
169,562	K2016470219 South Africa Ltd., senior secured note, 144A, PIK, 3.00%, 12/31/22	5/16/13 - 12/31/18	228,135	209
42,110 EUR	K2016470219 South Africa Ltd., senior secured note, 144A, PIK, 8.00%, 12/31/22	2/01/17 - 12/31/18	25,404	928
104,268	K2016470260 South Africa Ltd., senior secured note, 144A, PIK, 25.00%, 12/31/22	2/01/17 - 12/31/18	79,598	7,414
566,100	Reventazon Finance Trust, secured bond, first lien, 144A, 8.00%, 11/15/33	12/18/13	566,100	532,069
	<b>Total Restricted Securities</b> (Value is 1.5% of Net Assets)		<b>\$931,455</b>	<b>\$542,563</b>

\*In U.S. dollars unless otherwise indicated.

**Templeton Emerging Markets Bond Fund** (continued)

**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:

Derivative Contracts Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	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	\$ 52,073 <sup>a</sup>	Variation margin on centrally cleared swap contracts	\$ 85,175 <sup>a</sup>
Foreign exchange contracts . . . . .	Unrealized appreciation on OTC forward exchange contracts	600,870	Unrealized depreciation on OTC forward exchange contracts	185,914
Value recovery instruments . . . . .	Investments in securities, at value	108,884 <sup>b</sup>		
Totals . . . . .		<u>\$761,827</u>		<u>\$271,089</u>

<sup>a</sup>This 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.

<sup>b</sup>VRI 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	\$ (76,326)	Swap contracts	\$135,616
Foreign exchange contracts . . . . .	Forward exchange contracts	261,185	Forward exchange contracts	551,488
Value recovery instruments . . . . .	Investments	13,419 <sup>a</sup>	Investments	(12,633) <sup>a</sup>
Totals . . . . .		<u>\$198,278</u>		<u>\$674,471</u>

<sup>a</sup>VRI 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 \$3,148,923. The average month end contract value of forward exchange contracts and fair value of VRI, was \$23,677,741 and \$169,120, 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 <sup>a</sup>	Liabilities <sup>a</sup>
<b>Derivatives</b>		
Forward exchange contracts . . . . .	\$600,870	\$185,914

<sup>a</sup>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.

**Templeton Emerging Markets Bond Fund** (continued)

**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:

	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount (Not less than zero)
		Financial Instruments Available for Offset	Financial Instruments Collateral Received <sup>a,b</sup>	Cash Collateral Received <sup>b</sup>	
<b>Counterparty</b>					
BNDP .....	\$ 17,180	\$ (16,965)	\$ —	\$ —	\$ 215
BOFA .....	14,415	(626)	—	—	13,789
BZWS .....	—	—	—	—	—
CITI .....	114,120	(61,802)	—	—	52,318
DBAB .....	89,737	(14,130)	—	(75,607)	—
GSCO .....	6,149	—	—	—	6,149
HSBK .....	76,821	(12,070)	—	—	64,751
JPHQ .....	275,813	(53,696)	(222,117)	—	—
SCNY .....	—	—	—	—	—
UBSW .....	6,635	—	—	—	6,635
Total .....	\$600,870	\$(159,289)	\$(222,117)	\$(75,607)	\$143,857

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:

	Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount (Not less than zero)
		Financial Instruments Available for Offset	Financial Instruments Collateral Pledged	Cash Collateral Pledged	
<b>Counterparty</b>					
BNDP .....	\$ 16,965	\$ (16,965)	\$ —	\$ —	\$ —
BOFA .....	626	(626)	—	—	—
BZWS .....	22,320	—	—	—	22,320
CITI .....	61,802	(61,802)	—	—	—
DBAB .....	14,130	(14,130)	—	—	—
GSCO .....	—	—	—	—	—
HSBK .....	12,070	(12,070)	—	—	—
JPHQ .....	53,696	(53,696)	—	—	—
SCNY .....	4,305	—	—	—	4,305
UBSW .....	—	—	—	—	—
Total .....	\$185,914	\$(159,289)	\$ —	\$ —	\$26,625

<sup>a</sup>At December 31, 2018, the Fund received U.S. Treasury Bonds and Notes as collateral for derivatives.

<sup>b</sup>In 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 39.

**Templeton Emerging Markets Bond Fund** (continued)

**11. Credit Facility**

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2 billion (Global Credit Facility) which matured on February 8, 2019. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective February 8, 2019, the Borrowers renewed the Global Credit Facility for a one year term, maturing February 7, 2020, for a total of \$2 billion.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended December 31, 2018, the Fund did not use the Global Credit Facility.

**12. 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
<b>Assets:</b>				
Investments in Securities: <sup>a</sup>				
Equity Investments: <sup>b</sup>				
South Africa . . . . .	\$ —	\$ —	\$ 1,943 <sup>c</sup>	\$ 1,943
Foreign Government and Agency Securities . . . .	—	16,139,277	—	16,139,277
Quasi-Sovereign and Corporate Bonds:				
Costa Rica . . . . .	—	—	532,069	532,069
South Africa . . . . .	—	7,414	1,137	8,551
Short Term Investments . . . . .	13,375,809	3,721,817	—	17,097,626
Total Investments in Securities . . . . .	\$ 13,375,809	\$ 19,868,508	\$ 535,149	\$ 33,779,466
Other Financial Instruments:				
Forward Exchange Contracts . . . . .	\$ —	\$ 600,870	\$ —	\$ 600,870
Swap Contracts . . . . .	—	52,073	—	52,073
Total Other Financial Instruments . . . . .	\$ —	\$ 652,943	\$ —	\$ 652,943

**Templeton Emerging Markets Bond Fund** (continued)

**12. Fair Value Measurements** (continued)

	Level 1	Level 2	Level 3	Total
<b>Liabilities:</b>				
Other Financial Instruments:				
Forward Exchange Contracts . . . . .	\$ —	\$ 185,914	\$ —	\$ 185,914
Swap Contracts . . . . .	—	85,175	—	85,175
Total Other Financial Instruments . . . . .	\$ —	\$ 271,089	\$ —	\$ 271,089

<sup>a</sup>For detailed categories, see the accompanying Statement of Investments.

<sup>b</sup>Includes common stocks as well as other equity interests.

<sup>c</sup>Includes securities determined to have no value at December 31, 2018.

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 <sup>a</sup>	Transfer Out of Level 3	Cost Basis Adjustments	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Year	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Year End
<b>Assets:</b>										
Investments in Securities:										
Equity Investments: <sup>b</sup>										
South Africa . . . . .	\$ 2,256 <sup>c</sup>	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (313)	\$ 1,943 <sup>c</sup>	\$ (313)
Quasi-Sovereign and Corporate Bonds:										
Costa Rica . . . . .	645,391	—	(17,700)	—	—	—	—	(95,622)	532,069	(93,755)
South Africa . . . . .	234	—	—	3,267	—	—	—	(2,364)	1,137	(2,364)
Total Investments in Securities . . . . .	\$647,881	\$—	\$(17,700)	\$3,267	\$—	\$—	\$—	\$(98,299)	\$535,149	\$(96,432)

<sup>a</sup>The 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.

<sup>b</sup>Includes common stocks as well as other equity interests.

<sup>c</sup>Includes securities determined to have no value.



**Templeton Emerging Markets Bond Fund** (continued)

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 Input	Amount	Impact to Fair Value if Input Increases <sup>a</sup>
<b>Assets:</b>					
Investments in Securities:					
Quasi-Sovereign and Corporate Bonds					
Costa Rica . . . . .	\$532,069	Discounted cash flow model	Discount rate <sup>b</sup>	9.1%	Decrease <sup>c</sup>
All other investments <sup>d</sup> . . . . .	3,080				
<b>Total</b> . . . . .	<b>\$535,149</b>				

<sup>a</sup>Represents 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.

<sup>b</sup>The 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.

<sup>c</sup>Represents a significant impact to fair value and net assets.

<sup>d</sup>Includes 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.

**13. 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 other than those already disclosed in the financial statements.

**Abbreviations**

Counterparty	Currency	Selected Portfolio
<b>BNDP</b> BNP Paribas	<b>ARS</b> Argentine Peso	<b>ARPP7DRR</b> Argentina Central Bank 7 Day Repo Rate
<b>BOFA</b> Bank of America Corp.	<b>BRL</b> Brazilian Real	<b>FRN</b> Floating Rate Note
<b>BZWS</b> Barclays Bank PLC	<b>COP</b> Colombian Peso	<b>GDP</b> Gross Domestic Product
<b>CITI</b> Citigroup, Inc.	<b>EGP</b> Egyptian Pound	<b>LIBOR</b> London InterBank Offered Rate
<b>DBAB</b> Deutsche Bank AG	<b>EUR</b> Euro	<b>PIK</b> Payment-In-Kind
<b>GSCO</b> The Goldman Sachs Group Inc.	<b>GHS</b> Ghanaian Cedi	<b>VRI</b> Value Recovery Instruments
<b>HSBK</b> HSBC Bank PLC	<b>IDR</b> Indonesian Rupiah	
<b>JPHQ</b> JP Morgan Chase & Co.	<b>MXN</b> Mexican Peso	
<b>SCNY</b> Standard Chartered Bank	<b>THB</b> Thailand Baht	
<b>UBSW</b> UBS AG	<b>USD</b> United States Dollar	

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Templeton Income Trust and Shareholders of Templeton Emerging Markets Bond 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 Bond 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 each of the periods indicated therein (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 each of the periods indicated therein 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.

**Tax Information (unaudited)****Templeton Emerging Markets Bond Fund**

Under Section 852(b)(3)(C) of the Internal Revenue Code, the Fund hereby reports the maximum amount allowable but no less than \$43,864 as a long term capital gain dividend for the fiscal year ended December 31, 2018.

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.

## 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
<b>Harris J. Ashton (1932)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 1992	136	Bar-S Foods (meat packing company) (1981-2010).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , 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).				
<b>Ann Torre Bates (1958)</b> 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).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , 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).				
<b>Mary C. Choksi (1950)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2016	136	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).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , 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).				
<b>Edith E. Holiday (1952)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Lead Independent Trustee	Trustee since 2001 and Lead Independent Trustee since 2007	136	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).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director or Trustee of various companies and trusts; and <b>formerly</b> , 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).				

**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
<b>J. Michael Luttig (1954)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2009	136	Boeing Capital Corporation (aircraft financing) (2006-2013).
<b>Principal Occupation During at Least the Past 5 Years:</b> Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (aerospace company) (2006-present); and <b>formerly</b> , Federal Appeals Court Judge, U.S. Court of Appeals for the Fourth Circuit (1991-2006).				
<b>David W. Niemiec (1949)</b> 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).
<b>Principal Occupation During at Least the Past 5 Years:</b> Advisor, Saratoga Partners (private equity fund); and <b>formerly</b> , 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).				
<b>Larry D. Thompson (1945)</b> 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).
<b>Principal Occupation During at Least the Past 5 Years:</b> 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 <b>formerly</b> , 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).				
<b>Constantine D. Tseretopoulos (1954)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2003	24	None
<b>Principal Occupation During at Least the Past 5 Years:</b> Physician, Chief of Staff, owner and operator of the Lyford Cay Hospital (1987-present); director of various nonprofit organizations; and <b>formerly</b> , Cardiology Fellow, University of Maryland (1985-1987); and Internal Medicine Resident, Greater Baltimore Medical Center (1982-1985).				
<b>Robert E. Wade (1946)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2006	38	El Oro Ltd (investments) (2003-present).
<b>Principal Occupation During at Least the Past 5 Years:</b> Attorney at law engaged in private practice as a sole practitioner (1972-2008) and member of various boards.				

## 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
<b>**Gregory E. Johnson (1961)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	150	None
<b>Principal Occupation During at Least the Past 5 Years:</b> 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 <b>formerly</b> , President, Franklin Resources, Inc. (1994-2015).				
<b>**Rupert H. Johnson, Jr. (1940)</b> 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
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Alison E. Baur (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Aliya S. Gordon (1973)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton Investments; and officer of 44 of the investment companies in Franklin Templeton Investments.				
<b>Steven J. Gray (1955)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Michael Hasenstab, Ph.D. (1973)</b> One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since December 2018	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Matthew T. Hinkle (1971)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Vice President, Franklin Templeton Services, LLC; officer of 44 of the investment companies in Franklin Templeton Investments; and <b>formerly</b> , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton Investments (2009-2017).				

**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
<b>Robert G. Kubilis (1973)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2017	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Treasurer, U.S. Fund Administration & Reporting, Franklin Templeton Investments; and officer of 16 of the investment companies in Franklin Templeton Investments.				
<b>Robert Lim (1948)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Kimberly H. Novotny (1972)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2013	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Robert C. Rosselot (1960)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Compliance Officer	Since 2013	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Director, Global Compliance, Franklin Templeton Investments; Vice President, Franklin Templeton Companies, LLC; officer of 44 of the investment companies in Franklin Templeton Investments; and <b>formerly</b> , Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				
<b>Navid J. Tofigh (1972)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Associate General Counsel, Franklin Templeton Investments; and officer of 44 of the investment companies in Franklin Templeton Investments.				
<b>Craig S. Tyle (1960)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Lori A. Weber (1964)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Secretary	Vice President since 2011 and Secretary since 2013	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				

**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
<b>Christine Zhu (1975)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since December 2018	Not Applicable	Not Applicable

**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 and distributor. 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.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.



# 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](http://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](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://sec.gov) and reflect the most recent 12-month period ended June 30.

## Quarterly Statement of Investments

The Trust, on behalf of 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](http://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.

## Householding of Reports and Prospectuses

You will receive the Fund's financial reports every six months as well as an annual updated summary prospectus (prospectus available upon request). To reduce Fund expenses, we try to identify related shareholders in a household and send only one copy of the financial reports and summary prospectus. This process, called "householding," will continue indefinitely unless you instruct us otherwise. If you prefer not to have these documents househanded, please call us at (800) 632-2301. At any time you may view current prospectuses/summary prospectuses and financial reports on our website. If you choose, you may receive these documents through electronic delivery.

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**FRANKLIN  
TEMPLETON**

**Annual Report and Shareholder Letter  
Templeton Emerging Markets Bond Fund**

**Investment Manager**

Franklin Advisers, Inc.

**Distributor**

Franklin Templeton Distributors, Inc.

(800) DIAL BEN® / 342-5236

[franklintempleton.com](http://franklintempleton.com)

**Shareholder Services**

(800) 632-2301

Authorized for distribution only when accompanied or preceded by a summary prospectus and/or prospectus. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. A prospectus contains this and other information; please read it carefully before investing.

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