

SEMIANNUAL REPORT AND SHAREHOLDER LETTER

# TEMPLETON EMERGING MARKETS BOND FUND

A Series of Templeton Income Trust

June 30, 2019



FRANKLIN  
TEMPLETON

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

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. If you have not signed up for electronic delivery, we would encourage you to join fellow shareholders who have. You may elect to receive shareholder reports and other communications electronically from the Fund by calling (800) 632-2301 or by contacting your financial intermediary.

You may elect to continue to receive paper copies of all your future shareholder reports free of charge by contacting your financial intermediary or, if you invest directly with a Fund, calling (800) 632-2301 to let the Fund know of your request. Your election to receive reports in paper will apply to all funds held in your account.

# FRANKLIN TEMPLETON

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

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

Dear Shareholder:

During the six months ended June 30, 2019, the global economy generally expanded amid positive economic data in certain regions, healthy corporate earnings, the U.S. Federal Reserve's (Fed's) patient monetary policy stance and hopes of a U.S.-China trade deal. The European Central Bank did not change its benchmark interest rate and announced it would not raise rates in the next year due to risks including Brexit and global trade tensions. The Fed left the federal funds rate unchanged at its last four meetings and signaled no increases for 2019. Global markets were pressured by trade tensions between the U.S. and its trading partners and other geopolitical risks. In this environment, global government bonds, as measured by the FTSE World Government Bond Index, rose 5.38% in U.S. dollar terms and 5.06% in local currency terms. The U.S. dollar declined 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 semiannual 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

*This letter reflects our analysis and opinions as of June 30, 2019, 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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Visit **franklintempleton.com** for fund updates, to access your account, or to find helpful financial planning tools.

# SEMIANNUAL REPORT

## Templeton Emerging Markets Bond Fund

This semiannual report for Templeton Emerging Markets Bond Fund covers the period ended June 30, 2019.

### 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 six months under review, the Fund's Class A shares posted a +4.65% 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, posted a +10.60% 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.

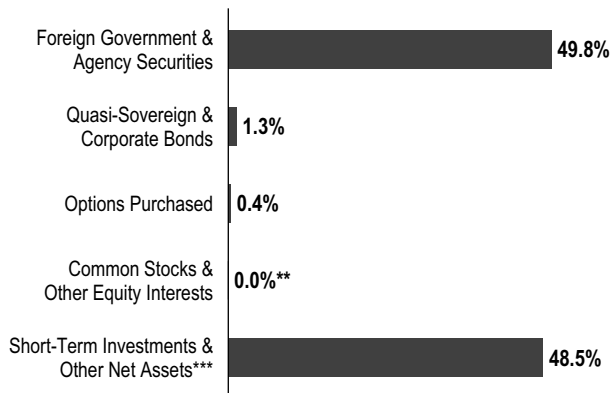
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com)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

### Economic and Market Overview

Global financial markets began the six-month period on a positive note, significantly recovering from the heightened volatility in December 2018. Some of the strongest rallies in January were seen across emerging markets, notably in Latin America. Most global currencies initially strengthened against a broadly weaker U.S. dollar before the trends reversed in February, March, April and May. However, weakness in the U.S. dollar returned in June, resulting in positive appreciations for a number of currencies against the U.S. dollar over the full six-month period. Additionally, risk assets around the world largely rallied during the period as a

### Portfolio Composition\*

Based on Total Net Assets as of 6/30/19



\*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).

whole despite intermittent periods of volatility, with credit spreads broadly tightening across much of the global fixed income markets.

The Federal Open Market Committee (FOMC) shifted its policy stance at its January 2019 meeting, keeping rates unchanged, but removing its prior statement that "some further gradual increases in the target range for the federal funds rate" would be warranted. By March, the U.S. Federal Reserve (Fed) dropped its projected rate hikes for 2019 to zero, from the previous projections for two. In June, the FOMC shifted forward guidance further into dovish territory, notably removing its prior statement on being "patient...on future adjustments" and replacing it with a declaration that it "will act as appropriate to sustain the expansion." Fed Chair Jay Powell indicated that several FOMC members saw a strengthening case for rate cuts.

In Europe, the European Central Bank (ECB) kept its policy rate unchanged at its January, March, April and June meetings, but moved increasingly into dovish territory

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.

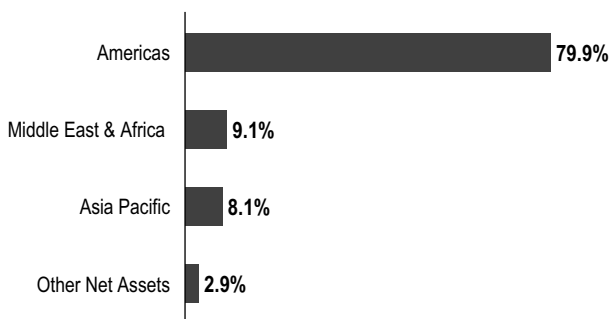
The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 15.

throughout the period. ECB President Mario Draghi indicated the central bank was prepared to “use all the instruments in its toolbox” to support economic conditions and move inflation closer to its 2.0% target, specifically including the possibility for rate cuts and quantitative easing.

Trade tensions between the U.S. and China presented risks to economic continuity and market sentiment during the period. Negotiations appeared to deteriorate throughout May, but not to a point that we believed would trigger an imminent recession or require acute monetary accommodation. The impasse appeared to thaw at the end of June, as President Trump resumed trade talks with Chinese President Xi Jinping at the G20 summit in Osaka, Japan. Our baseline view was for trade agreements to be reached in the second half of 2019, though the tail risks for “no-deal” scenarios and ongoing tariff tensions remained elevated.

### Geographic Composition\*

Based on Total Net Assets as of 6/30/19



\*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.

Sovereign bond yields around the world declined during the six-month period, with the yield on the 10-year U.S. Treasury (UST) note finishing 0.68% lower at 2.01%, its lowest level since November 2016, and the yield on the 10-year German Bund dropping 0.57% to finish at 0.33%, its lowest level on record. The UST yield curve inverted with the spread between three-month and 10-year USTs reaching a low of -0.25% in early June, its lowest level since 2007. In our view, markets were overvaluing longer-term USTs during the period and overstating the probabilities for a near-term contraction in the U.S. economy. The probability for slower growth in the second half of 2019 increased during the period, but the likelihood for a recession still remained quite low, in our assessment.

On the whole, duration and credit exposures around the world rallied during the period. Additionally, a number of global currencies appreciated against a weakened U.S. dollar, with some notable exceptions including the euro, the

Australian dollar, the Argentine peso and the Ghanaian cedi. Overall, long-duration exposures and select currency exposures across global fixed income markets were key drivers of investment returns during the period.

## 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 and may also use currency and currency index futures contracts and currency options. 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 a currency option?

A currency option is a derivative financial instrument that gives the owner the right but not the obligation to exchange money denominated in one currency at a pre-agreed exchange rate on a specified date.

### 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 period, we held duration exposures in select local-currency markets, notably including Brazil, Colombia, Ghana, India and Indonesia. We held short-term local-currency bonds in Mexico, Argentina, Egypt and Thailand. We also continued to hold a net-negative position in the euro, through currency forward contracts, as a macro hedge against a broadly strengthening U.S. dollar and as a directional view on the currency. We expected the euro to weaken based on rate differentials and growth divergence between Europe and the U.S. The ECB has shifted back toward ongoing stimulus with intentions to not raise rates

**Currency Composition\***

6/30/19

	% of Total Net Assets
<b>Americas</b>	<b>85.3%</b>
U.S. Dollar	41.2%
Brazilian Real	20.4%
Argentine Peso	12.2%
Mexican Peso	9.4%
Colombian Peso	2.1%
<b>Asia Pacific</b>	<b>21.2%</b>
Japanese Yen	18.0%
Thailand Baht	4.8%
Indonesian Rupiah	3.4%
Indian Rupee	0.8%
Australian Dollar	-5.8%
<b>Middle East &amp; Africa</b>	<b>8.2%</b>
Ghanaian Cedi	5.0%
Egyptian Pound	3.2%
South African Rand	0.0%**
<b>Europe</b>	<b>-14.7%</b>
Euro	-14.7%

\*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%.

above the 0% main refinancing rate through at least the first half of 2020. Our short euro position was also designed to hedge against eurosceptic political risks and unresolved structural risks across Europe. We also continued to hold net-negative positioning in the Australian dollar, also through currency forward contracts, based on the Reserve Bank of Australia's continued rate accommodation, and as a partial hedge against potential trade risks and tail risks associated with China's economy. The short Australian dollar position is intended to hedge broad-based beta risk across emerging markets. In May, we closed our net-negative position in the Japanese yen, formerly achieved through currency forward contracts, and transitioned toward a positive exposure to the yen, as our expectations shifted to a positive outlook for yen strength. We continued to hedge our exposure to the Indian rupee but maintained our positions in the local-currency bonds. In credit markets, we continued to see areas of value in some specific sovereign credits. However, we largely preferred the risk-adjusted returns in specific areas of the local-currency bond markets over the more fully valued credit markets. We remained positioned for rising yields by maintaining low overall portfolio duration and holding negative duration exposure to USTs through interest-rate swaps. During the period, we used forward currency

exchange contracts to actively manage currencies. We also used interest-rate swaps to tactically manage duration exposures.

**What is duration?**

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

During the period, the strategy's positive absolute performance was primarily attributable to interest-rate strategies. Currency positions and overall credit exposures had largely neutral effects on absolute results. The Fund maintained low overall portfolio duration, while holding duration exposures in select emerging markets. Select duration exposures in Latin America (Brazil and Argentina), Asia ex-Japan (Indonesia) and Africa (Ghana) contributed to absolute performance, while negative duration exposure to USTs detracted. Among currencies, exposures to the Argentine peso and Ghanaian cedi detracted, while exposures to the Mexican peso and Indonesian rupiah contributed.

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



Calvin Ho  
Portfolio Manager

*The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2019, 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 June 30, 2019

The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. 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 6/30/19<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 3.75% and the minimum is 0%. **Class A:** 3.75% 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<sup>4</sup></b>		
6-Month	+4.65%	+0.68%
1-Year	+6.56%	+2.53%
5-Year	+12.14%	+1.54%
Since Inception (4/1/13)	+15.63%	+1.73%
<b>Advisor</b>		
6-Month	+4.75%	+4.75%
1-Year	+6.82%	+6.82%
5-Year	+13.35%	+2.54%
Since Inception (4/1/13)	+17.31%	+2.59%

*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 8 for Performance Summary footnotes.

## Distributions (1/1/19–6/30/19)

Share Class	Net Investment Income
A	\$0.3509
C	\$0.3323
R	\$0.3484
R6	\$0.3653
Advisor	\$0.3605

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

Share Class	With Fee Waiver	Without Fee Waiver
A	1.25%	2.25%
Advisor	1.00%	2.00%

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 4/30/20. 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. Prior to 3/1/19, these shares were offered at a higher initial sales charge of 4.25%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 3.75%.
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.

## 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 1/1/19	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 6/30/19	Expenses Paid During Period 1/1/19–6/30/19 <sup>1, 2</sup>	Ending Account Value 6/30/19	Expenses Paid During Period 1/1/19–6/30/19 <sup>1, 2</sup>	
A	\$1,000	\$1,046.50	\$5.68	\$1,019.24	\$5.61	1.12%
C	\$1,000	\$1,044.20	\$7.70	\$1,017.26	\$7.60	1.52%
R	\$1,000	\$1,046.10	\$5.88	\$1,019.04	\$5.81	1.16%
R6	\$1,000	\$1,048.20	\$3.81	\$1,021.08	\$3.76	0.75%
Advisor	\$1,000	\$1,047.50	\$4.42	\$1,020.48	\$4.36	0.87%

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 181/365 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

	Six Months Ended June 30, 2019 (unaudited)	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 period)							
Net asset value, beginning of period . . . . .	\$ 8.13	\$ 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> . . . . .	0.34	0.68	0.70	0.21	0.55	0.48	0.50
Net realized and unrealized gains (losses) . . . . .	0.03	(0.99)	0.20	0.04	0.06	(1.33)	0.28
Total from investment operations . . . . .	0.37	(0.31)	0.90	0.25	0.61	(0.85)	0.78
Less distributions from:							
Net investment income . . . . .	(0.35)	(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 . . . . .	(0.35)	(0.72)	(0.58)	(0.16)	(0.19)	(0.60)	(0.49)
Net asset value, end of period . . . . .	\$ 8.15	\$ 8.13	\$ 9.16	\$ 8.84	\$ 8.75	\$ 8.33	\$ 9.78
Total return <sup>d</sup> . . . . .	4.65%	(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 . . . . .	2.03%	2.15%	2.46%	3.22%	2.45%	2.27%	3.24%
Expenses net of waiver and payments by affiliates . . . . .	1.12%	1.14%	1.22%	1.11%	1.15%	1.16%	1.25% <sup>f</sup>
Net investment income . . . . .	8.34%	8.03%	7.51%	7.16%	6.56%	5.47%	5.16%
<b>Supplemental data</b>							
Net assets, end of period (000's) . . . . .	\$26,895	\$20,728	\$19,042	\$14,214	\$13,643	\$14,085	\$17,462
Portfolio turnover rate . . . . .	6.09%	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)

	Six Months Ended June 30, 2019 (unaudited)	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 period)							
Net asset value, beginning of period . . . . .	\$ 8.12	\$ 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> . . . . .	0.32	0.65	0.67	0.20	0.51	0.44	0.46
Net realized and unrealized gains (losses) . . . . .	0.03	(1.00)	0.19	0.03	0.07	(1.34)	0.29
Total from investment operations . . . . .	0.35	(0.35)	0.86	0.23	0.58	(0.90)	0.75
Less distributions from:							
Net investment income . . . . .	(0.33)	(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 . . . . .	(0.33)	(0.68)	(0.55)	(0.12)	(0.16)	(0.56)	(0.45)
Net asset value, end of period . . . . .	\$ 8.14	\$ 8.12	\$ 9.15	\$ 8.84	\$ 8.73	\$ 8.31	\$ 9.77
Total return <sup>d</sup> . . . . .	4.42%	(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 . . . . .	2.43%	2.54%	2.89%	3.74%	2.94%	2.76%	3.64%
Expenses net of waiver and payments by affiliates . . . . .	1.52%	1.53%	1.65%	1.63%	1.64%	1.65%	1.65% <sup>f</sup>
Net investment income . . . . .	7.94%	7.64%	7.08%	6.64%	6.07%	4.98%	4.76%
<b>Supplemental data</b>							
Net assets, end of period (000's) . . . . .	\$2,695	\$2,799	\$2,553	\$548	\$464	\$551	\$817
Portfolio turnover rate . . . . .	6.09%	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)

	Six Months Ended June 30, 2019 (unaudited)	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 period)							
Net asset value, beginning of period . . . . .	\$ 8.14	\$ 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> . . . . .	0.34	0.68	0.70	0.21	0.51	0.43	0.47
Net realized and unrealized gains (losses) . . . . .	0.03	(1.00)	0.20	0.05	0.07	(1.31)	0.28
Total from investment operations . . . . .	0.37	(0.32)	0.90	0.26	0.58	(0.88)	0.75
Less distributions from:							
Net investment income . . . . .	(0.35)	(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 . . . . .	(0.35)	(0.71)	(0.58)	(0.12)	(0.17)	(0.58)	(0.47)
Net asset value, end of period . . . . .	\$ 8.16	\$ 8.14	\$ 9.17	\$ 8.85	\$ 8.71	\$ 8.30	\$ 9.76
Total return <sup>d</sup> . . . . .	4.61%	(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 . . . . .	2.07%	2.24%	2.50%	3.12%	2.77%	2.61%	3.49%
Expenses net of waiver and payments by affiliates . . . . .	1.16%	1.22%	1.26%	1.01%	1.47%	1.50%	1.50% <sup>f</sup>
Net investment income . . . . .	8.30%	7.95%	7.47%	7.26%	6.24%	5.13%	4.91%
<b>Supplemental data</b>							
Net assets, end of period (000's) . . . . .	\$14	\$12	\$14	\$10	\$9	\$26	\$10
Portfolio turnover rate . . . . .	6.09%	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)

	Six Months Ended June 30, 2019 (unaudited)	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 period)							
Net asset value, beginning of period . . . . .	\$ 8.14	\$ 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> . . . . .	0.35	0.74	0.74	0.22	0.57	0.50	0.53
Net realized and unrealized gains (losses) . . . . .	0.04	(1.02)	0.19	0.04	0.06	(1.33)	0.27
Total from investment operations . . . . .	0.39	(0.28)	0.93	0.26	0.63	(0.83)	0.80
Less distributions from:							
Net investment income . . . . .	(0.37)	(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 . . . . .	(0.37)	(0.75)	(0.61)	(0.18)	(0.20)	(0.62)	(0.51)
Net asset value, end of period . . . . .	\$ 8.16	\$ 8.14	\$ 9.17	\$ 8.85	\$ 8.77	\$ 8.34	\$ 9.79
Total return <sup>d</sup> . . . . .	4.82%	(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 . . . . .	1.77%	1.91%	2.87%	5.59%	6.58%	2.01%	3.44%
Expenses net of waiver and payments by affiliates . . . . .	0.75%	0.78%	0.92%	0.91%	0.93%	0.95%	0.96% <sup>f</sup>
Net investment income . . . . .	8.71%	8.39%	7.81%	7.36%	6.77%	5.68%	5.45%
<b>Supplemental data</b>							
Net assets, end of period (000's) . . . . .	\$925	\$831	\$281	\$4	\$4	\$4	\$5
Portfolio turnover rate . . . . .	6.09%	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)

	Six Months Ended June 30, 2019 (unaudited)	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 period)							
Net asset value, beginning of period . . . . .	\$ 8.16	\$ 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> . . . . .	0.35	0.76	0.74	0.21	0.55	0.50	0.52
Net realized and unrealized gains (losses) . . . . .	0.02	(1.05)	0.19	0.04	0.07	(1.33)	0.28
Total from investment operations . . . . .	0.37	(0.29)	0.93	0.25	0.62	(0.83)	0.80
Less distributions from:							
Net investment income . . . . .	(0.36)	(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 . . . . .	(0.36)	(0.74)	(0.60)	(0.17)	(0.19)	(0.62)	(0.51)
Net asset value, end of period . . . . .	\$ 8.17	\$ 8.16	\$ 9.19	\$ 8.86	\$ 8.78	\$ 8.35	\$ 9.80
Total return <sup>d</sup> . . . . .	4.75%	(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 . . . . .	1.78%	1.89%	2.24%	3.09%	2.30%	2.11%	2.99%
Expenses net of waiver and payments by affiliates . . . . .	0.87%	0.88%	1.00%	0.98%	1.00%	1.00%	1.00% <sup>f</sup>
Net investment income . . . . .	8.59%	8.29%	7.73%	7.29%	6.71%	5.63%	5.41%
<b>Supplemental data</b>							
Net assets, end of period (000's) . . . . .	\$14,356	\$10,797	\$1,585	\$312	\$353	\$774	\$684
Portfolio turnover rate . . . . .	6.09%	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, June 30, 2019 (unaudited)

## 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		1,541
<sup>a,b,c</sup> K2016470219 South Africa Ltd., B	619,903		440
<b>Total Common Stocks and Other Equity Interests (Cost \$32,218)</b>			<u>1,981</u>
		<b>Principal Amount*</b>	
<b>Foreign Government and Agency Securities 49.8%</b>			
<b>Argentina 5.7%</b>			
Argentina Treasury Bill,			
Strip, 4/30/20	3,585,000	ARS	95,923
Strip, 7/31/20	9,646,000	ARS	219,882
Argentine Bonos del Tesoro,			
18.20%, 10/03/21	15,018,000	ARS	240,224
16.00%, 10/17/23	44,547,000	ARS	754,606
senior note, 15.50%, 10/17/26	49,512,000	ARS	815,769
Government of Argentina,			
<sup>d</sup> FRN, 68.466%, (ARPP7DRR), 6/21/20	5,545,000	ARS	127,219
<sup>e</sup> Index Linked, 4.00%, 3/06/20	225,000	ARS	7,261
senior note, 4.50%, 2/13/20	359,000		310,535
			<u>2,571,419</u>
<b>Brazil 18.8%</b>			
Letra Tesouro Nacional,			
Strip, 7/01/21	4,680 <sup>f</sup>	BRL	1,081,819
Strip, 1/01/22	340 <sup>f</sup>	BRL	75,862
Nota do Tesouro Nacional,			
10.00%, 1/01/29	1,660 <sup>f</sup>	BRL	503,644
10.00%, 1/01/23	2,500 <sup>f</sup>	BRL	715,422
10.00%, 1/01/25	6,360 <sup>f</sup>	BRL	1,868,283
10.00%, 1/01/27	14,070 <sup>f</sup>	BRL	4,202,412
			<u>8,447,442</u>
<b>Colombia 2.1%</b>			
Government of Colombia,			
senior bond, 7.75%, 4/14/21	58,000,000	COP	18,892
senior bond, 9.85%, 6/28/27	13,000,000	COP	5,106
Titulos de Tesoreria,			
B, 7.75%, 9/18/30	381,800,000	COP	133,885
B, 7.00%, 6/30/32	107,000,000	COP	35,309
senior bond, B, 11.00%, 7/24/20	59,000,000	COP	19,618
senior bond, B, 7.00%, 5/04/22	132,000,000	COP	43,346
senior bond, B, 10.00%, 7/24/24	383,000,000	COP	144,309
senior bond, B, 7.50%, 8/26/26	1,199,800,000	COP	413,744

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

	Principal Amount*		Value
<b>Foreign Government and Agency Securities</b> (continued)			
<b>Colombia</b> (continued)			
Titulos de Tesoreria, (continued)			
senior bond, B, 6.00%, 4/28/28 . . . . .	428,400,000	COP \$	133,914
senior note, B, 7.00%, 9/11/19 . . . . .	65,000,000	COP	20,334
			<u>968,457</u>
<b>Ethiopia 0.5%</b>			
<sup>9</sup> Government of Ethiopia, 144A, 6.625%, 12/11/24 . . . . .	200,000		<u>208,880</u>
<b>Ghana 5.0%</b>			
Ghana Treasury Note,			
17.24%, 11/11/19 . . . . .	50,000	GHS	9,185
17.18%, 1/06/20 . . . . .	110,000	GHS	20,157
16.50%, 3/16/20 . . . . .	1,220,000	GHS	221,485
Government of Ghana,			
21.00%, 3/23/20 . . . . .	80,000	GHS	14,946
24.75%, 3/01/21 . . . . .	100,000	GHS	19,809
16.25%, 5/17/21 . . . . .	1,140,000	GHS	200,514
24.50%, 6/21/21 . . . . .	730,000	GHS	145,792
24.75%, 7/19/21 . . . . .	540,000	GHS	108,496
19.50%, 10/18/21 . . . . .	885,000	GHS	162,961
18.75%, 1/24/22 . . . . .	320,000	GHS	58,096
17.60%, 11/28/22 . . . . .	100,000	GHS	17,907
16.50%, 2/06/23 . . . . .	810,000	GHS	137,851
19.75%, 3/25/24 . . . . .	270,000	GHS	50,424
19.00%, 11/02/26 . . . . .	810,000	GHS	146,784
senior bond, 19.75%, 3/15/32 . . . . .	1,212,000	GHS	220,848
senior note, 21.50%, 3/09/20 . . . . .	110,000	GHS	20,677
senior note, 18.50%, 6/01/20 . . . . .	70,000	GHS	12,858
senior note, 18.25%, 9/21/20 . . . . .	100,000	GHS	18,301
senior note, 24.00%, 11/23/20 . . . . .	1,820,000	GHS	354,037
senior note, 16.50%, 3/22/21 . . . . .	1,710,000	GHS	302,834
senior note, 18.25%, 7/25/22 . . . . .	50,000	GHS	8,967
			<u>2,252,929</u>
<b>Indonesia 3.4%</b>			
Government of Indonesia,			
senior bond, FR56, 8.375%, 9/15/26 . . . . .	1,866,000,000	IDR	140,457
senior bond, FR59, 7.00%, 5/15/27 . . . . .	8,082,000,000	IDR	564,439
senior bond, FR61, 7.00%, 5/15/22 . . . . .	5,138,000,000	IDR	366,398
senior bond, FR63, 5.625%, 5/15/23 . . . . .	5,925,000,000	IDR	403,961
senior bond, FR73, 8.75%, 5/15/31 . . . . .	414,000,000	IDR	31,861
			<u>1,507,116</u>
<b>Mexico 9.1%</b>			
Government of Mexico,			
senior bond, M, 8.00%, 6/11/20 . . . . .	101,700 <sup>h</sup>	MXN	530,620
senior bond, M, 6.50%, 6/10/21 . . . . .	30,700 <sup>h</sup>	MXN	156,968
senior bond, M, 6.50%, 6/09/22 . . . . .	273,700 <sup>h</sup>	MXN	1,390,905
senior bond, M, 8.00%, 12/07/23 . . . . .	2,000 <sup>h</sup>	MXN	10,648

Templeton Emerging Markets Bond Fund (continued)

	Principal Amount*		Value
<b>Foreign Government and Agency Securities (continued)</b>			
<b>Mexico (continued)</b>			
Government of Mexico, (continued)			
senior bond, M 20, 10.00%, 12/05/24 . . . . .	87,800 <sup>h</sup>	MXN	\$ 510,339
senior note, M, 5.00%, 12/11/19 . . . . .	30,000 <sup>h</sup>	MXN	154,114
senior note, M, 7.25%, 12/09/21 . . . . .	253,300 <sup>h</sup>	MXN	1,314,136
			<u>4,067,730</u>
<b>Senegal 0.5%</b>			
<sup>9</sup> Government of Senegal, 144A, 6.25%, 7/30/24 . . . . .	200,000		<u>214,866</u>
<b>Thailand 4.7%</b>			
Bank of Thailand Bond,			
senior note, 1.49%, 8/28/19 . . . . .	14,492,000	THB	472,052
senior note, 1.77%, 3/27/20 . . . . .	46,268,000	THB	1,507,909
senior note, 1.95%, 11/26/20 . . . . .	4,673,000	THB	152,714
			<u>2,132,675</u>
<b>Total Foreign Government and Agency Securities (Cost \$25,886,616)</b> . . . . .			<u>22,371,514</u>
<b>Quasi-Sovereign and Corporate Bonds 1.3%</b>			
<b>Costa Rica 1.3%</b>			
<sup>b,c</sup> Reventazon Finance Trust, secured bond, first lien, 144A, 8.00%, 11/15/33 . . . . .	556,680		<u>572,966</u>
<b>South Africa 0.0%<sup>†</sup></b>			
<sup>c,i</sup> K2016470219 South Africa Ltd.,			
senior secured note, 144A, PIK, 3.00%, 12/31/22 . . . . .	172,105		215
senior secured note, 144A, PIK, 8.00%, 12/31/22 . . . . .	43,794	EUR	498
<sup>c,i</sup> K2016470260 South Africa Ltd., senior secured note, 144A, PIK, 25.00%, 12/31/22 . . . . .	117,301		3,519
			<u>4,232</u>
<b>Total Quasi-Sovereign and Corporate Bonds (Cost \$880,640)</b> . . . . .			<u>577,198</u>
	<b>Number of Contracts</b>	<b>Notional Amount*</b>	
<b>Options Purchased 0.4%</b>			
<b>Calls - Over-the-Counter</b>			
<b>Currency Options 0.3%</b>			
AUD/JPY, Counterparty CITI, February Strike Price 82.35 JPY, Expires 2/12/20 . . . . .	1	39,000	AUD 56
AUD/JPY, Counterparty CITI, May Strike Price 84.00 JPY, Expires 5/06/20 . . . . .	1	172,000	AUD 268
AUD/JPY, Counterparty CITI, May Strike Price 86.63 JPY, Expires 5/06/20 . . . . .	1	189,000	AUD 168
AUD/JPY, Counterparty CITI, May Strike Price 85.50 JPY, Expires 5/07/20 . . . . .	1	689,000	AUD 745
AUD/JPY, Counterparty CITI, November Strike Price 84.33 JPY, Expires 11/12/20 . . . . .	1	129,000	AUD 404
AUD/USD, Counterparty HSBK, April Strike Price \$0.77, Expires 4/30/20 . . . . .	1	215,000	AUD 494
AUD/USD, Counterparty HSBK, May Strike Price \$0.77, Expires 5/04/20 . . . . .	1	270,000	AUD 692
AUD/USD, Counterparty HSBK, May Strike Price \$0.77, Expires 5/07/20 . . . . .	1	172,000	AUD 366
USD/MXN, Counterparty CITI, November Strike Price 20.00 MXN, Expires 11/07/19 . . . . .	1	170,000	3,045
USD/MXN, Counterparty CITI, December Strike Price 20.50 MXN, Expires 12/05/19 . . . . .	1	526,000	7,973
USD/MXN, Counterparty CITI, May Strike Price 20.50 MXN, Expires 5/11/20 . . . . .	1	952,000	34,895
USD/MXN, Counterparty CITI, May Strike Price 20.92 MXN, Expires 5/12/20 . . . . .	1	567,000	17,096

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

	Number of Contracts	Notional Amount*	Value
<b>Options Purchased</b> (continued)			
<b>Calls - Over-the-Counter</b> (continued)			
<b>Currency Options</b> (continued)			
USD/MXN, Counterparty CITI, May Strike Price 20.87 MXN, Expires 5/14/20 . . . . .	1	639,000	\$ 19,966
USD/MXN, Counterparty JPHQ, October Strike Price 20.25 MXN, Expires 10/17/19 . . . . .	1	481,000	5,554
USD/MXN, Counterparty JPHQ, October Strike Price 21.92 MXN, Expires 10/17/19 . . . . .	1	240,000	728
USD/MXN, Counterparty JPHQ, November Strike Price 20.11 MXN, Expires 11/14/19 . . . . .	1	320,000	5,550
USD/MXN, Counterparty JPHQ, November Strike Price 20.11 MXN, Expires 11/14/19 . . . . .	1	320,000	5,550
USD/MXN, Counterparty JPHQ, November Strike Price 22.35 MXN, Expires 11/14/19 . . . . .	1	320,000	1,127
USD/MXN, Counterparty JPHQ, December Strike Price 20.14 MXN, Expires 12/19/19 . . . . .	1	120,000	2,651
USD/MXN, Counterparty JPHQ, May Strike Price 20.93 MXN, Expires 5/13/20 . . . . .	1	365,000	11,007
			<u>118,335</u>
<b>Puts - Over-the-Counter</b>			
<b>Currency Options 0.1%</b>			
AUD/JPY, Counterparty CITI, May Strike Price 69.54 JPY, Expires 5/06/20 . . . . .	1	138,000	AUD 1,053
AUD/JPY, Counterparty CITI, May Strike Price 70.65 JPY, Expires 5/06/20 . . . . .	1	86,000	AUD 786
AUD/JPY, Counterparty CITI, May Strike Price 74.48 JPY, Expires 5/06/20 . . . . .	1	637,000	AUD 10,957
AUD/JPY, Counterparty CITI, May Strike Price 75.50 JPY, Expires 5/06/20 . . . . .	1	258,000	AUD 4,877
AUD/JPY, Counterparty CITI, May Strike Price 65.55 JPY, Expires 5/07/20 . . . . .	1	344,000	AUD 1,405
AUD/JPY, Counterparty CITI, May Strike Price 73.25 JPY, Expires 5/07/20 . . . . .	1	344,000	AUD 4,840
AUD/JPY, Counterparty CITI, November Strike Price 66.78 JPY, Expires 11/12/20 . . . . .	1	64,000	AUD 594
AUD/JPY, Counterparty CITI, November Strike Price 69.18 JPY, Expires 11/12/20 . . . . .	1	39,000	AUD 488
AUD/JPY, Counterparty CITI, November Strike Price 72.78 JPY, Expires 11/12/20 . . . . .	1	161,000	AUD 3,182
AUD/JPY, Counterparty CITI, November Strike Price 74.00 JPY, Expires 11/12/20 . . . . .	1	116,000	AUD 2,677
AUD/USD, Counterparty HSBK, April Strike Price \$0.66, Expires 4/30/20 . . . . .	1	573,000	AUD 2,527
AUD/USD, Counterparty HSBK, April Strike Price \$0.68, Expires 4/30/20 . . . . .	1	286,000	AUD 2,194
AUD/USD, Counterparty HSBK, May Strike Price \$0.65, Expires 5/04/20 . . . . .	1	722,000	AUD 1,888
AUD/USD, Counterparty HSBK, May Strike Price \$0.68, Expires 5/04/20 . . . . .	1	358,000	AUD 2,524
AUD/USD, Counterparty HSBK, May Strike Price \$0.66, Expires 5/05/20 . . . . .	1	287,000	AUD 1,553
AUD/USD, Counterparty HSBK, May Strike Price \$0.65, Expires 5/07/20 . . . . .	1	344,000	AUD 1,412
AUD/USD, Counterparty HSBK, May Strike Price \$0.68, Expires 5/07/20 . . . . .	1	172,000	AUD 1,256
AUD/USD, Counterparty MSCO, November Strike Price \$0.67, Expires 11/14/19 . . . . .	1	1,000	AUD 3
USD/MXN, Counterparty CITI, October Strike Price 18.25 MXN, Expires 10/08/19 . . . . .	1	263,000	656
USD/MXN, Counterparty CITI, November Strike Price 18.28 MXN, Expires 11/07/19 . . . . .	1	170,000	589
USD/MXN, Counterparty CITI, May Strike Price 18.31 MXN, Expires 5/14/20 . . . . .	1	160,000	1,319
USD/MXN, Counterparty JPHQ, December Strike Price 18.85 MXN, Expires 12/03/19 . . . . .	1	240,000	2,362
USD/MXN, Counterparty JPHQ, December Strike Price 20.34 MXN, Expires 12/03/19 . . . . .	1	240,000	11,825
			<u>60,967</u>
<b>Total Options Purchased</b> <b>(Cost \$236,876)</b> . . . . .			<u>179,302</u>
<b>Total Investments before Short Term Investments</b> <b>(Cost \$27,036,350)</b> . . . . .			<u>23,129,995</u>

Templeton Emerging Markets Bond Fund (continued)

	Principal Amount*		Value
<b>Short Term Investments 45.6%</b>			
<b>Foreign Government and Agency Securities 9.7%</b>			
<b>Argentina 6.3%</b>			
<sup>j</sup> Argentina Treasury Bill,			
7/19/19 - 2/28/20 . . . . .	5,932,400	ARS	\$ 147,659
7/31/19 . . . . .	41,342,100	ARS	1,079,537
9/30/19 . . . . .	31,911,100	ARS	1,005,226
10/31/19 . . . . .	19,338,000	ARS	576,778
			<u>2,809,200</u>
<b>Egypt 3.1%</b>			
<sup>j</sup> Egypt Treasury Bill,			
7/02/19 . . . . .	8,925,000	EGP	533,915
7/09/19 - 9/17/19 . . . . .	14,400,000	EGP	842,701
			<u>1,376,616</u>
<b>Mexico 0.3%</b>			
<sup>j</sup> Mexico Treasury Bill, 7/04/19 - 2/27/20 . . . . .	310,000 <sup>k</sup>	MXN	<u>159,061</u>
<b>Total Foreign Government and Agency Securities (Cost \$4,554,444)</b> . . . . .			<u>4,344,877</u>
<b>Total Investments before Money Market Funds (Cost \$31,590,794)</b> . . . . .			<u>27,474,872</u>
		<u>Shares</u>	
<b>Money Market Funds (Cost \$16,092,326) 35.9%</b>			
<b>United States 35.9%</b>			
<sup>l,m</sup> Institutional Fiduciary Trust Money Market Portfolio, 2.05% . . . . .	16,092,326		16,092,326
<b>Total Investments (Cost \$47,683,120) 97.1%</b> . . . . .			43,567,198
<b>Options Written (0.3)%</b> . . . . .			(150,069)
<b>Other Assets, less Liabilities 3.2%</b> . . . . .			<u>1,466,978</u>
<b>Net Assets 100.0%</b> . . . . .			<u>\$44,884,107</u>

	Number of Contracts		Notional Amount*	
<sup>n</sup> <b>Options Written (0.3)%</b>				
<b>Calls - Over-the-Counter</b>				
<b>Currency Options (0.2)%</b>				
AUD/JPY, Counterparty CITI, November Strike Price 79.77 JPY, Expires 11/06/19 . . .	1	413,000	AUD	(672)
AUD/JPY, Counterparty CITI, November Strike Price 80.15 JPY, Expires 11/06/19 . . .	1	172,000	AUD	(234)
AUD/JPY, Counterparty CITI, November Strike Price 80.60 JPY, Expires 11/08/19 . . .	1	344,000	AUD	(388)
AUD/JPY, Counterparty CITI, February Strike Price 77.28 JPY, Expires 2/12/20 . . . . .	1	129,000	AUD	(980)
AUD/JPY, Counterparty CITI, February Strike Price 78.18 JPY, Expires 2/12/20 . . . . .	1	77,000	AUD	(441)
AUD/JPY, Counterparty CITI, February Strike Price 79.45 JPY, Expires 2/12/20 . . . . .	1	116,000	AUD	(438)
AUD/JPY, Counterparty CITI, February Strike Price 80.32 JPY, Expires 2/12/20 . . . . .	1	129,000	AUD	(363)
AUD/JPY, Counterparty CITI, May Strike Price 78.60 JPY, Expires 5/06/20 . . . . .	1	275,000	AUD	(1,846)
AUD/JPY, Counterparty CITI, May Strike Price 79.10 JPY, Expires 5/06/20 . . . . .	1	172,000	AUD	(1,009)

Templeton Emerging Markets Bond Fund (continued)

	Number of Contracts	Notional Amount*	Value
<sup>n</sup> <b>Options Written</b> (continued)			
<b>Calls - Over-the-Counter</b> (continued)			
<b>Currency Options</b> (continued)			
AUD/JPY, Counterparty CITI, May Strike Price 77.35 JPY, Expires 5/07/20 . . . . .	1	689,000 AUD	\$ (6,428)
AUD/USD, Counterparty HSBK, April Strike Price \$0.71, Expires 4/30/20 . . . . .	1	215,000 AUD	(2,913)
AUD/USD, Counterparty HSBK, May Strike Price \$0.71, Expires 5/04/20 . . . . .	1	270,000 AUD	(4,026)
AUD/USD, Counterparty HSBK, November Strike Price \$0.71, Expires 11/05/20 . . . .	1	172,000 AUD	(3,073)
AUD/USD, Counterparty HSBK, November Strike Price \$0.80, Expires 11/05/20 . . . .	1	344,000 AUD	(995)
AUD/USD, Counterparty HSBK, April Strike Price \$0.81, Expires 4/29/21 . . . . .	1	430,000 AUD	(1,757)
AUD/USD, Counterparty HSBK, May Strike Price \$0.80, Expires 5/04/21 . . . . .	1	542,000 AUD	(2,531)
AUD/USD, Counterparty HSBK, May Strike Price \$0.78, Expires 5/05/21 . . . . .	1	287,000 AUD	(2,146)
AUD/USD, Counterparty MSCO, November Strike Price \$0.72, Expires 11/14/19 . . . .	1	1,000 AUD	(5)
USD/MXN, Counterparty CITI, December Strike Price 21.90 MXN, Expires 12/05/19 . . . .	1	526,000	(3,050)
USD/MXN, Counterparty CITI, May Strike Price 19.55 MXN, Expires 5/11/20 . . . . .	1	317,000	(18,377)
USD/MXN, Counterparty CITI, May Strike Price 22.55 MXN, Expires 5/11/20 . . . . .	1	317,000	(4,668)
USD/MXN, Counterparty CITI, May Strike Price 19.82 MXN, Expires 5/12/20 . . . . .	1	227,000	(11,593)
USD/MXN, Counterparty CITI, May Strike Price 23.85 MXN, Expires 5/12/20 . . . . .	1	227,000	(2,063)
USD/MXN, Counterparty CITI, May Strike Price 22.85 MXN, Expires 5/14/20 . . . . .	1	320,000	(4,260)
USD/MXN, Counterparty JPHQ, October Strike Price 19.18 MXN, Expires 10/17/19 . . . .	1	240,000	(7,727)
USD/MXN, Counterparty JPHQ, October Strike Price 22.48 MXN, Expires 10/17/19 . . . .	1	240,000	(505)
USD/MXN, Counterparty JPHQ, November Strike Price 21.00 MXN, Expires 11/14/19 . . . . .	1	639,000	(5,505)
USD/MXN, Counterparty JPHQ, May Strike Price 23.76 MXN, Expires 5/13/20 . . . . .	1	183,000	(1,725)
			<u>(89,718)</u>
<b>Puts - Over-the-Counter</b>			
<b>Currency Options (0.1)%</b>			
USD/MXN, Counterparty CITI, October Strike Price 18.66 MXN, Expires 10/08/19 . . . .	1	263,000	(1,426)
USD/MXN, Counterparty CITI, October Strike Price 19.60 MXN, Expires 10/08/19 . . . .	1	197,000	(2,164)
USD/MXN, Counterparty CITI, November Strike Price 18.74 MXN, Expires 11/07/19 . . . .	1	340,000	(2,507)
USD/MXN, Counterparty CITI, May Strike Price 19.55 MXN, Expires 5/11/20 . . . . .	1	317,000	(8,237)
USD/MXN, Counterparty CITI, May Strike Price 19.69 MXN, Expires 5/12/20 . . . . .	1	113,000	(3,283)
USD/MXN, Counterparty CITI, May Strike Price 19.24 MXN, Expires 5/14/20 . . . . .	1	479,000	(9,596)
USD/MXN, Counterparty JPHQ, October Strike Price 19.18 MXN, Expires 10/17/19 . . . .	1	240,000	(3,252)
USD/MXN, Counterparty JPHQ, November Strike Price 19.44 MXN, Expires 11/13/19 . . . . .	1	183,000	(3,726)
USD/MXN, Counterparty JPHQ, November Strike Price 19.36 MXN, Expires 11/14/19 . . . . .	1	320,000	(5,827)
USD/MXN, Counterparty JPHQ, December Strike Price 20.10 MXN, Expires 12/03/19 . . . . .	1	480,000	(18,004)
USD/MXN, Counterparty JPHQ, December Strike Price 19.36 MXN, Expires 12/19/19 . . . . .	1	120,000	(2,329)
			<u>(60,351)</u>
<b>Total Options Written (Premiums received \$188,634) . . . . .</b>			<u>(150,069)</u>

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

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

\*The principal/notional 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(e).

<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 June 30, 2019, the aggregate value of these securities was \$423,746, representing 1.0% of net assets.

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

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

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

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

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

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

<sup>n</sup>See Note 1(c) regarding written options.

At June 30, 2019, 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>							
Australian Dollar	JPHQ	Sell	104,250	74,585	7/15/19	\$ 1,361	\$ —
Australian Dollar	DBAB	Sell	96,666	69,504	7/16/19	1,605	—
Euro	DBAB	Sell	93,332	106,315	7/16/19	47	—
Mexican Peso	CITI	Buy	2,335,000	119,285	7/16/19	1,937	—
Mexican Peso	CITI	Sell	2,335,000	119,237	7/16/19	—	(1,985)
Indian Rupee	HSBK	Buy	24,300,000	346,006	7/22/19	5,302	—
Euro	BZWS	Sell	236,000	265,080	7/31/19	—	(3,973)
Euro	JPHQ	Sell	27,350	30,757	8/21/19	—	(476)
Japanese Yen	HSBK	Buy	30,849,590	287,009	9/06/19	627	—
Japanese Yen	JPHQ	Buy	26,504,150	246,842	9/06/19	278	—
Australian Dollar	JPHQ	Sell	130,000	9,781,053	JPY 9/12/19	—	(232)
Euro	JPHQ	Sell	27,350	31,055	9/25/19	—	(258)
Euro	BZWS	Sell	118,000	135,393	9/30/19	240	—
Brazilian Real	JPHQ	Buy	2,747,303	680,278	10/02/19	28,113	—
Euro	DBAB	Sell	304,900	347,205	10/08/19	—	(2,231)
Australian Dollar	JPHQ	Sell	104,250	74,819	10/11/19	1,420	—
Australian Dollar	CITI	Sell	92,550	66,327	10/15/19	1,159	—
Australian Dollar	GSCO	Sell	350,000	250,362	10/15/19	3,915	—
Australian Dollar	JPHQ	Sell	104,250	74,723	10/15/19	1,317	—
Euro	BNDP	Sell	625,000	714,566	10/15/19	—	(2,115)
Euro	DBAB	Sell	66,500	76,019	10/15/19	—	(235)
Australian Dollar	DBAB	Sell	96,667	69,631	10/16/19	1,563	—
Euro	DBAB	Sell	93,337	107,133	10/16/19	96	—
Japanese Yen	HSBK	Buy	63,519,050	592,126	10/21/19	2,117	—
Japanese Yen	JPHQ	Buy	40,019,110	372,774	10/21/19	1,619	—
Euro	UBSW	Sell	25,815	29,656	10/23/19	36	—
Euro	DBAB	Sell	128,180	146,330	10/24/19	—	(755)

**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)							
Euro	UBSW	Sell	660,000	757,941	10/24/19	\$ 598	\$ —
Euro	DBAB	Sell	137,583	155,744	10/30/19	—	(2,204)
Euro	CITI	Sell	309,594	350,554	11/04/19	—	(5,006)
Australian Dollar	BNDP	Sell	492,000	346,358	11/06/19	—	(249)
Euro	BNDP	Sell	1,000,000	1,137,350	11/06/19	—	(11,296)
Australian Dollar	CITI	Sell	92,225	64,539	11/13/19	—	(443)
Australian Dollar	JPHQ	Sell	104,250	73,056	11/13/19	—	(399)
Australian Dollar	CITI	Sell	92,225	64,603	11/15/19	—	(381)
Australian Dollar	DBAB	Sell	96,667	67,449	11/18/19	—	(670)
Euro	DBAB	Sell	93,331	106,488	11/18/19	—	(816)
Euro	BOFA	Sell	32,247	36,595	11/20/19	—	(485)
Euro	JPHQ	Sell	27,350	31,057	11/20/19	—	(393)
Euro	JPHQ	Sell	27,350	30,984	11/21/19	—	(468)
Euro	UBSW	Sell	25,815	29,257	11/21/19	—	(430)
Australian Dollar	BOFA	Sell	763,000	531,422	11/29/19	—	(6,382)
Euro	BZWS	Sell	118,000	133,423	11/29/19	—	(2,360)
Euro	DBAB	Sell	137,637	155,636	11/29/19	—	(2,742)
Japanese Yen	JPHQ	Buy	25,629,100	240,186	12/05/19	437	—
Japanese Yen	HSBK	Buy	78,717,570	738,029	12/06/19	1,082	—
Japanese Yen	JPHQ	Buy	26,661,670	249,926	12/06/19	412	—
Euro	DBAB	Sell	304,900	348,598	12/09/19	—	(2,523)
Euro	DBAB	Sell	393,000	451,144	12/11/19	—	(1,503)
Australian Dollar	HSBK	Sell	50,000	3,743,050	JPY 12/12/19	—	(91)
Australian Dollar	HSBK	Sell	140,000	10,512,600	JPY 12/12/19	45	—
Australian Dollar	JPHQ	Sell	80,000	5,996,328	JPY 12/12/19	—	(76)
Australian Dollar	DBAB	Sell	423,000	294,641	12/16/19	—	(3,628)
Euro	BOFA	Sell	16,123	18,381	12/18/19	—	(200)
Euro	DBAB	Sell	713,000	812,535	12/18/19	—	(9,127)
Japanese Yen	HSBK	Buy	65,997,000	615,915	12/19/19	4,395	—
Japanese Yen	JPHQ	Buy	32,418,620	302,711	12/20/19	2,019	—
Japanese Yen	HSBK	Buy	30,849,580	290,783	3/06/20	574	—
Japanese Yen	JPHQ	Buy	29,299,370	276,469	3/06/20	246	—
Australian Dollar	JPHQ	Sell	110,000	8,208,811	JPY 3/12/20	—	(139)
Australian Dollar	HSBK	Sell	50,000	3,717,525	JPY 3/13/20	—	(192)
Japanese Yen	HSBK	Buy	95,675,980	900,449	3/23/20	4,082	—
Japanese Yen	JPHQ	Buy	64,767,620	609,069	3/23/20	3,251	—
Japanese Yen	JPHQ	Buy	16,809,900	159,582	3/24/20	—	(650)
Japanese Yen	HSBK	Buy	30,849,590	292,470	6/08/20	552	—
Japanese Yen	JPHQ	Buy	29,299,380	278,096	6/08/20	201	—
Australian Dollar	HSBK	Sell	50,000	3,707,175	JPY 6/12/20	—	(149)
Australian Dollar	JPHQ	Sell	130,000	9,643,550	JPY 6/12/20	—	(340)
Japanese Yen	JPHQ	Buy	32,418,620	306,554	6/22/20	1,634	—



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

**Forward Exchange Contracts** (continued)

Currency	Counterparty <sup>a</sup>	Type	Quantity	Contract Amount <sup>*</sup>	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
<b>OTC Forward Exchange Contracts</b> (continued)							
Japanese Yen	BNDP	Buy	81,925,100	782,481	6/24/20	\$ —	\$ (3,566)
Total Forward Exchange Contracts						\$72,280	\$(69,168)
Net unrealized appreciation (depreciation)						\$ 3,112	

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

<sup>a</sup>May be comprised of multiple contracts with the same counterparty, currency and settlement date.

At June 30, 2019, 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	\$ (34,023)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.914%	Semi-Annual	1/22/25	440,000	(4,536)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.97%	Semi-Annual	1/23/25	550,000	(7,425)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.973%	Semi-Annual	1/27/25	320,000	(4,423)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.937%	Semi-Annual	1/29/25	80,000	(938)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.942%	Semi-Annual	1/30/25	70,000	(837)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 1.817%	Semi-Annual	2/03/25	110,000	(518)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.794%	Semi-Annual	3/13/47	200,000	(26,588)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.98%	Semi-Annual	2/20/48	102,000	(18,090)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 3.002%	Semi-Annual	2/22/48	102,000	(18,597)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 3.019%	Semi-Annual	2/23/48	102,000	(18,965)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 3.292%	Semi-Annual	10/26/48	600,000	(145,488)
Total Interest Rate Swap Contracts				\$ (280,428)

See Note 10 regarding other derivative information.

See Abbreviations on page 42.

## Statement of Assets and Liabilities

June 30, 2019 (unaudited)

### Templeton Emerging Markets Bond Fund

Assets:

Investments in securities:	
Cost - Unaffiliated issuers . . . . .	\$31,590,794
Cost - Non-controlled affiliates (Note 3f) . . . . .	16,092,326
Value - Unaffiliated issuers . . . . .	\$27,474,872
Value - Non-controlled affiliates (Note 3f) . . . . .	16,092,326
Foreign currency, at value (cost \$458,037) . . . . .	458,167
Receivables:	
Investment securities sold . . . . .	22,478
Capital shares sold . . . . .	244,370
Interest . . . . .	608,884
Deposits with brokers for:	
Centrally cleared swap contracts . . . . .	146,321
Variation margin on centrally cleared swap contracts . . . . .	6,775
Prepaid expenses . . . . .	78,514
Unrealized appreciation on OTC forward exchange contracts . . . . .	72,280
Other assets . . . . .	26
Total assets . . . . .	45,205,013

Liabilities:

Payables:	
Capital shares redeemed . . . . .	35,265
Management fees . . . . .	6,536
Distribution fees . . . . .	13,335
Transfer agent fees . . . . .	8,709
Professional fees . . . . .	19,222
Options written, at value (premiums received \$188,634) . . . . .	150,069
Unrealized depreciation on OTC forward exchange contracts . . . . .	69,168
Deferred tax . . . . .	9,765
Accrued expenses and other liabilities . . . . .	8,837
Total liabilities . . . . .	320,906
Net assets, at value . . . . .	\$44,884,107

Net assets consist of:

Paid-in capital . . . . .	\$49,321,744
Total distributable earnings (loss) . . . . .	(4,437,637)
Net assets, at value . . . . .	\$44,884,107

## Statement of Assets and Liabilities (continued)

June 30, 2019 (unaudited)

### Templeton Emerging Markets Bond Fund

**Class A:**

Net assets, at value . . . . .	\$26,894,902
Shares outstanding . . . . .	3,301,869
Net asset value per share <sup>a</sup> . . . . .	\$8.15
Maximum offering price per share (net asset value per share ÷ 96.25%) . . . . .	\$8.47

**Class C:**

Net assets, at value . . . . .	\$ 2,694,629
Shares outstanding . . . . .	331,152
Net asset value and maximum offering price per share <sup>a</sup> . . . . .	\$8.14

**Class R:**

Net assets, at value . . . . .	\$ 13,716
Shares outstanding . . . . .	1,681
Net asset value and maximum offering price per share . . . . .	\$8.16

**Class R6:**

Net assets, at value . . . . .	\$ 925,159
Shares outstanding . . . . .	113,372
Net asset value and maximum offering price per share . . . . .	\$8.16

**Advisor Class:**

Net assets, at value . . . . .	\$14,355,701
Shares outstanding . . . . .	1,756,074
Net asset value and maximum offering price per share . . . . .	\$8.17

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

## Statement of Operations

for the six months ended June 30, 2019 (unaudited)

### Templeton Emerging Markets Bond Fund

Investment income:

Dividends:	
Non-controlled affiliates (Note 3f)	\$ 145,945
Interest: (net of foreign taxes)~	
Unaffiliated issuers	1,697,635
Total investment income	<u>1,843,580</u>

Expenses:

Management fees (Note 3a)	204,220
Distribution fees: (Note 3c)	
Class A	29,089
Class C	8,598
Class R	19
Transfer agent fees: (Note 3e)	
Class A	19,626
Class C	2,231
Class R	10
Class R6	698
Advisor Class	10,269
Custodian fees (Note 4)	8,597
Reports to shareholders	13,143
Registration and filing fees	39,487
Professional fees	40,046
Other	7,754
Total expenses	<u>383,787</u>
Expenses waived/paid by affiliates (Note 3f and 3g)	<u>(176,958)</u>
Net expenses	<u>206,829</u>
Net investment income	<u>1,636,751</u>

Realized and unrealized gains (losses):

Net realized gain (loss) from:	
Investments:#	
Unaffiliated issuers	(329,012)
Written options	(3,908)
Foreign currency transactions	(70,470)
Forward exchange contracts	933,221
Swap contracts	2,216
Net realized gain (loss)	<u>532,047</u>

Net change in unrealized appreciation (depreciation) on:

Investments:	
Unaffiliated issuers	255,054
Translation of other assets and liabilities denominated in foreign currencies	10,415
Forward exchange contracts	(411,844)
Written options	38,565
Swap contracts	(247,326)
Change in deferred taxes on unrealized appreciation	(1,976)
Net change in unrealized appreciation (depreciation)	<u>(357,112)</u>

Net realized and unrealized gain (loss) 174,935

Net increase (decrease) in net assets resulting from operations \$1,811,686

~Foreign taxes withheld on interest \$ 6,512

#Net of foreign taxes \$ 16,030

## Statements of Changes in Net Assets

### Templeton Emerging Markets Bond Fund

	Six Months Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
Increase (decrease) in net assets:		
Operations:		
Net investment income . . . . .	\$ 1,636,751	\$ 2,755,459
Net realized gain (loss) . . . . .	532,047	(1,278,379)
Net change in unrealized appreciation (depreciation) . . . . .	(357,112)	(3,236,130)
Net increase (decrease) in net assets resulting from operations . . . . .	1,811,686	(1,759,050)
Distributions to shareholders:		
Class A . . . . .	(1,039,408)	(1,430,218)
Class C . . . . .	(101,951)	(190,191)
Class R . . . . .	(563)	(778)
Class R6 . . . . .	(38,755)	(50,997)
Advisor Class . . . . .	(506,280)	(463,660)
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 . . . . .	(1,686,957)	(2,926,997)
Capital share transactions: (Note 2)		
Class A . . . . .	6,133,396	5,088,244
Class C . . . . .	(106,558)	702,879
Class R . . . . .	1,597	157
Class R6 . . . . .	90,692	659,632
Advisor Class . . . . .	3,473,726	9,926,593
Total capital share transactions . . . . .	9,592,853	16,377,505
Net increase (decrease) in net assets . . . . .	9,717,582	11,691,458
Net assets:		
Beginning of period . . . . .	35,166,525	23,475,067
End of period . . . . .	\$44,884,107	\$35,166,525

# Notes to Financial Statements (unaudited)

## 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. 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 investments. Due to the

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

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 purchased or wrote OTC option contracts primarily to manage and/or gain exposure to foreign exchange rate risk. An option is a contract entitling the holder to purchase or sell a specific amount of shares or units of an asset or notional amount of a swap (swaption), at a specified price. When an option is purchased or written, an amount equal to the premium paid or received is recorded as an asset or liability, respectively. Upon exercise of an option, the acquisition cost or sales proceeds of the underlying investment is adjusted by any premium received or paid. Upon expiration of an option, any premium received or paid is recorded as a realized gain or loss. Upon closing an option other than through expiration or exercise, the difference between the premium received or paid and the cost to close the position is recorded as a realized gain or loss.

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



### Templeton Emerging Markets Bond Fund (continued)

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. Income and Deferred Taxes

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

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined 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 June 30, 2019, 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.

#### e. 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.

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.

#### f. 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.

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

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

**g. 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.

**2. Shares of Beneficial Interest**

At June 30, 2019, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2019		Year Ended December 31, 2018	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Shares sold <sup>a</sup> . . . . .	1,162,477	\$ 9,481,586	2,364,968	\$ 21,343,779
Shares issued in reinvestment of distributions . . . . .	89,804	724,826	161,154	1,337,905
Shares redeemed . . . . .	(500,229)	(4,073,016)	(2,055,249)	(17,593,440)
Net increase (decrease) . . . . .	752,052	\$ 6,133,396	470,873	\$ 5,088,244
<b>Class C Shares:</b>				
Shares sold . . . . .	105,324	\$ 856,909	237,242	\$ 2,155,226
Shares issued in reinvestment of distributions . . . . .	12,094	97,681	30,413	252,051
Shares redeemed <sup>a</sup> . . . . .	(130,963)	(1,061,148)	(202,063)	(1,704,398)
Net increase (decrease) . . . . .	(13,545)	\$ (106,558)	65,592	\$ 702,879
<b>Class R Shares:</b>				
Shares sold . . . . .	168	\$ 1,382	341	\$ 2,957
Shares issued in reinvestment of distributions . . . . .	27	215	42	350
Shares redeemed . . . . .	—	—	(370)	(3,150)
Net increase (decrease) . . . . .	195	\$ 1,597	13	\$ 157
<b>Class R6 Shares:</b>				
Shares sold . . . . .	26,634	\$ 216,614	121,779	\$ 1,084,881
Shares issued in reinvestment of distributions . . . . .	4,770	38,575	8,521	69,882
Shares redeemed . . . . .	(20,050)	(164,497)	(58,902)	(495,131)
Net increase (decrease) . . . . .	11,354	\$ 90,692	71,398	\$ 659,632
<b>Advisor Class Shares:</b>				
Shares sold . . . . .	1,262,710	\$10,314,358	1,430,822	\$ 12,333,674
Shares issued in reinvestment of distributions . . . . .	62,379	504,723	78,603	637,826
Shares redeemed . . . . .	(892,710)	(7,345,355)	(358,309)	(3,044,907)
Net increase (decrease) . . . . .	432,379	\$ 3,473,726	1,151,116	\$ 9,926,593

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

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

**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.

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%

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

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

**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 period:

Sales charges retained net of commissions paid to unaffiliated brokers/dealers . . . . .	\$1,462
CDSC retained . . . . .	\$ 534

Effective March 1, 2019, certain front-end sales charges on Class A and A1 shares, if any, were 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 period ended June 30, 2019, the Fund paid transfer agent fees of \$32,834, of which \$17,315 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 period ended June 30, 2019, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Dividend Income
<b>Non-Controlled Affiliates</b>								
Institutional Fiduciary Trust Money Market Portfolio, 2.05% . . . . .	\$13,375,809	\$18,282,637	\$(15,566,120)	\$ —	\$ —	\$16,092,326	16,092,326	\$145,945

**g. Waiver and Expense Reimbursements**

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 0.89%, and for Class R6 do not exceed 0.74%, based on the average net assets of each class until April 30, 2020. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

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

Prior to May 1, 2019, expenses (excluding certain fees and expenses as previously disclosed) for Class A, Class C, Class R and Advisor Class were limited to 0.86%, and expenses for Class R6 were limited to 0.76% based on the average net assets of each class.

**h. Other Affiliated Transactions**

At June 30, 2019, Advisers owned 14.3% 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 period ended June 30, 2019, there were no credits earned.

**5. Income Taxes**

At June 30, 2019, the cost of investments, net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments . . . . .	\$48,093,736
Unrealized appreciation . . . . .	\$ 778,574
Unrealized depreciation . . . . .	(5,679,964)
Net unrealized appreciation (depreciation) . . . . .	\$ (4,901,390)

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.

**6. Investment Transactions**

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2019, aggregated \$7,248,312 and \$1,172,953, respectively.

**7. Credit Risk**

At June 30, 2019, the Fund had 42.4% 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.

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

**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 June 30, 2019, 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	1,541
619,903	K2016470219 South Africa Ltd., B . . . . .	2/01/17	460	440
172,105	K2016470219 South Africa Ltd., senior secured note, 144A, PIK, 3.00%, 12/31/22 . . . . .	5/16/13 - 6/30/19	215,539	215
43,794 EUR	K2016470219 South Africa Ltd., senior secured note, 144A, PIK, 8.00%, 12/31/22 . . . . .	2/01/17 - 6/30/19	27,097	498
117,301	K2016470260 South Africa Ltd., senior secured note, 144A, PIK, 25.00%, 12/31/22 . . . . .	2/01/17 - 6/30/19	81,324	3,519
556,680	Reventazon Finance Trust, secured bond, first lien, 144A, 8.00%, 11/15/33 . . . . .	12/18/13	556,680	572,966
<b>Total Restricted Securities</b> (Value is 1.3% of Net Assets) . . . . .			<b>\$912,858</b>	<b>\$579,179</b>

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

**10. Other Derivative Information**

At June 30, 2019, 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	\$ —	Variation margin on centrally cleared swap contracts	\$280,428 <sup>a</sup>
Foreign exchange contracts . . . . .	Investments in securities, at value	179,302 <sup>b</sup>	Options written, at value	150,069
	Unrealized appreciation on OTC forward exchange contracts	72,280	Unrealized depreciation on OTC forward exchange contracts	69,168
Totals . . . . .		<u>\$251,582</u>		<u>\$499,665</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 period 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>Purchased option contracts are included in investments in securities, at value in the Statement of Assets and Liabilities.

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

For the period ended June 30, 2019, the effect of derivative contracts in the Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts . . . . .	Swap contracts	\$ 2,216	Swap contracts	\$(247,326)
Foreign exchange contracts . . .	Investments	9,153 <sup>a</sup>	Investments	(57,574) <sup>a</sup>
	Written options	(3,908)	Written options	38,565
	Forward exchange contracts	933,221	Forward exchange contracts	(411,844)
Value recovery instruments . . .	Investments	41,495 <sup>a</sup>	Investments	(34,229) <sup>a</sup>
Totals . . . . .		<u>\$982,177</u>		<u>\$(712,408)</u>

<sup>a</sup>Purchased option contracts and VRI 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 period ended June 30, 2019, the average month end notional amount of options and swap contracts, the average month end contract value for forward exchange contracts, and average month end fair value of VRI, were as follows:

Options . . . . .	\$ 5,607,362
Swap contracts . . . . .	\$ 3,196,000
Forward exchange contracts . . . . .	\$25,198,472
VRI . . . . .	\$ 72,000

At June 30, 2019, OTC derivative assets and liabilities are as follows:

	<b>Gross Amounts of Assets and Liabilities Presented in the Statement of Assets and Liabilities</b>	
	Assets <sup>a</sup>	Liabilities <sup>a</sup>
<b>Derivatives</b>		
Forward exchange contracts . . . . .	\$ 72,280	\$ 69,168
Options purchased . . . . .	179,302	—
Options written . . . . .	—	150,069
Total . . . . .	<u>\$251,582</u>	<u>\$219,237</u>

<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 June 30, 2019, OTC derivative assets, which may be offset against OTC derivative liabilities and collateral received from the counterparty, are as follows:

Counterparty	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	Cash Collateral Received	
BNDP .....	\$—	\$—	\$—	\$—	\$—
BOFA .....	—	—	—	—	—
BZWS .....	240	(240)	—	—	—
CITI .....	121,135	(91,838)	—	—	29,297
DBAB .....	3,311	(3,311)	—	—	—
GSCO .....	3,915	—	—	—	3,915
HSBK .....	33,682	(17,873)	—	—	15,809
JPHQ .....	88,662	(52,031)	—	—	36,631
MSCO .....	3	(3)	—	—	—
UBSW .....	634	(430)	—	—	204
Total .....	\$251,582	\$(165,726)	\$ —	\$ —	\$85,856

At June 30, 2019, OTC derivative liabilities, which may be offset against OTC derivative assets and collateral pledged to the counterparty, are as follows:

Counterparty	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	
BNDP .....	\$17,226	\$—	\$—	\$—	\$17,226
BOFA .....	7,067	—	—	—	7,067
BZWS .....	6,333	(240)	—	—	6,093
CITI .....	91,838	(91,838)	—	—	—
DBAB .....	26,434	(3,311)	—	—	23,123
GSCO .....	—	—	—	—	—
HSBK .....	17,873	(17,873)	—	—	—
JPHQ .....	52,031	(52,031)	—	—	—
MSCO .....	5	(3)	—	—	2
UBSW .....	430	(430)	—	—	—
Total .....	\$219,237	\$(165,726)	\$ —	\$ —	\$53,511



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

See Note 1(c) regarding derivative financial instruments.

See Abbreviations on page 42.

### **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 matures on February 7, 2020. 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.

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 period ended June 30, 2019, 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.

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

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

A summary of inputs used as of June 30, 2019, 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 . . . . .	\$ —	\$ —	\$ 1,981 <sup>c</sup>	\$ 1,981
Foreign Government and Agency Securities . . . . .	—	22,371,514	—	22,371,514
Quasi-Sovereign and Corporate Bonds:				
Costa Rica . . . . .	—	—	572,966	572,966
South Africa . . . . .	—	4,017	215	4,232
Options Purchased . . . . .	—	179,302	—	179,302
Short Term Investments . . . . .	16,092,326	4,344,877	—	20,437,203
Total Investments in Securities . . . . .	\$ 16,092,326	\$ 26,899,710	\$ 575,162	\$ 43,567,198
Other Financial Instruments:				
Forward Exchange Contracts . . . . .	\$ —	\$ 72,280	\$ —	\$ 72,280
<b>Liabilities:</b>				
Other Financial Instruments:				
Options Written . . . . .	\$ —	\$ 150,069	\$ —	\$ 150,069
Forward Exchange Contracts . . . . .	—	69,168	—	69,168
Swap Contracts . . . . .	—	280,428	—	280,428
Total Other Financial Instruments . . . . .	\$ —	\$ 499,665	\$ —	\$ 499,665

<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 June 30, 2019.

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

A reconciliation of assets in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 financial instruments at the beginning and/or end of the period. At June 30, 2019, the reconciliation of assets is as follows:

	Balance at Beginning of Period	Purchases	Sales	Transfer Into Level 3	Transfer Out of Level 3 <sup>a</sup>	Cost Basis Adjustments	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Period	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Period End
<b>Assets:</b>										
Investments in Securities:										
Equity Investments: <sup>b</sup>										
South Africa . . . . .	\$ 1,943 <sup>c</sup>	\$—	\$ —	\$—	\$ —	\$—	\$—	\$ 38	\$ 1,981 <sup>c</sup>	\$38
Quasi-Sovereign and Corporate Bonds:										
Costa Rica . . . . .	532,069	—	(9,420)	—	—	—	—	50,317	572,966	49,751
South Africa . . . . .	1,137	23	—	—	(498)	—	—	(447)	215	—
Total Investments in Securities . . . . .	\$535,149	\$23	\$(9,420)	\$—	\$(498)	\$—	\$—	\$49,908	\$575,162	\$49,789

<sup>a</sup>The investment was transferred out of Level 3 as a result of the availability of a quoted price in an active market for identical securities and other significant observable valuation inputs.

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

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

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 June 30, 2019, 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 . . . . .	\$572,966	Discounted cash flow model	Discount rate <sup>b</sup>	7.5%	Decrease <sup>c</sup>
All other investments <sup>d</sup> . . . . .	2,196 <sup>e</sup>				
Total . . . . .	\$575,162				

<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 investments developed using various valuation techniques and unobservable inputs. May also include investments with values derived using prior transaction prices or third party pricing information without adjustment for which such inputs are also unobservable.

<sup>e</sup>Includes securities determined to have no value at June 30, 2019.

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

**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.

**Abbreviations**

<b>Counterparty</b>		<b>Currency</b>	<b>Selected Portfolio</b>		
<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>AUD</b>	Australian Dollar	<b>FRN</b>	Floating Rate Note
<b>BZWS</b>	Barclays Bank PLC	<b>BRL</b>	Brazilian Real	<b>LIBOR</b>	London InterBank Offered Rate
<b>CITI</b>	Citigroup, Inc.	<b>COP</b>	Colombian Peso	<b>PIK</b>	Payment-In-Kind
<b>DBAB</b>	Deutsche Bank AG	<b>EGP</b>	Egyptian Pound	<b>VRI</b>	Value Recovery Instruments
<b>GSCO</b>	The Goldman Sachs Group Inc.	<b>EUR</b>	Euro		
<b>HSBK</b>	HSBC Bank PLC	<b>GHS</b>	Ghanaian Cedi		
<b>JPHQ</b>	JP Morgan Chase & Co.	<b>IDR</b>	Indonesian Rupiah		
<b>MSCO</b>	Morgan Stanley	<b>JPY</b>	Japanese Yen		
<b>UBSW</b>	UBS AG	<b>MXN</b>	Mexican Peso		
		<b>THB</b>	Thai Baht		
		<b>USD</b>	United States Dollar		

## Tax Information (unaudited)

### Templeton Emerging Markets Bond Fund

At December 31, 2018, more than 50% of 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. As shown in the table below, the Funds hereby reports to shareholders the foreign source income and foreign taxes paid, pursuant to Section 853 of the Internal Revenue Code. This written statement will allow shareholders of record on March 14, 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.

The following table provides a detailed analysis of foreign tax paid, foreign source income, and foreign source qualified dividends as reported by the Fund to shareholders of record.

<b>Class</b>	<b>Foreign Tax Paid Per Share</b>	<b>Foreign Source Income Per Share</b>	<b>Foreign Source Qualified Dividends Per Share</b>
Class A . . . . .	\$0.0454	\$0.6563	\$ —
Class C . . . . .	\$0.0454	\$0.6155	\$ —
Class R . . . . .	\$0.0454	\$0.6520	\$ —
Class R6 . . . . .	\$0.0454	\$0.6868	\$ —
Advisor Class . . . . .	\$0.0454	\$0.6822	\$ —

Foreign Tax Paid Per Share is the amount per share available to you, as a tax credit (assuming you held your shares in the Fund for a minimum of 16 days during the 31-day period beginning 15 days before the ex-dividend date of the Fund's distribution to which the foreign taxes relate), or, as a tax deduction.

Foreign Source Income Per Share is the amount per share of income dividends attributable to foreign securities held by the Fund, plus any foreign taxes withheld on these dividends. The amounts reported include foreign source qualified dividends that have not been adjusted for the rate differential applicable to such dividend income.<sup>1</sup>

Foreign Source Qualified Dividends Per Share is the amount per share of foreign source qualified dividends plus any foreign taxes withheld on these dividends. These amounts represent the portion of the Foreign Source Income Per Share that were derived from qualified foreign securities held by the Fund.<sup>1</sup>

At the beginning of each calendar year, shareholders will receive Form 1099-DIV which will include their share of taxes paid and foreign source income distributed during the prior calendar year. The Foreign Source Income reported on Form 1099-DIV has not been adjusted for the rate differential on foreign source qualified dividend income. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

1. Qualified dividends are taxed at reduced long term capital gains tax rates. In determining the amount of foreign tax credit that may be applied against the U.S. tax liability of individuals receiving foreign source qualified dividends, adjustments may be required to the foreign tax credit limitation calculation to reflect the rate differential applicable to such dividend income. The rules however permit certain individuals to elect not to apply the rate differential adjustments for capital gains and/or dividends for any taxable year. Please consult your tax advisor and the instructions to Form 1116 for more information.

## Shareholder Information

### Board Approval of Investment Management Agreements

#### TEMPLETON INCOME TRUST Templeton Emerging Markets Bond Fund (Fund)

At an in-person meeting held on May 21, 2019 (Meeting), the Board of Trustees (Board) of Templeton Income Trust (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the investment management agreement between Franklin Advisers, Inc. (Manager) and the Trust, on behalf of the Fund (Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of the Management Agreement.

In considering the continuation of the Management Agreement, the Board reviewed and considered information provided by the Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a telephonic contract renewal meeting at which the Independent Trustees conferred amongst themselves and Independent Trustee counsel about contract renewal matters. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of the Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by the Manager; (ii) the investment performance of the Fund; (iii) the costs of the services provided and profits realized by the Manager and its affiliates from the relationship with the Fund; (iv) the extent to which economies of scale are realized as the Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of the Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of the Management Agreement are fair and reasonable and that the continuance of such Management Agreement is in the interests of the Fund and its shareholders. While attention

was given to all information furnished, the following discusses some primary factors relevant to the Board’s determination.

#### Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by the Manager and its affiliates to the Fund and its shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of the Manager; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for the Fund; reports on expenses, shareholder services, marketing support payments made to financial intermediaries and third party servicing arrangements; legal and compliance matters; risk controls; pricing and other services provided by the Manager and its affiliates; and management fees charged by the Manager and its affiliates to US funds and other accounts, including management’s explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton (FT) or the Fund to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements in response to a guidance update in 2016 from the US Securities and Exchange Commission (SEC) relating to mutual fund distribution and sub-accounting fees. The Board noted management’s continuing efforts and expenditures in establishing effective business continuity plans and developing strategies to address areas of heightened concern in the mutual fund industry, such as cybersecurity and liquidity risk management. The Board also recognized management’s commitment to facilitating Board oversight of liquidity through the designation of a liquidity/risk administrator and the development of reports that highlight the amount of illiquid investments for the Fund.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the Franklin Templeton family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Manager’s parent, and its commitment to the mutual fund business as evidenced by its continued introduction of new funds, reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Fund by the FT organization.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by the Manager and its affiliates to the Fund and its shareholders.

### **Fund Performance**

The Board reviewed and considered the performance results of the Fund over various time periods ended February 28, 2019. The Board considered the performance returns for the Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of the Fund's performance results is below.

The Performance Universe for the Fund included the Fund and all retail and institutional emerging markets local currency debt funds. The Fund commenced operations on April 1, 2013, and thus has been in operation for less than ten years. The Board noted that the Fund's annualized income return and annualized total return for the one-, three- and five-year periods were above the medians of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

### **Comparative Fees and Expenses**

The Board reviewed and considered information regarding the Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FT to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of the Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure to the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different

from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges, and the actual total expense ratio, for comparative consistency, was shown for Class A shares for funds with multiple classes of shares. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

The Expense Group for the Fund included the Fund and seven other emerging markets local currency debt funds. The Board noted that the Management Rate for the Fund was above the median and in the fifth quintile (most expensive) of its Expense Group, but its actual total expense ratio was below the median and in the first quintile (least expensive) of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable. In doing so, the Board noted the Fund's first (best) and second quintile annualized income return and annualized total return of its Performance Universe for the one- and three-year periods and that the Fund's actual total expense ratio reflected a fee waiver from management.

### **Profitability**

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board considered the Fund profitability analysis provided by the Manager that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2018, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Fund's profitability report presentations from prior years. Additionally, PricewaterhouseCoopers LLP, auditor to FRI and certain Franklin Templeton funds, has been engaged by the Manager to periodically review and assess the allocation methodologies to be used solely by the Fund's Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to the Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. The Board also noted management's expenditures in improving shareholder services provided to the Fund, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent SEC and other regulatory requirements.

The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from fund operations, including revenues generated from transfer agent services, potential benefits resulting from personnel and systems enhancements necessitated by fund growth, as well as increased leverage with service providers and counterparties. Based upon its consideration of all these factors, the Board concluded that the level of profits realized by the Manager and its affiliates from providing services to the Fund was not excessive in view of the nature, extent and quality of services provided to the Fund.

#### **Economies of Scale**

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as the Fund grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints, which operate generally to share any economies of scale with the Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered the Manager's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments the Manager incurs across the Franklin Templeton family of funds as a whole. The Board noted that the Fund has not yet reached an asset size that would likely enable the Fund to achieve economies of scale.

#### **Conclusion**

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved

the continuation of the Management Agreement for an additional one-year period.

## **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 as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT 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.



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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.



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

**Investment Manager**  
Franklin Advisers, Inc.

**Distributor**  
Franklin Templeton Distributors, Inc.  
(800) DIAL BEN® / 342-5236  
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