

TEMPLETON EMERGING MARKETS INCOME FUND

Form N-Q

May 29, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-07866

**Templeton Emerging Markets Income Fund**

(Exact name of registrant as specified in charter)

**300 S.E. 2<sup>nd</sup> Street, Fort Lauderdale, FL**  
**33301-1923**

(Address of principal executive offices) (Zip code)

**Craig S. Tyle, One Franklin Parkway, San  
Mateo, CA 94403-1906**

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(Name and address of agent for service)

Registrant's telephone number, including area code: (954) 527-7500

Date of fiscal year end: 12/31

Date of reporting period: 03/31/18

**Item 1. Schedule of Investments.**

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## TEMPLETON EMERGING MARKETS INCOME FUND

**Statement of Investments, March 31, 2018 (unaudited)**

|                                                                           | <b>Shares/<br/>Warrants</b> |    | <b>Value</b>   |
|---------------------------------------------------------------------------|-----------------------------|----|----------------|
| <b>Common Stocks and Other Equity Interests 0.1%</b>                      |                             |    |                |
| <b>Canada 0.0%†</b>                                                       |                             |    |                |
| a,b,c Platinum Group Metals Ltd., 144A.                                   | 488,370                     | \$ | 142,051        |
| <b>Mexico 0.0%†</b>                                                       |                             |    |                |
| <sup>a</sup> Corporacion GEO SAB de CV, B                                 | 221,287                     |    | 11,308         |
| a,d Corporacion GEO SAB de CV, wts., 12/30/27                             | 346,196                     |    | —              |
|                                                                           |                             |    | 11,308         |
| <b>South Africa 0.1%</b>                                                  |                             |    |                |
| a,d,e Edcon Holdings Ltd., F wts., 2/20/49                                | 4,375                       |    | —              |
| a,d,e Edcon Holdings Ltd., F1 wts., 2/20/49                               | 78,291,411                  |    | —              |
| a,d,e Edcon Holdings Ltd., F2 wts., 2/20/49                               | 6,340,039                   |    | —              |
| a,d,e K2016470219 South Africa Ltd., A                                    | 93,760,463                  |    | 79,294         |
| a,d,e K2016470219 South Africa Ltd., B                                    | 161,018,517                 |    | 136,175        |
|                                                                           |                             |    | 215,469        |
| <b>United Republic of Tanzania 0.0%</b>                                   |                             |    |                |
| a,d Swala (PAEM) Ltd., wts., 1/15/23                                      | 662,500                     |    | —              |
| <b>Total Common Stocks and Other Equity Interests (Cost \$10,162,835)</b> |                             |    | <b>368,828</b> |

|                                                                | <b>Principal<br/>Amount*</b> |     |            |
|----------------------------------------------------------------|------------------------------|-----|------------|
| <b>Convertible Bonds (Cost \$4,000,000) 0.5%</b>               |                              |     |            |
| <b>Canada 0.5%</b>                                             |                              |     |            |
| c,d,e Platinum Group Metals Ltd., cvt., 144A, 6.875%, 7/01/22. | 4,000,000                    |     | 3,203,811  |
| <b>Foreign Government and Agency Securities 70.3%</b>          |                              |     |            |
| <b>Argentina 5.4%</b>                                          |                              |     |            |
| Argentine Bonos del Tesoro,                                    |                              |     |            |
| 18.20%, 10/03/21                                               | 207,832,000                  | ARS | 10,388,903 |
| 16.00%, 10/17/23                                               | 96,102,000                   | ARS | 4,643,702  |
| senior note, 15.50%, 10/17/26                                  | 354,647,000                  | ARS | 17,352,526 |
|                                                                |                              |     | 32,385,131 |
| <b>Brazil 8.1%</b>                                             |                              |     |            |

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Letra Tesouro Nacional,

|                |          |     |           |
|----------------|----------|-----|-----------|
| Strip, 7/01/20 | 36,810 f | BRL | 9,451,514 |
|----------------|----------|-----|-----------|

|                |          |     |           |
|----------------|----------|-----|-----------|
| Strip, 7/01/21 | 23,940 f | BRL | 5,600,979 |
|----------------|----------|-----|-----------|

Nota Do Tesouro Nacional,

|                 |          |     |           |
|-----------------|----------|-----|-----------|
| 10.00%, 1/01/21 | 15,035 f | BRL | 4,771,730 |
|-----------------|----------|-----|-----------|

|                 |       |     |         |
|-----------------|-------|-----|---------|
| 10.00%, 1/01/23 | 411 f | BRL | 129,586 |
|-----------------|-------|-----|---------|

|                 |          |     |           |
|-----------------|----------|-----|-----------|
| 10.00%, 1/01/25 | 13,416 f | BRL | 4,195,236 |
|-----------------|----------|-----|-----------|

|                 |          |     |           |
|-----------------|----------|-----|-----------|
| 10.00%, 1/01/27 | 15,337 f | BRL | 4,762,522 |
|-----------------|----------|-----|-----------|

|                                |         |     |           |
|--------------------------------|---------|-----|-----------|
| g Index Linked, 6.00%, 8/15/22 | 9,322 f | BRL | 9,189,021 |
|--------------------------------|---------|-----|-----------|

|                                |          |     |            |
|--------------------------------|----------|-----|------------|
| 9 Index Linked, 6.00%, 5/15/23 | 10,763 f | BRL | 10,748,692 |
|--------------------------------|----------|-----|------------|

48,849,280

## Colombia 3.5%

Government of Colombia,

|                             |               |     |         |
|-----------------------------|---------------|-----|---------|
| senior bond, 7.75%, 4/14/21 | 2,433,000,000 | COP | 918,441 |
|-----------------------------|---------------|-----|---------|

|                              |             |     |        |
|------------------------------|-------------|-----|--------|
| senior bond, 4.375%, 3/21/23 | 164,000,000 | COP | 55,258 |
|------------------------------|-------------|-----|--------|

|                             |             |     |         |
|-----------------------------|-------------|-----|---------|
| senior bond, 9.85%, 6/28/27 | 262,000,000 | COP | 118,431 |
|-----------------------------|-------------|-----|---------|

Quarterly Statement of Investments | See Notes to Statement of Investments. | 1

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TEMPLETON EMERGING MARKETS INCOME FUND  
STATEMENT OF INVESTMENTS (UNAUDITED)

|                                                                                       | Principal<br>Amount* | Value      |
|---------------------------------------------------------------------------------------|----------------------|------------|
| <b>Foreign Government and Agency Securities</b> (continued)                           |                      |            |
| <b>Colombia</b> (continued)                                                           |                      |            |
| Titulos de Tesoreria,<br>B, 5.00%, 11/21/18                                           | 565,000,000 COP      | \$ 203,207 |
| B, 7.75%, 9/18/30                                                                     | 17,531,000,000 COP   | 6,866,886  |
| senior bond, B, 11.25%, 10/24/18                                                      | 2,335,000,000 COP    | 869,188    |
| senior bond, B, 11.00%, 7/24/20.                                                      | 1,655,000,000 COP    | 667,049    |
| senior bond, B, 7.00%, 5/04/22                                                        | 2,445,000,000 COP    | 923,139    |
| senior bond, B, 10.00%, 7/24/24.                                                      | 4,932,000,000 COP    | 2,123,171  |
| senior bond, B, 7.50%, 8/26/26                                                        | 16,738,000,000 COP   | 6,435,963  |
| senior bond, B, 6.00%, 4/28/28                                                        | 3,627,000,000 COP    | 1,255,228  |
| senior note, B, 7.00%, 9/11/19                                                        | 1,585,000,000 COP    | 585,775    |
|                                                                                       |                      | 21,021,736 |
| <b>Croatia 1.4%</b>                                                                   |                      |            |
| <sup>b</sup> Government of Croatia, 144A, 6.75%, 11/05/19                             | 7,920,000            | 8,402,447  |
| <b>Dominican Republic 2.5%</b>                                                        |                      |            |
| <sup>h</sup> Government of the Dominican Republic, senior bond, Reg S, 6.85%, 1/27/45 | 14,000,000           | 15,116,360 |
| <b>El Salvador 0.5%</b>                                                               |                      |            |
| <sup>b</sup> Government of El Salvador, 144A, 7.65%, 6/15/35                          | 2,650,000            | 2,808,059  |
| <b>Ethiopia 1.7%</b>                                                                  |                      |            |
| <sup>b</sup> Government of Ethiopia, 144A, 6.625%, 12/11/24.                          | 10,000,000           | 10,341,850 |
| <b>Ghana 3.3%</b>                                                                     |                      |            |
| Ghana Treasury Note,<br>24.25%, 6/11/18                                               | 10,040,000 GHS       | 2,304,306  |
| 22.50%, 12/10/18                                                                      | 4,610,000 GHS        | 1,089,416  |
| 17.24%, 11/11/19                                                                      | 50,000 GHS           | 11,505     |
| 16.50%, 2/17/20                                                                       | 1,950,000 GHS        | 445,842    |
| 16.50%, 3/16/20                                                                       | 490,000 GHS          | 111,629    |
| Government of Ghana,<br>22.49%, 4/23/18                                               | 1,730,000 GHS        | 392,583    |
| 23.47%, 5/21/18                                                                       | 8,220,000 GHS        | 1,876,328  |
| 19.04%, 9/24/18                                                                       | 14,300,000 GHS       | 3,286,186  |
| 24.50%, 10/22/18                                                                      | 5,917,000 GHS        | 1,401,256  |

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|                              |               |            |
|------------------------------|---------------|------------|
| 24.50%, 4/22/19              | 5,300,000 GHS | 1,299,648  |
| 24.50%, 5/27/19              | 2,040,000 GHS | 503,262    |
| 21.00%, 3/23/20              | 481,000 GHS   | 117,801    |
| 24.50%, 6/21/21              | 5,670,000 GHS | 1,554,092  |
| 24.75%, 7/19/21              | 4,740,000 GHS | 1,307,036  |
| 18.75%, 1/24/22              | 540,000 GHS   | 132,476    |
| 16.50%, 2/06/23              | 6,750,000 GHS | 1,560,111  |
| 19.75%, 3/25/24              | 360,000 GHS   | 94,812     |
| 19.00%, 11/02/26             | 2,930,000 GHS | 772,498    |
| senior note, 21.50%, 3/09/20 | 60,000 GHS    | 14,747     |
| senior note, 18.25%, 9/21/20 | 2,210,000 GHS | 522,653    |
| senior note, 18.25%, 7/25/22 | 3,470,000 GHS | 846,911    |
|                              |               | 19,645,098 |

## India 1.1%

Government of India,

|                              |                |           |
|------------------------------|----------------|-----------|
| senior bond, 7.80%, 5/03/20  | 68,300,000 INR | 1,067,479 |
| senior bond, 8.35%, 5/14/22  | 20,200,000 INR | 321,947   |
| senior note, 7.28%, 6/03/19  | 2,700,000 INR  | 41,772    |
| senior note, 8.12%, 12/10/20 | 51,300,000 INR | 809,345   |
| senior note, 7.80%, 4/11/21  | 91,600,000 INR | 1,433,625 |

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## TEMPLETON EMERGING MARKETS INCOME FUND STATEMENT OF INVESTMENTS (UNAUDITED)

|                                                             | Principal<br>Amount* |        | Value      |
|-------------------------------------------------------------|----------------------|--------|------------|
| <b>Foreign Government and Agency Securities</b> (continued) |                      |        |            |
| <b>India</b> (continued)                                    |                      |        |            |
| Government of India, (continued)                            |                      |        |            |
| senior note, 7.16%, 5/20/23                                 | 12,700,000           | INR \$ | 193,101    |
| senior note, 8.83%, 11/25/23                                | 171,200,000          | INR    | 2,795,281  |
|                                                             |                      |        | 6,662,550  |
| <b>Indonesia 6.0%</b>                                       |                      |        |            |
| Government of Indonesia,                                    |                      |        |            |
| senior bond, FR31, 11.00%, 11/15/20                         | 134,139,000,000      | IDR    | 10,938,687 |
| senior bond, FR36, 11.50%, 9/15/19                          | 40,000,000,000       | IDR    | 3,154,376  |
| senior bond, FR39, 11.75%, 8/15/23                          | 1,780,000,000        | IDR    | 160,187    |
| senior bond, FR40, 11.00%, 9/15/25                          | 58,140,000,000       | IDR    | 5,280,751  |
| senior bond, FR42, 10.25%, 7/15/27                          | 2,368,000,000        | IDR    | 212,243    |
| senior bond, FR44, 10.00%, 9/15/24                          | 1,066,000,000        | IDR    | 91,576     |
| senior bond, FR46, 9.50%, 7/15/23.                          | 80,000,000,000       | IDR    | 6,632,768  |
| senior bond, FR48, 9.00%, 9/15/18.                          | 2,961,000,000        | IDR    | 219,736    |
| senior bond, FR53, 8.25%, 7/15/21.                          | 6,465,000,000        | IDR    | 500,536    |
| senior bond, FR56, 8.375%, 9/15/26                          | 70,379,000,000       | IDR    | 5,700,875  |
| senior bond, FR61, 7.00%, 5/15/22.                          | 1,720,000,000        | IDR    | 128,797    |
| senior bond, FR63, 5.625%, 5/15/23                          | 3,071,000,000        | IDR    | 220,704    |
| senior bond, FR70, 8.375%, 3/15/24                          | 8,448,000,000        | IDR    | 672,022    |
| senior note, FR66, 5.25%, 5/15/18                           | 3,553,000,000        | IDR    | 258,610    |
| senior note, FR69, 7.875%, 4/15/19                          | 21,627,000,000       | IDR    | 1,612,401  |
|                                                             |                      |        | 35,784,269 |
| <b>Iraq 4.4%</b>                                            |                      |        |            |
| <sup>b</sup> Government of Iraq, 144A, 5.80%, 1/15/28       | 27,190,000           |        | 26,124,968 |
| <b>Kenya 8.0%</b>                                           |                      |        |            |
| Government of Kenya,                                        |                      |        |            |
| <sup>b</sup> senior note, 144A, 6.875%, 6/24/24             | 30,813,000           |        | 32,327,921 |
| <sup>h</sup> senior note, Reg S, 5.875%, 6/24/19            | 7,200,000            |        | 7,404,120  |
| <sup>h</sup> senior note, Reg S, 6.875%, 6/24/24            | 7,700,000            |        | 8,078,571  |
|                                                             |                      |        | 47,810,612 |
| <b>Mexico 0.5%</b>                                          |                      |        |            |

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Government of Mexico,

|                                     |           |     |           |
|-------------------------------------|-----------|-----|-----------|
| senior note, M, 5.00%, 12/11/19     | 263,200 i | MXN | 1,396,063 |
| senior note, M 10, 8.50%, 12/13/18. | 257,100 i | MXN | 1,424,001 |
|                                     |           |     | 2,820,064 |

## Senegal 4.6%

|                                                          |            |  |            |
|----------------------------------------------------------|------------|--|------------|
| <sup>b</sup> Government of Senegal, 144A, 6.25%, 7/30/24 | 26,680,000 |  | 27,847,783 |
|----------------------------------------------------------|------------|--|------------|

## Serbia 1.9%

|                                                                      |            |  |            |
|----------------------------------------------------------------------|------------|--|------------|
| <sup>b</sup> Government of Serbia, senior note, 144A, 7.25%, 9/28/21 | 10,250,000 |  | 11,414,349 |
|----------------------------------------------------------------------|------------|--|------------|

## Ukraine 7.3%

<sup>b</sup> Government of Ukraine,

|                      |           |  |           |
|----------------------|-----------|--|-----------|
| 144A, 7.75%, 9/01/19 | 5,855,000 |  | 6,091,249 |
| 144A, 7.75%, 9/01/20 | 8,667,000 |  | 9,086,483 |
| 144A, 7.75%, 9/01/21 | 3,506,000 |  | 3,680,686 |
| 144A, 7.75%, 9/01/22 | 3,406,000 |  | 3,559,270 |
| 144A, 7.75%, 9/01/23 | 2,416,000 |  | 2,504,244 |
| 144A, 7.75%, 9/01/24 | 1,396,000 |  | 1,443,143 |
| 144A, 7.75%, 9/01/25 | 3,176,000 |  | 3,259,434 |
| 144A, 7.75%, 9/01/26 | 3,406,000 |  | 3,494,386 |
| 144A, 7.75%, 9/01/27 | 3,406,000 |  | 3,491,746 |

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## TEMPLETON EMERGING MARKETS INCOME FUND STATEMENT OF INVESTMENTS (UNAUDITED)

|                                                                                                             | Principal<br>Amount* | Value        |
|-------------------------------------------------------------------------------------------------------------|----------------------|--------------|
| <b>Foreign Government and Agency Securities</b> (continued)                                                 |                      |              |
| <b>Ukraine</b> (continued)                                                                                  |                      |              |
| <sup>b</sup> Government of Ukraine, (continued)                                                             |                      |              |
| <sup>a,j</sup> 144A, VRI, GDP Linked Security, 5/31/40                                                      | 10,087,000           | \$ 7,062,161 |
|                                                                                                             |                      | 43,672,802   |
| <b>Zambia 10.1%</b>                                                                                         |                      |              |
| <sup>b</sup> Government of Zambia,                                                                          |                      |              |
| 144A, 5.375%, 9/20/22                                                                                       | 26,070,000           | 24,871,692   |
| 144A, 8.50%, 4/14/24                                                                                        | 2,470,000            | 2,593,537    |
| senior bond, 144A, 8.97%, 7/30/27                                                                           | 31,060,000           | 32,823,183   |
|                                                                                                             |                      | 60,288,412   |
| <b>Total Foreign Government and Agency Securities</b><br><b>(Cost \$415,674,327)</b>                        |                      | 420,995,770  |
| <b>Quasi-Sovereign and Corporate Bonds 12.9%</b>                                                            |                      |              |
| <b>Bermuda 0.4%</b>                                                                                         |                      |              |
| <sup>b</sup> Digicel Group Ltd., senior note, 144A, 7.125%, 4/01/22                                         | 3,300,000            | 2,616,141    |
| <b>Chile 2.1%</b>                                                                                           |                      |              |
| <sup>b</sup> VTR Finance BV, senior secured note, 144A, 6.875%, 1/15/24                                     | 12,000,000           | 12,528,120   |
| <b>Costa Rica 2.5%</b>                                                                                      |                      |              |
| <sup>d,e</sup> Reventazon Finance Trust, secured bond, first lien, 144A, 8.00%, 11/15/33                    | 14,011,200           | 14,936,489   |
| <b>Democratic Republic of the Congo 1.8%</b>                                                                |                      |              |
| <sup>b</sup> HTA Group Ltd., senior note, 144A, 9.125%, 3/08/22.                                            | 10,000,000           | 10,634,400   |
| <b>Mauritius 1.1%</b>                                                                                       |                      |              |
| <sup>b</sup> Liquid Telecommunications Financing PLC., senior secured note, 144A, 8.50%, 7/13/22            | 6,100,000            | 6,423,648    |
| <b>Peru 0.0%†</b>                                                                                           |                      |              |
| <sup>b</sup> Peru Enhanced Pass-Through Finance Ltd., senior secured bond, A-1, 144A, zero cpn.,<br>5/31/18 | 256,267              | 254,351      |
| <b>South Africa 1.2%</b>                                                                                    |                      |              |
| <sup>d,e,k</sup> K2016470219 South Africa Ltd.,<br>senior secured note, 144A, PIK, 3.00%, 12/31/22          | 7,106,278            | 141,044      |
| senior secured note, 144A, PIK, 8.00%, 12/31/22                                                             | 2,027,735 EUR        | 73,446       |
| <sup>d,e,k</sup> K2016470260 South Africa Ltd., senior secured note, 144A, PIK, 25.00%, 12/31/22            | 21,399,252           | 7,039,963    |

|                                                                                                                                                                                        |            |             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------|
|                                                                                                                                                                                        |            | 7,254,453   |
| <b>United Republic of Tanzania 2.1%</b>                                                                                                                                                |            |             |
| d,e Swala (PAEM) Ltd., senior note, 144A, 14.50% to 7/15/18, 16.00% to 1/15/19, 17.50% to 7/15/19, 19.00% to 1/15/20, 20.50% to 7/15/20, 23.00% to 1/15/21, thereafter 24.50%, 1/15/23 |            |             |
|                                                                                                                                                                                        | 12,500,000 | 12,500,000  |
| <b>Zambia 1.7%</b>                                                                                                                                                                     |            |             |
| b First Quantum Minerals Ltd., senior note, 144A, 7.25%, 5/15/22                                                                                                                       |            |             |
|                                                                                                                                                                                        | 10,000,000 | 10,050,000  |
| <b>Total Quasi-Sovereign and Corporate Bonds (Cost \$101,433,315)</b>                                                                                                                  |            | 77,197,602  |
| <b>Total Investments before Short Term Investments</b>                                                                                                                                 |            |             |
| <b>(Cost \$531,270,477)</b>                                                                                                                                                            |            | 501,766,011 |

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## TEMPLETON EMERGING MARKETS INCOME FUND STATEMENT OF INVESTMENTS (UNAUDITED)

|                                                                               | Principal<br>Amount* | Value          |
|-------------------------------------------------------------------------------|----------------------|----------------|
| <b>Short Term Investments 13.0%</b>                                           |                      |                |
| <b>Foreign Government and Agency Securities 4.7%</b>                          |                      |                |
| <b>Argentina 1.5%</b>                                                         |                      |                |
| Letras del Banco Central de la Republica Argentina, Strip, 5/16/18 - 10/17/18 | 191,745,000 ARS      | \$ 8,834,356   |
| <b>Egypt 3.2%</b>                                                             |                      |                |
| <sup>l</sup> Egypt Treasury Bill,                                             |                      |                |
| 4/03/18 - 11/06/18                                                            | 243,600,000 EGP      | 13,080,182     |
| 6/12/18                                                                       | 117,000,000 EGP      | 6,401,453      |
|                                                                               |                      | 19,481,635     |
| <b>Total Foreign Government and Agency Securities (Cost \$29,464,258)</b>     |                      | 28,315,991     |
| <b>Total Investments before Money Market Funds (Cost \$560,734,735)</b>       |                      | 530,082,002    |
|                                                                               | <b>Shares</b>        |                |
| <b>Money Market Funds (Cost \$49,741,638) 8.3%</b>                            |                      |                |
| <b>United States 8.3%</b>                                                     |                      |                |
| <sup>m,n</sup> Institutional Fiduciary Trust Money Market Portfolio, 1.24%    | 49,741,638           | 49,741,638     |
| <b>Total Investments (Cost \$610,476,373) 96.8%</b>                           |                      | 579,823,640    |
| <b>Other Assets, less Liabilities 3.2%</b>                                    |                      | 19,205,748     |
| <b>Net Assets 100.0%</b>                                                      |                      | \$ 599,029,388 |

Rounds to less than 0.1% of net assets.

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

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

<sup>b</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 Fund's Board of Trustees. At

March 31, 2018, the aggregate value of these securities was \$265,877,302, representing 44.4% of net assets.

<sup>c</sup>See Note 6 regarding holdings of 5% voting securities.

<sup>d</sup>Fair valued using significant unobservable inputs. See Note 8 regarding fair value measurements.

<sup>e</sup>See Note 5 regarding restricted securities.

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

<sup>g</sup>Redemption price at maturity and coupon payment is adjusted for inflation.

<sup>h</sup>Security was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold

outside of the United States.

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

from registration. These securities have been deemed liquid under guidelines approved by the Fund's Board of Trustees. At March 31, 2018, the aggregate value of these

securities was \$30,599,051, representing 5.1% of net assets.

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

<sup>j</sup>The principal represents the notional amount. See Note 3 regarding value recovery instruments.

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

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

<sup>m</sup>See Note 7 regarding investments in affiliated management investment companies.

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

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TEMPLETON EMERGING MARKETS INCOME FUND  
STATEMENT OF INVESTMENTS (UNAUDITED)

At March 31, 2018, the Fund had the following forward exchange contracts outstanding. See Note 3.

**Forward Exchange  
Contracts**

|                                | Counterparty <sup>a</sup> |          |               | Contract   | Settlement | Unrealized   | Unrealized   |
|--------------------------------|---------------------------|----------|---------------|------------|------------|--------------|--------------|
| Currency                       | Type                      | Quantity |               | Amount     | Date       | Appreciation | Depreciation |
| OTC Forward Exchange Contracts |                           |          |               |            |            |              |              |
| Euro                           | SCNY                      | Sell     | 628,500       | \$ 756,927 | 4/10/18    | \$           | \$ (17,010 ) |
| Japanese Yen                   | SCNY                      | Sell     | 1,873,240,000 | 16,792,828 | 4/10/18    |              | (825,263 )   |
| Euro                           | DBAB                      | Sell     | 1,649,275     | 1,984,416  | 4/12/18    |              | (46,795 )    |
| Euro                           | GSCO                      | Sell     | 1,220,012     | 1,491,013  | 4/16/18    |              | (11,956 )    |
| Euro                           | HSBK                      | Sell     | 826,000       | 1,000,571  | 4/16/18    |              | (17,003 )    |
| Euro                           | BOFA                      | Sell     | 5,038,070     | 6,147,453  | 4/17/18    |              | (59,537 )    |
| Euro                           | JPHQ                      | Sell     | 565,000       | 695,148    | 4/18/18    |              | (992 )       |
| Euro                           | MSCO                      | Sell     | 907,070       | 1,121,973  | 4/19/18    | 4,287        |              |
| Euro                           | DBAB                      | Sell     | 673,497       | 828,887    | 4/23/18    |              | (1,229 )     |
| Euro                           | JPHQ                      | Sell     | 565,000       | 695,973    | 4/23/18    |              | (415 )       |
| Euro                           | UBSW                      | Sell     | 907,070       | 1,116,993  | 4/23/18    |              | (1,011 )     |
| Euro                           | DBAB                      | Sell     | 1,506,000     | 1,853,434  | 4/24/18    |              | (2,911 )     |
| Euro                           | BZWS                      | Sell     | 1,273,708     | 1,584,875  | 4/30/18    | 14,181       |              |
| Euro                           | SCNY                      | Sell     | 179,416       | 222,881    | 4/30/18    | 1,631        |              |
| Euro                           | CITI                      | Sell     | 358,630       | 448,001    | 5/07/18    | 5,523        |              |
| Mexican Peso                   | GSCO                      | Buy      | 567,741,660   | 28,762,433 | 5/14/18    | 2,241,146    |              |
| Euro                           | DBAB                      | Sell     | 359,450       | 447,008    | 5/15/18    | 3,258        |              |
| Euro                           | JPHQ                      | Sell     | 565,000       | 709,747    | 5/21/18    | 11,933       |              |
| Euro                           | SCNY                      | Sell     | 413,000       | 518,164    | 5/21/18    | 8,081        |              |
| Euro                           | UBSW                      | Sell     | 2,688,465     | 3,373,567  | 5/21/18    | 53,126       |              |
| Euro                           | DBAB                      | Sell     | 673,503       | 836,692    | 5/22/18    | 4,809        |              |
| Euro                           | BOFA                      | Sell     | 802,498       | 995,820    | 5/31/18    | 3,916        |              |
| Euro                           | BZWS                      | Sell     | 1,273,708     | 1,578,952  | 5/31/18    | 4,623        |              |
| Euro                           | DBAB                      | Sell     | 2,265,961     | 2,806,438  | 5/31/18    | 5,664        |              |
| Euro                           | SCNY                      | Sell     | 182,974       | 226,469    | 5/31/18    | 309          |              |
| Australian Dollar              | JPHQ                      | Sell     | 14,701,000    | 11,524,114 | 6/12/18    | 234,088      |              |
| Australian Dollar              | CITI                      | Sell     | 9,805,000     | 7,686,532  | 6/13/18    | 156,476      |              |
| Euro                           | DBAB                      | Sell     | 1,649,275     | 2,045,637  | 6/13/18    | 4,841        |              |
| Euro                           | JPHQ                      | Sell     | 565,000       | 704,145    | 6/15/18    | 4,901        |              |

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|                                            |      |      |               |            |         |              |                 |
|--------------------------------------------|------|------|---------------|------------|---------|--------------|-----------------|
| Euro                                       | GSCO | Sell | 1,220,012     | 1,515,096  | 6/19/18 | 4,694        |                 |
| Japanese Yen                               | JPHQ | Sell | 2,334,700,000 | 21,019,888 | 6/19/18 |              | (1,043,905 )    |
| Euro                                       | GSCO | Sell | 1,222,976     | 1,514,840  | 6/20/18 | 638          |                 |
| Euro                                       | UBSW | Sell | 2,688,465     | 3,337,232  | 6/20/18 | 8,568        |                 |
| Australian Dollar                          | BOFA | Sell | 1,753,000     | 1,352,615  | 6/28/18 | 6,225        |                 |
| Euro                                       | BOFA | Sell | 802,499       | 1,002,224  | 6/29/18 | 7,876        |                 |
| Euro                                       | DBAB | Sell | 2,265,071     | 2,828,971  | 6/29/18 | 22,402       |                 |
| Japanese Yen                               | CITI | Sell | 624,500,000   | 5,661,216  | 7/12/18 |              | (250,477 )      |
| Japanese Yen                               | HSBK | Sell | 1,620,890,000 | 14,708,621 | 7/17/18 |              | (640,791 )      |
| Mexican Peso                               | HSBK | Buy  | 600,000,000   | 31,527,508 | 7/30/18 | 844,436      |                 |
| Mexican Peso                               | DBAB | Buy  | 366,946,257   | 19,116,563 | 8/31/18 | 581,597      |                 |
| Mexican Peso                               | JPHQ | Buy  | 105,732,972   | 5,464,377  | 9/10/18 | 202,583      |                 |
| Japanese Yen                               | SCNY | Sell | 1,770,880,000 | 16,366,728 | 1/22/19 |              | (657,186 )      |
| Japanese Yen                               | DBAB | Sell | 626,420,000   | 5,776,171  | 1/24/19 |              | (246,713 )      |
| Total Forward Exchange Contracts           |      |      |               |            |         | \$ 4,441,812 | \$ (3,823,194 ) |
| Net unrealized appreciation (depreciation) |      |      |               |            |         | \$ 618,618   |                 |

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

TEMPLETON EMERGING MARKETS INCOME FUND  
STATEMENT OF INVESTMENTS (UNAUDITED)

At March 31, 2018, the Fund had the following interest rate swap contracts outstanding. See Note 3.

**Interest Rate Swap Contracts**

| Description                        | Payment Frequency | Maturity Date | Notional Amount | Value/                                 |
|------------------------------------|-------------------|---------------|-----------------|----------------------------------------|
|                                    |                   |               |                 | Unrealized Appreciation (Depreciation) |
| Centrally Cleared Swap Contracts   |                   |               |                 |                                        |
| Receive Floating 3-month USD LIBOR | Quarterly         |               |                 |                                        |
| Pay Fixed 2.310%                   | Semi-Annual       | 7/29/25       | \$ 53,095,000   | \$ 1,431,660                           |
| Receive Floating 3-month USD LIBOR | Quarterly         |               |                 |                                        |
| Pay Fixed 2.432%                   | Semi-Annual       | 3/03/27       | 18,500,000      | 466,227                                |
| Receive Floating 3-month USD LIBOR | Quarterly         |               |                 |                                        |
| Pay Fixed 2.568%                   | Semi-Annual       | 3/13/27       | 8,500,000       | 125,866                                |
| Receive Floating 3-month USD LIBOR | Quarterly         |               |                 |                                        |
| Pay Fixed 2.383%                   | Semi-Annual       | 4/03/27       | 8,400,000       | 192,218                                |
| Receive Floating 3-month USD LIBOR | Quarterly         |               |                 |                                        |
| Pay Fixed 2.752%                   | Semi-Annual       | 7/29/45       | 39,530,000      | 537,818                                |
| Receive Floating 3-month USD LIBOR | Quarterly         |               |                 |                                        |
| Pay Fixed 2.980%                   | Semi-Annual       | 2/20/48       | 6,230,000       | (229,464 )                             |
| Receive Floating 3-month USD LIBOR | Quarterly         |               |                 |                                        |
| Pay Fixed 3.002%                   | Semi-Annual       | 2/22/48       | 6,230,000       | (250,099 )                             |
| Receive Floating 3-month USD LIBOR | Quarterly         |               |                 |                                        |
| Pay Fixed 3.019%                   | Semi-Annual       | 2/23/48       | 6,230,000       | (272,320 )                             |
| Total Interest Rate Swap Contracts |                   |               | \$              | 2,001,906                              |

See Abbreviations on page 14.

TEMPLETON EMERGING MARKETS INCOME FUND

## Notes to Statement of Investments (unaudited)

### 1. ORGANIZATION

Templeton Emerging Markets Income Fund (Fund) is registered under the Investment Company Act of 1940 (1940 Act) as a closed-end management investment company and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP).

### 2. 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 at the close of the New York Stock Exchange (NYSE), generally at 4 p.m. Eastern time or earlier when the NYSE closes early, on each day the NYSE is open for trading. Under compliance policies and procedures approved by the Fund's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The VC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to 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 VC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VC 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

TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

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. At March 31, 2018, a market event occurred resulting in a portion of the securities held by the Fund being valued using fair value procedures.

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.

### 3. 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.

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

## TEMPLETON EMERGING MARKETS INCOME FUND

## NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

**3. DERIVATIVE FINANCIAL INSTRUMENTS** (continued)

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

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

**4. 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. In addition, certain foreign securities may not be as liquid as U.S. securities.

**5. RESTRICTED SECURITIES**

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

| Principal<br>Amount/<br>Shares/<br>Warrants | Issuer                                                                            | Acquisition<br>Date | Cost      | Value   |
|---------------------------------------------|-----------------------------------------------------------------------------------|---------------------|-----------|---------|
| 4,375                                       | Edcon Holdings Ltd., F wts., 2/20/49                                              | 11/27/15            | \$ 46     | \$      |
| 78,291,411                                  | Edcon Holdings Ltd., F1 wts., 2/20/49.                                            | 11/27/15            | 829,537   |         |
| 6,340,039                                   | Edcon Holdings Ltd., F2 wts., 2/20/49.                                            | 11/27/15            | 67,176    |         |
| 93,760,463                                  | K2016470219 South Africa Ltd., A                                                  | 5/10/11 - 2/01/17   | 538,947   | 79,294  |
| 161,018,517                                 | K2016470219 South Africa Ltd., B                                                  | 5/10/11 - 2/01/17   | 119,550   | 136,175 |
| 7,106,278                                   | K2016470219 South Africa Ltd., senior secured note, 144A,<br>PIK, 3.00%, 12/31/22 | 2/01/17 - 12/29/17  | 9,519,340 | 141,044 |

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|            |     |                                                                                    |                    |            |            |
|------------|-----|------------------------------------------------------------------------------------|--------------------|------------|------------|
| 2,027,735  | EUR | K2016470219 South Africa Ltd., senior secured note, 144A,<br>PIK, 8.00%, 12/31/22  | 2/01/17 - 12/29/17 | 1,198,759  | 73,446     |
| 21,399,252 |     | K2016470260 South Africa Ltd., senior secured note, 144A,<br>PIK, 25.00%, 12/31/22 | 2/01/17 - 12/29/17 | 22,940,749 | 7,039,963  |
| 4,000,000  | a   | Platinum Group Metals Ltd., cvt., 144A, 6.875%, 7/01/22                            | 6/28/17            | 4,000,000  | 3,203,811  |
| 14,011,200 |     | Reventazon Finance Trust, secured bond, first lien, 144A,<br>8.00%, 11/15/33.      | 12/18/13           | 14,011,200 | 14,936,489 |

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TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

| Principal<br>Amount/<br>Shares/<br>Warrants Issuer                                                                                                                                                       | Acquisition<br>Date | Cost          | Value         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------|---------------|
| 12,500,000 b Swala (PAEM) Ltd., senior note, 144A, 14.50% to 7/15/18,<br>16.00% to 1/15/19, 17.50% to 7/15/19, 19.00% to 1/15/20,<br>20.50% to 7/15/20, 23.00% to 1/15/21, thereafter 24.50%,<br>1/15/23 | 1/15/18             | \$ 12,500,000 | \$ 12,500,000 |
| <b>Total Restricted Securities</b> (Value is 6.4% of Net Assets)                                                                                                                                         |                     | \$ 65,725,304 | \$ 38,110,222 |

<sup>a</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$142,051 as of March 31, 2018. <sup>b</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$ as of March 31, 2018.

6. HOLDINGS OF 5% VOTING SECURITIES OF PORTFOLIO COMPANIES

The 1940 Act defines "affiliated companies" to include investments in portfolio companies in which a fund owns 5% or more of the outstanding voting securities. During the period ended March 31, 2018, investments in affiliated companies were as follows:

| Name of Issuer                                                   | Number of<br>Shares/<br>Principal<br>Amount<br>Held<br>at<br>Beginning<br>of Period | Gross<br>Additions | Gross<br>Reductions | Number of<br>Shares/<br>Principal<br>Amount<br>Held<br>at End<br>of Period | Value<br>at End of Period | Investment<br>Income | Realized<br>Gain<br>(Loss) | Net Change in<br>Unrealized<br>Appreciation<br>(Depreciation) |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------|---------------------|----------------------------------------------------------------------------|---------------------------|----------------------|----------------------------|---------------------------------------------------------------|
| <b>Non-Controlled<br/>Affiliates</b>                             |                                                                                     |                    |                     |                                                                            |                           |                      |                            |                                                               |
| Dividends                                                        |                                                                                     |                    |                     |                                                                            |                           |                      |                            |                                                               |
| Platinum Group<br>Metals Ltd., 144A                              |                                                                                     | 488,370 a          |                     | 488,370                                                                    | \$ 142,051                | \$                   | \$                         | (45,528 )                                                     |
| Interest                                                         |                                                                                     |                    |                     |                                                                            |                           |                      |                            |                                                               |
| Platinum Group<br>Metals Ltd., cvt.,<br>144A, 6.875%,<br>7/01/22 | 4,000,000                                                                           |                    |                     | 4,000,000                                                                  | 3,203,811                 | 207,014              |                            | (70,668 )                                                     |
|                                                                  |                                                                                     |                    |                     |                                                                            | \$ 3,345,862              | \$ 207,014           | \$                         | (116,196 )                                                    |

**Total Affiliated Securities**

(Value is 0.6% of Net Assets)

aGross addition  
was the result of a  
corporate action.

**7. 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. During the period ended March 31, 2018, the Fund held investments in affiliated management investment companies as follows:

|                                  |            | Number of  |               |            | Number of     |            | Net Change in |            |                |
|----------------------------------|------------|------------|---------------|------------|---------------|------------|---------------|------------|----------------|
|                                  |            | Shares     |               |            | Shares        | Value      | Realized      | Unrealized |                |
|                                  |            | Held       |               |            |               |            |               |            |                |
|                                  |            | at         |               |            |               |            |               |            |                |
|                                  |            | Beginning  | Gross         | Gross      | Held at End   | at End     | Dividend      | Gain       | Appreciation   |
|                                  |            | of Period  | Additions     | Reductions | of Period     | of Period  | Income        | (Loss)     | (Depreciation) |
| <b>Non-Controlled Affiliates</b> |            |            |               |            |               |            |               |            |                |
| Institutional Fiduciary          |            |            |               |            |               |            |               |            |                |
| Trust Money Market               |            |            |               |            |               |            |               |            |                |
| Portfolio,                       |            |            |               |            |               |            |               |            |                |
| 1.24 %                           | 32,733,354 | 41,318,570 | (24,310,286 ) | 49,741,638 | \$ 49,741,638 | \$ 121,775 | \$            |            | \$             |

TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

**8. 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.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

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

|                                               | Level 1       | Level 2        | Level 3       | Total          |
|-----------------------------------------------|---------------|----------------|---------------|----------------|
| <b>Assets:</b>                                |               |                |               |                |
| Investments in Securities:                    |               |                |               |                |
| Equity Investments:                           |               |                |               |                |
| Mexico                                        | \$            | \$ 11,308      | c \$          | 11,308         |
| South Africa                                  |               |                | 215,469 c     | 215,469        |
| All Other Equity Investments.                 | 142,051       |                | c             | 142,051        |
| Convertible Bonds                             |               |                | 3,203,811     | 3,203,811      |
| Foreign Government and Agency Securities      |               | 420,995,770    |               | 420,995,770    |
| Quasi-Sovereign and Corporate Bonds:          |               |                |               |                |
| Costa Rica                                    |               |                | 14,936,489    | 14,936,489     |
| South Africa                                  |               |                | 7,254,453     | 7,254,453      |
| United Republic of Tanzania.                  |               |                | 12,500,000    | 12,500,000     |
| All Other Quasi-Sovereign and Corporate Bonds |               | 42,506,660     |               | 42,506,660     |
| Short Term Investments                        | 49,741,638    | 28,315,991     |               | 78,057,629     |
| Total Investments in Securities               | \$ 49,883,689 | \$ 491,829,729 | \$ 38,110,222 | \$ 579,823,640 |
| Other Financial Instruments:                  |               |                |               |                |
| Forward Exchange Contracts                    | \$            | \$ 4,441,812   | \$            | 4,441,812      |
| Swap Contracts.                               |               | 2,753,789      |               | 2,753,789      |
| Total Other Financial Instruments             | \$            | \$ 7,195,601   | \$            | 7,195,601      |

**Liabilities:**

Other Financial Instruments:

|                                   |    |    |           |    |           |
|-----------------------------------|----|----|-----------|----|-----------|
| Forward Exchange Contracts        | \$ | \$ | 3,823,194 | \$ | 3,823,194 |
| Swap Contracts.                   |    |    | 751,883   |    | 751,883   |
| Total Other Financial Instruments | \$ | \$ | 4,575,077 | \$ | 4,575,077 |

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

<sup>b</sup>Includes common stocks and other equity investments.

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



# Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-Q

## Investments in Securities:

|                                      |    |            |                                 |                                    |                            |
|--------------------------------------|----|------------|---------------------------------|------------------------------------|----------------------------|
| Convertible Bonds                    | \$ | 3,203,811  | Binomial convertible bond model | Discount for lack of marketability | 4.4% Decrease <sup>b</sup> |
| Quasi-Sovereign and Corporate Bonds: |    |            | Discounted cash flow            |                                    |                            |
| Costa Rica                           |    | 14,936,489 | model                           | Discount rates                     | 2.5% - 12.0% Decrease      |
|                                      |    |            |                                 | Historical volatility              | 35.1% Decrease             |
|                                      |    |            |                                 | Discount rate <sup>c</sup>         | 7.0% Decreased             |
| All other investment <sup>e</sup>    |    | 19,969,922 |                                 |                                    |                            |
| Total                                | \$ | 38,110,222 |                                 |                                    |                            |

<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>Represents a significant impact to fair value but not net assets.

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

<sup>e</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.

TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

## 9. SUBSEQUENT EVENTS

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

### Abbreviations

#### Counterparty

**BOFA** Bank of America Corp.  
**BZWS** Barclays Bank PLC  
**CITI** Citigroup, Inc.  
**DBAB** Deutsche Bank AG  
**GSCO** The Goldman Sachs Group, Inc.  
**HSBK** HSBC Bank PLC  
**JPHQ** JP Morgan Chase & Co.  
**MSCO** Morgan Stanley  
**SCNY** Standard Chartered Bank  
**UBSW** UBS AG

#### Currency

**ARS** Argentine Peso  
**BRL** Brazilian Real  
**COP** Colombian Peso  
**EGP** Egyptian Pound  
**EUR** Euro  
**GHS** Ghanaian Cedi  
**IDR** Indonesian Rupiah  
**INR** Indian Rupee  
**MXN** Mexican Peso  
**USD** United States Dollar

#### Selected Portfolio

**GDP** Gross Domestic Product  
**LIBOR** London InterBank Offered Rate  
**PIK** Payment-In-Kind  
**VRI** Value Recovery Instruments

For additional information on the Fund's significant accounting policies, please refer to the Fund's most recent semiannual or annual shareholder report.

**Item 2. Controls and Procedures.**

(a) Evaluation of Disclosure Controls and Procedures. The Registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Registrant's management, including the principal executive officer and the principal financial officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Within 90 days prior to the filing date of this Quarterly Schedule of Portfolio Holdings on Form N-Q, the Registrant had carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's principal executive officer and the Registrant's principal financial officer, of the effectiveness of the design and operation of the Registrant's disclosure controls and procedures. Based on such evaluation, the Registrant's principal executive officer and principal financial officer concluded that the Registrant's disclosure controls and procedures are effective.

(b) Changes in Internal Controls. There have been no changes in the Registrant's internal controls or in other factors that could materially affect the internal controls over financial reporting subsequent to the date of their evaluation in connection with the preparation of this Quarterly Schedule of Portfolio Holdings on Form N-Q.

**Item 3. Exhibits.**

(a) Certification pursuant to Section 30a-2 under the Investment Company Act of 1940 of Matthew T. Hinkle, Chief Executive Officer - Finance and

Administration, and Robert G. Kubilis, Chief Financial Officer and Chief Accounting Officer

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Templeton Emerging Markets Income Fund**

By /s/Matthew T. Hinkle

Matthew T. Hinkle

Chief Executive Officer -

Finance and Administration

Date May 24, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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By /s/Matthew T. Hinkle

Matthew T. Hinkle

Chief Executive Officer -

Finance and Administration

Date May 24, 2018

By /s/Robert G. Kubilis

Robert G. Kubilis

Chief Financial Officer and

Chief Accounting Officer

Date May 24, 2018