

ANNUAL REPORT AND SHAREHOLDER LETTER

# TEMPLETON INTERNATIONAL BOND FUND

A Series of Templeton Income Trust

December 31, 2020



FRANKLIN  
TEMPLETON

# SHAREHOLDER LETTER

Dear Shareholder:

During the 12 months ended December 31, 2020, the novel coronavirus pandemic hindered the global economy. Starting in March, worldwide efforts to slow the infection rate thwarted global economic activity, and central banks acted swiftly to maintain financial stability. The U.S. Federal Reserve enacted emergency rate cuts and authorized open-ended purchasing of government-backed and corporate bonds to bolster markets, and the European Central Bank's Pandemic Emergency Purchase Programme included private and public sector securities. These measures helped U.S. and eurozone economic growth to resume in 2020's third quarter after two quarters of contraction. In this environment, global government bonds, as measured by the FTSE World Government Bond Index, posted total returns of +10.11% and +5.52% in U.S. dollar and local currency terms, respectively.<sup>1</sup> The U.S. dollar decreased 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. 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 International Bond Fund's annual report includes more detail about prevailing conditions and a discussion about investment decisions during the period. Please remember all securities markets fluctuate, as do mutual fund share prices.

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

Sincerely,

Michael Hasenstab, Ph.D.  
Executive Vice President,  
Chief Investment Officer of Templeton Global Macro

*This letter reflects our analysis and opinions as of December 31, 2020, 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.*

1. Source: Morningstar.

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

**Not FDIC Insured | May Lose Value | No Bank Guarantee**

# Contents

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## Annual Report

Templeton International Bond Fund.....	3
Performance Summary.....	7
Your Fund's Expenses.....	10
Financial Highlights and Statement of Investments.....	11
Financial Statements.....	29
Notes to Financial Statements.....	33
Report of Independent Registered Public Accounting Firm.....	48
Tax Information.....	49
Board Members and Officers.....	50
Shareholder Information.....	55

Visit **franklintempleton.com** for fund updates, to access your account, or to find helpful financial planning tools.

# ANNUAL REPORT

## Templeton International Bond Fund

This annual report for Templeton International Bond Fund covers the fiscal year ended December 31, 2020.

### Your Fund's Goal and Main Investments

The Fund seeks current income with capital appreciation and growth of income. Under normal market conditions, the Fund invests at least 80% of its net assets in bonds. For purposes of the Fund's 80% policy, bonds include derivative instruments or other investments that have economic characteristics similar to bonds. Bonds include debt obligations of any maturity, such as bonds, notes, bills and debentures. The Fund invests predominantly in bonds issued by governments, government-related entities and government agencies located outside of the U.S.

### Portfolio Composition

12/31/20

	<b>% of Total Net Assets</b>
Foreign Government and Agency Securities	59.1%
Short-Term Investments & Other Net Assets*	40.9%

\*Includes foreign government and agency securities, money market funds and other net assets less liabilities (including derivatives).

### Performance Overview

For the 12 months under review, the Fund's Class A shares posted a -5.95% cumulative total return. In comparison, the Fund's benchmark, the FTSE Non-USD World Government Bond Index (WGBI), which measures performance of investment-grade, non-U.S. world government bond markets, posted a cumulative total return of +10.78% 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.*

1. Source: Morningstar.

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

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

**The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 16.**

### Economic and Market Overview

The 12-month period ended December 31, 2020, started optimistically, as a phase one trade deal between the U.S. and China appeared to bolster market sentiment, driving risk asset valuations higher in several markets across the globe. However, conditions changed radically and rapidly by late February, as the novel coronavirus (COVID-19) pandemic upended economies and financial markets around the world. Lockdown orders from governments trying to "flatten the curve" (i.e., stem the rate of infection) ultimately brought entire countries, regions and continents to an economic standstill in March and April. The speed and pervasiveness of the economic shocks were unprecedented. There is no historical comparison for the magnitude of aggregate demand that was destroyed, nor the magnitude of job losses in such a compressed timescale.

Risk aversion rapidly escalated to crisis levels and deepened throughout March, driving correlations to 1.0 across multiple asset classes as investors shed risk and moved into perceived safe havens. Credit markets experienced substantial price volatility, with the lower-rated credit tiers bearing the brunt of the selloffs. The U.S. Federal Reserve (Fed) responded quickly to the deepening crisis with two emergency rate cuts in March, the second of which dropped the federal funds target rate 100 basis points (bps) to the zero bound that was used during the 2008 global financial crisis (GFC). The Fed also cut reserve requirements and encouraged financial institutions to borrow directly from the discount window.

Growing liquidity strains throughout financial markets in March prompted the Fed to restart liquidity programs that had been created during the GFC, such as the Commercial Paper Funding Facility and the Primary Dealer Credit Facility. On March 23, the Fed took its financial market interventions beyond the scope of the GFC programs by creating corporate lending programs, and announcing its intentions to support lending to small- and medium-sized businesses through the newly created Main Street Business Lending Program. The Fed also pledged to buy unlimited government bonds, abandoning the previous quantitative easing (QE) targets it had announced a week earlier on March 15. The heightened demand for U.S. dollars (USD)

around the world also led the Fed to expand its liquidity swaps program with foreign central banks beyond the five banks in its standing facility.

On the U.S. fiscal side, Congress passed the CARES Act (Coronavirus Aid, Relief, and Economic Security) on March 27, a USD\$2.2 trillion fiscal relief program designed to provide loans to businesses, income support and unemployment benefits to individuals, and funding for hospitals and public health services. It was the largest economic relief bill in U.S. history.

In Europe, the European Central Bank (ECB) unveiled the €750 billion Pandemic Emergency Purchase Programme (PEPP) in an unscheduled mid-week announcement on March 18. ECB President Christine Lagarde commented that, “there are no limits to our commitment to the euro. We are determined to use the full potential of our tools, within our mandate.” PEPP appeared geared to support the more vulnerable states, as the program has unprecedented flexibility to buy a wide range of eligible securities, including Greek and Italian sovereign debt, as well as corporate commercial paper. The European Commission passed its €750 billion recovery fund in July, which was largely viewed by markets as a major step towards greater fiscal solidarity across the euro area.

In the second quarter of 2020, global financial markets rebounded from the extreme lows in March, as extraordinary measures from central banks and governments appeared to improve market confidence. Additionally, regional economies began to incrementally reopen and the improving economic data appeared to bolster optimism that the worst of the economic shocks had passed. Risk assets rallied and credit spreads tightened in many sectors during the second quarter, returning to levels last seen in early March and late February. Those trends largely extended through July and August as strengthening economic activity and profound policy interventions continued to fuel rallies across global financial markets through much of the summer. However, many risk assets appeared detached from underlying economic fundamentals due to extraordinary monetary policies.

Risk assets eventually pulled back from their summer high points in September 2020, as rising cases of COVID-19 appeared to concern investors, particularly as areas of Europe and Asia returned to various mobility restrictions. Developed market sovereign bond yields fluctuated during the summer months, rising on reflation expectations but dropping in September as broad risk aversion returned to global financial markets. Additionally, economic recoveries in many regions showed signs of levelling off in August and

September, demonstrating that the improvements in the late spring and summer months were rebounds from the extreme low points in March and April, not trends that could be extrapolated through upcoming quarters.

Yoshihide Suga was confirmed as the new prime minister of Japan on September 16, following Shinzo Abe's resignation on August 28. Abe had been prime minister since December 2012. We expected political continuity in the near term, as Suga is an Abe loyalist who was often credited with pushing through many of Abe's critical domestic reforms.

In October 2020, “risk-on” sentiment initially returned to global financial markets, with risk assets rallying during the first couple weeks of the month before broad risk aversion sharply returned, leading to significant price adjustments in various credit sectors during the second half of the month. Investors appeared concerned over resurgent waves of COVID-19 cases around the world. Market sentiments ultimately improved in November on apparent optimism over promising vaccine trials and prospects for a potential global economic recovery in 2021. Risk assets finished the final months of the year on broad-based rallies as initial vaccine distributions commenced.

However, market optimism in the fourth quarter ran in stark contrast to the worsening pandemic, as COVID-19 infections surged to record levels in areas of Europe, the U.S. and Latin America in the waning months of the year, with a highly contagious variant of the virus surfacing in dozens of countries. The harsh realities of a worldwide health crisis and deepening economic hardship continued to have profound consequences for lives and livelihoods around the world.

In late December 2020, the U.S. government passed a USD\$900 billion support package that extended unemployment benefits until mid-March 2021 and provides one-time relief payments of USD\$600 to most citizens. Additional fiscal stimulus appeared likely with the upcoming change in the U.S. government. The Fed continued to maintain low rates as well as its emergency support program from March through the end of the year, continuously reaffirming its commitment to use its “full range of tools to support the U.S. economy” at each policy meeting.

The ECB also kept monetary policy unchanged through the end of the year, with the main refinancing operations rate remaining at 0.0%, and the main deposit facility rate remaining at -0.5%. The ECB increased the size of the PEPP program to €1.85 trillion in December, after previously raising it to €1.35 trillion in June. The U.K. and the European Union also settled on final terms for post-Brexit trade agreements in the last week of the year.

The Bank of Japan (BOJ) also made no changes to its rates policy in 2020. Overnight interest rates remained at 0.1% and the yield target on the 10-year Japanese government bond remained at 0.0%. In the second quarter, the BOJ removed QE caps and quadrupled the size of its corporate debt purchases. It also increasingly focused on ensuring businesses had ample access to capital through various loan programs, increasing its lending program to USD\$1 trillion. However, despite the BOJ's efforts to drive inflation higher during the Abenomics era, deflationary pressures returned, with core inflation dropping to -0.4% year-over-year in August and falling further to -0.9% in November. The BOJ announced in December that it had launched a comprehensive review of its monetary framework, scheduled to arrive in March 2021. We continued to expect the Japanese yen to appreciate against the USD during the period, on stable rate differentials and Japan's strong external balance.

Nearly every country in the world declared some form of fiscal response to the economic crisis in 2020, with most countries pursuing programs that went beyond the measures they deployed during the GFC. Debt-to-GDP (gross domestic product) ratios have risen significantly in just about every country. On the monetary front, many central banks aggressively cut policy rates, with several indicating they intend to respond to ongoing economic adversity with additional accommodation as needed. During the 12-month period, Brazil cut rates by 250 bps to 2.00%, Colombia cut rates by 250 bps to 1.75%, Mexico cut rates by 300 bps to 4.25%, Indonesia cut rates by 125 bps to 3.75%, and India cut rates by 115 bps to 4.00%.

In global bond markets, the yield on the 10-year U.S. Treasury (UST) note finished the period 100 bps lower, at 0.92%, ranging from a pre-pandemic high of 1.92% on January 1 to an all-time low of 0.51% on August 4. The yield on the 10-year German Bund finished the year 38 bps lower at -0.57%, ranging from a pre-pandemic high of -0.19% on January 13 to an all-time low of -0.86% on March 9, during peak financial market shocks. Sovereign bond yields also declined in several countries on ongoing monetary accommodation during the year, notably including much of Latin America and Asia, particularly Brazil, Mexico, Indonesia and India.

In currency markets, the USD initially strengthened in March on tremendous demand for U.S. dollars during the financial market shocks, but then entered a broad-based weakening pattern in mid-May that largely persisted through the end of December. Many developed market and emerging market currencies alike strengthened against the USD over the final seven months of the year. In credit markets,

spreads widened substantially during peak financial market volatility in February and March, but progressively tightened from April through December, with several sovereign and corporate sectors finishing the year at pre-pandemic levels.

## Investment Strategy

We invest selectively in non-U.S. bonds around the world based upon our assessment of changing market, political and economic conditions. While seeking opportunities, we monitor various factors including changes in interest rates, currency exchange rates and credit risks. For purposes of pursuing its investment goals, the Fund regularly enters into various currency-related transactions involving derivative instruments, principally currency and cross currency forwards, but it may also use currency and currency index futures contracts and currency options. The Fund may also enter into various other transactions involving derivatives, including interest-rate/bond futures and swap agreements (which may include interest rate and credit default swaps).

## Geographic Composition

12/31/20

	% of Total Net Assets
Asia	33.7%
Latin America & Caribbean	15.1%
Europe	4.6%
Australia & New Zealand	4.5%
Middle East & Africa	1.2%
Short-Term Investments & Other Net Assets	40.9%

## Manager's Discussion

The strategy was structured around four key pillars during much of the reporting period: (1) maintaining high liquidity through elevated cash balances and risk-adjusted position weights; (2) holding long exposures to perceived safe-haven assets such as the Japanese yen, Swiss franc, Norwegian krone and Swedish krona; (3) targeting appropriate risk-adjusted returns in a select subset of emerging markets; and (4) underweighting overvalued developed fixed income markets. The strategy continued to emphasize select duration exposures in countries that have attractive risk-adjusted yields, resilient economic fundamentals and prudent fiscal and monetary policies. Several emerging markets continued to offer significantly higher yields than those available in the developed markets. The strategy entered the reporting period in a de-risked state as the investment team saw elevated global financial market risks that it believed were significantly underappreciated by markets. While the team was not explicitly anticipating

the COVID-19 crisis, it was concerned that overvalued risk assets were vulnerable to a geopolitical, economic or financial market shock. The team adjusted the risk-sizing of various positions and hedged (using currency forwards) a substantial amount of local-currency emerging market beta risk through proxy hedges (net-negative Australian dollar) and direct hedges (Indian rupee, South Korean won, Mexican peso and Brazilian real). The strategy held a net-negative position in the euro as the team expected fundamental weakening in the currency due to structural and political risks in the eurozone, along with headwinds to growth and reflation efforts across Europe.

The strategy remained significantly underweighted in developed market duration, and it exited its negative duration exposure to USTs in the first quarter. The strategy held no duration exposure in the eurozone, and instead focused on higher-yielding local-currency bonds in specific emerging markets, such as Brazil, Mexico, Colombia, Indonesia, India and Ghana. The team also continued to broadly avoid credit sectors, which it believed were overvalued leading up to the crisis and increasingly vulnerable to insolvencies as the economic crisis progressed. During the period, the team used forward currency exchange contracts to actively manage currencies, and used interest-rate swaps to tactically manage duration exposures.

During the period, the Fund's negative absolute performance was primarily due to currency positions. Interest-rate strategies contributed to absolute results, while sovereign credit exposures had a largely neutral effect. Among currencies, positions in Latin America (the Brazilian real and Argentine peso) detracted from absolute performance. The Fund's net-negative positions in the Australian dollar and the euro also detracted from absolute results, as did tactical positioning (negative) in the Mexican peso. However, the Fund's net-positive positions in the Japanese yen and the Swiss franc contributed to absolute performance, as did positions in northern European currencies (the Swedish krona). The Fund maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Select duration exposures in Latin America (Mexico and Argentina) and Asia ex-Japan (India) contributed to absolute results, while negative duration exposure to USTs during the first quarter detracted.

On a relative basis, the Fund underperformed its benchmark due to currency positions, followed by interest-rate strategies. Sovereign credit exposures had a largely neutral effect on relative results. Among currencies, the Fund's underweighted positions in the euro, the Australian dollar and the Mexican peso detracted from relative results.

Overweighted positions in Latin America (the Brazilian real and Argentine peso) also detracted from relative performance. However, overweighted positions in northern European currencies (the Swedish krona and Norwegian krone) contributed to relative performance, as did the Fund's overweighted positions in the Japanese yen and the Swiss franc. The Fund maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Select underweighted duration exposures in Europe detracted from relative results, as did negative duration exposure to USTs during the first quarter. However, select overweighted duration exposures in Latin America (Argentina and Mexico) and Asia ex-Japan (India) contributed to relative performance.

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

Michael Hasenstab, Ph.D.  
Lead Portfolio Manager

Calvin Ho  
Portfolio Manager

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*The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2020, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of December 31, 2020

The performance table and graphs do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities.

### Performance as of 12/31/20<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>		
1-Year	-5.95% <sup>5</sup>	-9.46%
5-Year	+6.94%	+0.58%
10-Year	+9.02%	+0.48%
<b>Advisor</b>		
1-Year	-5.70% <sup>5</sup>	-5.70%
5-Year	+8.36%	+1.62%
10-Year	+11.98%	+1.14%

*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.*

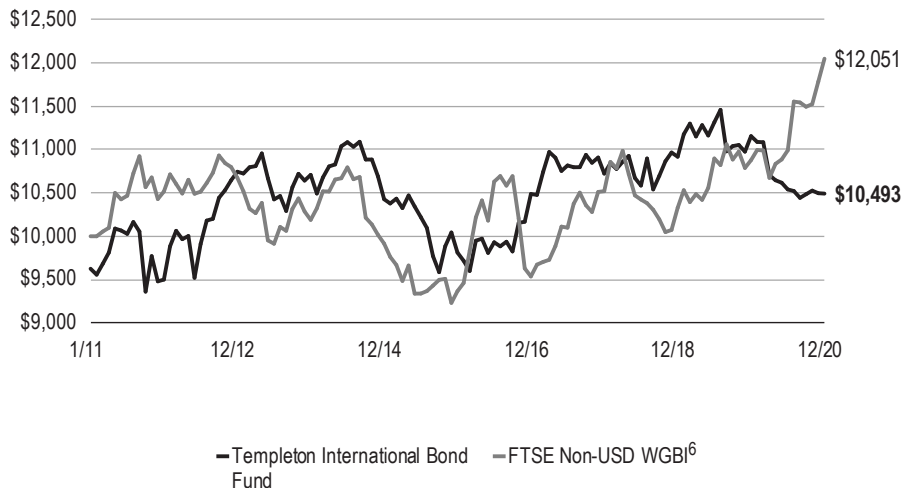
See page for 9 Performance Summary footnotes.



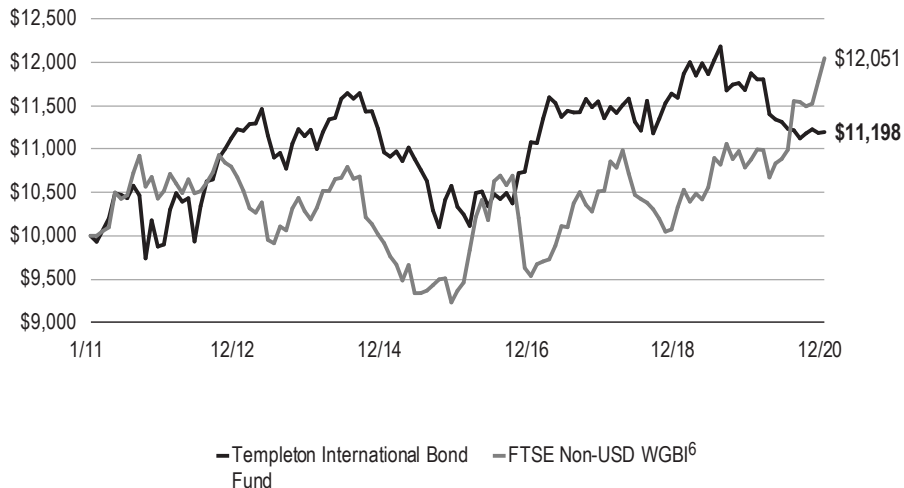
### Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

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

#### Class A (1/1/11–12/31/20)



#### Advisor Class (1/1/11–12/31/20)



See page 9 for Performance Summary footnotes.

## Distributions (1/1/20–12/31/20)

Share Class	Net Investment Income	Tax Return of Capital	Total
A	\$0.0031	\$0.2089	\$0.2120
C	\$0.0025	\$0.1720	\$0.1745
R	\$0.0028	\$0.1828	\$0.1856
R6	\$0.0034	\$0.2443	\$0.2477
Advisor	\$0.0031	\$0.2323	\$0.2354

## Total Annual Operating Expenses<sup>7</sup>

Share Class	With Fee Waiver	Without Fee Waiver
A	1.09%	1.30%
Advisor	0.84%	1.05%

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. Derivatives, including currency management strategies, involve costs and can create economic leverage in the portfolio, which 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. The markets for particular securities or types of securities are or may become relatively illiquid. Reduced liquidity will have an adverse impact on the security's value and on the Fund's ability to sell such securities when necessary to meet the Fund's liquidity needs or in response to a specific market event. Foreign securities involve special risks, including currency 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. 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. Investments in lower rated bonds include higher risk of default and loss of principal. Bond prices generally move in the opposite direction of interest rates. As the 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. Unexpected events and their aftermaths, such as the spread of deadly diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. 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 4/30/21. 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. Total return information is based on net asset values calculated for shareholder transactions. Certain adjustments were made to the net asset values of the Fund at 12/31/19 for financial reporting purposes. Accordingly, adjusted total returns have been disclosed in the Financial Highlights and differ from those reported here.
6. Source: Morningstar. The FTSE Non-USD WGBI is a market capitalization-weighted index consisting of investment-grade world government bond markets; it includes all WGBI countries except the U.S. and is stated in U.S. dollar terms.
7. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown. See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

## Your Fund’s Expenses

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

### Actual Fund Expenses

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

### Hypothetical Example for Comparison with Other Funds

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

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

Share Class	Beginning Account Value 7/1/20	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 12/31/20	Expenses Paid During Period 7/1/20–12/31/20 <sup>1,2</sup>	Ending Account Value 12/31/20	Expenses Paid During Period 7/1/20–12/31/20 <sup>1,2</sup>	
A	\$1,000	\$995.43	\$5.04	\$1,020.09	\$5.10	0.99%
C	\$1,000	\$993.36	\$6.99	\$1,018.13	\$7.07	1.39%
R	\$1,000	\$993.88	\$6.26	\$1,018.86	\$6.34	1.24%
R6	\$1,000	\$996.20	\$3.08	\$1,022.05	\$3.12	0.60%
Advisor	\$1,000	\$996.67	\$3.78	\$1,021.35	\$3.82	0.74%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/366 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 International Bond Fund

	Year Ended December 31,					Year Ended
	2020	2019	2018	2017	2016 <sup>a</sup>	August 31, 2016
<b>Class A</b>						
<b>Per share operating performance</b>						
(for a share outstanding throughout the year)						
Net asset value, beginning of year . . . . .	\$9.77	\$10.14	\$10.57	\$10.61	\$10.07	\$10.03
Income from investment operations <sup>b</sup> :						
Net investment income <sup>c</sup> . . . . .	0.20	0.42	0.40	0.42	0.12	0.34
Net realized and unrealized gains (losses)	(0.75)	(0.23)	(0.22)	(0.18)	0.44	(0.17)
Total from investment operations . . . . .	(0.55)	0.19	0.18	0.24	0.56	0.17
Less distributions from:						
Net investment income and net foreign currency gains . . . . .	(—) <sup>d</sup>	(0.56)	(0.59)	(0.28)	—	(0.04)
Net realized gains . . . . .	—	—	(0.01)	—	—	—
Tax return of capital . . . . .	(0.21)	—	(0.01)	—	(0.02)	(0.09)
Total distributions . . . . .	(0.21)	(0.56)	(0.61)	(0.28)	(0.02)	(0.13)
Net asset value, end of year . . . . .	\$9.01	\$9.77	\$10.14	\$10.57	\$10.61	\$10.07
Total return <sup>e</sup> . . . . .	(5.66)%	1.86%	1.82%	2.25%	5.54%	1.70%
<b>Ratios to average net assets<sup>f</sup></b>						
Expenses before waiver and payments by affiliates and expense reduction . . . . .	1.21%	1.20%	1.26%	1.44%	1.58%	1.27%
Expenses net of waiver and payments by affiliates . . . . .	1.00%	1.00%	0.99%	0.99%	1.00%	0.99%
Expenses net of waiver and payments by affiliates and expense reduction . . . . .	0.99%	0.98%	0.98%	0.99% <sup>g</sup>	0.99%	0.99% <sup>g</sup>
Net investment income . . . . .	2.12%	4.18%	3.93%	3.87%	3.48%	3.28%
<b>Supplemental data</b>						
Net assets, end of year (000's) . . . . .	\$22,455	\$39,532	\$38,856	\$71,262	\$84,766	\$92,981
Portfolio turnover rate . . . . .	86.26%	24.26%	43.13%	88.62%	31.37%	105.96%

<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, adjustments to interest income for the inflation-indexed bonds, and/or fluctuating fair value of the investments of the Fund.

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

<sup>d</sup>Amount rounds to less than \$0.01 per share.

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

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

Templeton International Bond Fund (continued)

	Year Ended December 31,					Year Ended
	2020	2019	2018	2017	2016 <sup>a</sup>	August 31, 2016
<b>Class C</b>						
<b>Per share operating performance</b>						
(for a share outstanding throughout the year)						
Net asset value, beginning of year . . . . .	\$9.78	\$10.16	\$10.58	\$10.62	\$10.08	\$10.04
Income from investment operations <sup>b</sup> :						
Net investment income <sup>c</sup> . . . . .	0.16	0.39	0.36	0.38	0.11	0.29
Net realized and unrealized gains (losses)	(0.75)	(0.25)	(0.21)	(0.18)	0.43	(0.16)
Total from investment operations . . . . .	(0.59)	0.14	0.15	0.20	0.54	0.13
Less distributions from:						
Net investment income and net foreign currency gains . . . . .	(—) <sup>d</sup>	(0.52)	(0.55)	(0.24)	—	(0.03)
Net realized gains . . . . .	—	—	(0.01)	—	—	—
Tax return of capital . . . . .	(0.17)	—	(0.01)	—	(—) <sup>d</sup>	(0.06)
Total distributions . . . . .	(0.17)	(0.52)	(0.57)	(0.24)	—	(0.09)
Net asset value, end of year . . . . .	\$9.02	\$9.78	\$10.16	\$10.58	\$10.62	\$10.08
Total return <sup>e</sup> . . . . .	(6.03)%	1.35%	1.52%	1.84%	5.36%	1.30%
<b>Ratios to average net assets<sup>f</sup></b>						
Expenses before waiver and payments by affiliates and expense reduction . . . . .	1.61%	1.60%	1.66%	1.84%	1.98%	1.66%
Expenses net of waiver and payments by affiliates . . . . .	1.40%	1.40%	1.39%	1.39%	1.40%	1.38%
Expenses net of waiver and payments by affiliates and expense reduction . . . . .	1.39%	1.38%	1.38%	1.39% <sup>g</sup>	1.39%	1.38% <sup>g</sup>
Net investment income . . . . .	1.70%	3.78%	3.53%	3.47%	3.08%	2.89%
<b>Supplemental data</b>						
Net assets, end of year (000's) . . . . .	\$3,541	\$6,694	\$8,654	\$9,733	\$11,563	\$11,906
Portfolio turnover rate . . . . .	86.26%	24.26%	43.13%	88.62%	31.37%	105.96%

<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, adjustments to interest income for the inflation-indexed bonds, and/or fluctuating fair value of the investments of the Fund.

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

<sup>d</sup>Amount rounds to less than \$0.01 per share.

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

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

Templeton International Bond Fund (continued)

	Year Ended December 31,				Year Ended August 31,	
	2020	2019	2018	2017	2016 <sup>a</sup>	2016
<b>Class R</b>						
<b>Per share operating performance</b>						
(for a share outstanding throughout the year)						
Net asset value, beginning of year . . . . .	\$9.76	\$10.14	\$10.56	\$10.61	\$10.08	\$10.03
Income from investment operations <sup>b</sup> :						
Net investment income <sup>c</sup> . . . . .	0.17	0.41	0.39	0.40	0.11	0.30
Net realized and unrealized gains (losses)	(0.73)	(0.25)	(0.22)	(0.19)	0.43	(0.15)
Total from investment operations . . . . .	(0.56)	0.16	0.17	0.21	0.54	0.15
Less distributions from:						
Net investment income and net foreign currency gains . . . . .	(—) <sup>d</sup>	(0.54)	(0.57)	(0.26)	—	(0.03)
Net realized gains . . . . .	—	—	(0.01)	—	—	—
Tax return of capital . . . . .	(0.19)	—	(0.01)	—	(0.01)	(0.07)
Total distributions . . . . .	(0.19)	(0.54)	(0.59)	(0.26)	(0.01)	(0.10)
Net asset value, end of year . . . . .	\$9.01	\$9.76	\$10.14	\$10.56	\$10.61	\$10.08
Total return <sup>e</sup> . . . . .	(5.83)%	1.52%	1.67%	1.92%	5.44%	1.44%
<b>Ratios to average net assets<sup>f</sup></b>						
Expenses before waiver and payments by affiliates and expense reduction . . . . .	1.46%	1.45%	1.51%	1.69%	1.83%	1.52%
Expenses net of waiver and payments by affiliates . . . . .	1.25%	1.25%	1.24%	1.24%	1.25%	1.24%
Expenses net of waiver and payments by affiliates and expense reduction . . . . .	1.24%	1.23%	1.23%	1.24% <sup>g</sup>	1.24%	1.24% <sup>g</sup>
Net investment income . . . . .	1.82%	3.93%	3.68%	3.62%	3.23%	3.03%
<b>Supplemental data</b>						
Net assets, end of year (000's) . . . . .	\$138	\$254	\$300	\$286	\$1,010	\$1,005
Portfolio turnover rate . . . . .	86.26%	24.26%	43.13%	88.62%	31.37%	105.96%

<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, adjustments to interest income for the inflation-indexed bonds, and/or fluctuating fair value of the investments of the Fund.

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

<sup>d</sup>Amount rounds to less than \$0.01 per share.

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

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

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

**Templeton International Bond Fund** (continued)

	Year Ended December 31,			Year Ended
	2020	2019	2018	December 31, 2017 <sup>a</sup>
<b>Class R6</b>				
<b>Per share operating performance</b>				
(for a share outstanding throughout the year)				
Net asset value, beginning of year . . . . .	\$9.77	\$10.15	\$10.57	\$10.78
Income from investment operations <sup>b</sup> :				
Net investment income <sup>c</sup> . . . . .	0.19	0.45	0.45	0.18
Net realized and unrealized gains (losses) . . . . .	(0.70)	(0.23)	(0.22)	(0.24)
Total from investment operations . . . . .	(0.51)	0.22	0.23	(0.06)
Less distributions from:				
Net investment income and net foreign currency gains . . . . .	(—) <sup>d</sup>	(0.60)	(0.63)	(0.15)
Net realized gains . . . . .	—	—	(0.01)	—
Tax return of capital . . . . .	(0.25)	—	(0.01)	—
Total distributions . . . . .	(0.25)	(0.60)	(0.65)	(0.15)
Net asset value, end of year . . . . .	\$9.01	\$9.77	\$10.15	\$10.57
Total return <sup>e</sup> . . . . .	(5.29)%	2.14%	2.28%	(0.61)%
<b>Ratios to average net assets<sup>f</sup></b>				
Expenses before waiver and payments by affiliates and expense reduction . . . . .	0.80%	1.24%	1.09%	0.99%
Expenses net of waiver and payments by affiliates . . . . .	0.61%	0.62%	0.66%	0.68%
Expenses net of waiver and payments by affiliates and expense reduction . . . . .	0.60%	0.60%	0.65%	0.68% <sup>g</sup>
Net investment income . . . . .	2.14%	4.56%	4.26%	4.39%
<b>Supplemental data</b>				
Net assets, end of year (000's) . . . . .	\$47,663	\$3,878	\$904	\$414
Portfolio turnover rate . . . . .	86.26%	24.26%	43.13%	88.62%

<sup>a</sup>For the period August 1, 2017 (effective date) to December 31, 2017.

<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, adjustments to interest income for the inflation-indexed bonds, and/or fluctuating fair value of the investments of the Fund.

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

<sup>d</sup>Amount rounds to less than \$0.01 per share.

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

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

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

Templeton International Bond Fund (continued)

	Year Ended December 31,				Year Ended August 31,	
	2020	2019	2018	2017	2016 <sup>a</sup>	2016
<b>Advisor Class</b>						
<b>Per share operating performance</b>						
(for a share outstanding throughout the year)						
Net asset value, beginning of year . . . . .	\$9.78	\$10.15	\$10.58	\$10.62	\$10.08	\$10.04
Income from investment operations <sup>b</sup> :						
Net investment income <sup>c</sup> . . . . .	0.21	0.45	0.44	0.45	0.13	0.35
Net realized and unrealized gains (losses)	(0.73)	(0.23)	(0.23)	(0.18)	0.43	(0.16)
Total from investment operations . . . . .	(0.52)	0.22	0.21	0.27	0.56	0.19
Less distributions from:						
Net investment income and net foreign currency gains . . . . .	(—) <sup>d</sup>	(0.59)	(0.62)	(0.31)	—	(0.04)
Net realized gains . . . . .	—	—	(0.01)	—	—	—
Tax return of capital . . . . .	(0.24)	—	(0.01)	—	(0.02)	(0.11)
Total distributions . . . . .	(0.24)	(0.59)	(0.64)	(0.31)	(0.02)	(0.15)
Net asset value, end of year . . . . .	\$9.02	\$9.78	\$10.15	\$10.58	\$10.62	\$10.08
Total return <sup>e</sup> . . . . .	(5.41)%	2.12%	2.07%	2.51%	5.59%	1.95%
<b>Ratios to average net assets<sup>f</sup></b>						
Expenses before waiver and payments by affiliates and expense reduction . . . . .	0.96%	0.95%	1.01%	1.19%	1.33%	1.02%
Expenses net of waiver and payments by affiliates . . . . .	0.75%	0.75%	0.74%	0.74%	0.75%	0.74%
Expenses net of waiver and payments by affiliates and expense reduction . . . . .	0.74%	0.73%	0.73%	0.74% <sup>g</sup>	0.74%	0.74% <sup>g</sup>
Net investment income . . . . .	2.30%	4.43%	4.18%	4.12%	3.73%	3.53%
<b>Supplemental data</b>						
Net assets, end of year (000's) . . . . .	\$284,611	\$393,873	\$346,303	\$276,074	\$249,190	\$248,750
Portfolio turnover rate . . . . .	86.26%	24.26%	43.13%	88.62%	31.37%	105.96%

<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, adjustments to interest income for the inflation-indexed bonds, and/or fluctuating fair value of the investments of the Fund.

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

<sup>d</sup>Amount rounds to less than \$0.01 per share.

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

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

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



## Statement of Investments, December 31, 2020

## Templeton International Bond Fund

	Principal Amount <sup>1</sup>	Value
<b>Foreign Government and Agency Securities 59.1%</b>		
<b>Argentina 1.4%</b>		
<sup>a,b</sup> Argentina BONCER,		
Index Linked, 1.1%, 4/17/21 . . . . .	44,021,772 ARS	\$307,016
Index Linked, 1%, 8/05/21 . . . . .	24,186,311 ARS	170,170
Index Linked, 1.2%, 3/18/22 . . . . .	226,162,975 ARS	1,583,173
Index Linked, 1.3%, 9/20/22 . . . . .	2,023,851 ARS	13,526
Index Linked, 1.4%, 3/25/23 . . . . .	141,177,752 ARS	922,285
Index Linked, 1.5%, 3/25/24 . . . . .	141,177,758 ARS	843,915
<sup>b,c</sup> Argentina Bonos del Tesoro Nacional en		
Pesos Badlar, FRN, 31.641%, (ARS BADLAR + 2%), 4/03/22 . . . . .	5,808,000 ARS	37,510
<sup>b</sup> Argentina Government Bond,		
18.2%, 10/03/21 . . . . .	73,832,000 ARS	425,946
16%, 10/17/23 . . . . .	171,501,000 ARS	546,879
15.5%, 10/17/26 . . . . .	153,089,000 ARS	356,023
		5,206,443
<b>Australia 4.5%</b>		
<sup>d</sup> Australia Government Bond, Senior		
Note, Reg S, 2%, 12/21/21 . . . . .	20,570,000 AUD	16,160,101
<b>Brazil 0.1%</b>		
Brazil Notas do Tesouro Nacional, 10%,		
1/01/21 . . . . .	1,269,000 BRL	244,495
<b>Colombia 1.5%</b>		
Colombia Government Bond,		
Senior Bond, 7.75%, 4/14/21 . . . . .	378,000,000 COP	112,030
Senior Bond, 4.375%, 3/21/23 . . . . .	57,000,000 COP	17,025
Senior Bond, 9.85%, 6/28/27 . . . . .	91,000,000 COP	34,714
Colombia Titulos de Tesoreria,		
B, 7%, 5/04/22 . . . . .	11,789,100,000 COP	3,660,376
B, 10%, 7/24/24 . . . . .	4,505,000,000 COP	1,599,268
		5,423,413
<b>Ghana 1.2%</b>		
Ghana Government Bond,		
24.75%, 3/01/21 . . . . .	180,000 GHS	31,245
16.5%, 3/22/21 . . . . .	360,000 GHS	61,775
16.25%, 5/17/21 . . . . .	1,510,000 GHS	258,502
24.5%, 6/21/21 . . . . .	50,000 GHS	8,841
24.75%, 7/19/21 . . . . .	280,000 GHS	49,632
18.75%, 1/24/22 . . . . .	2,960,000 GHS	508,467
17.6%, 11/28/22 . . . . .	130,000 GHS	21,895
19%, 9/18/23 . . . . .	50,000 GHS	8,452
19.75%, 3/25/24 . . . . .	2,910,000 GHS	498,956
19%, 11/02/26 . . . . .	8,740,000 GHS	1,416,557
19.75%, 3/15/32 . . . . .	8,740,000 GHS	1,389,308
		4,253,630
<b>India 3.4%</b>		
India Government Bond,		
8.79%, 11/08/21 . . . . .	110,000,000 INR	1,571,836
8.2%, 2/15/22 . . . . .	19,000,000 INR	273,281
8.15%, 6/11/22 . . . . .	82,000,000 INR	1,191,879
8.13%, 9/21/22 . . . . .	51,000,000 INR	745,600
6.84%, 12/19/22 . . . . .	12,000,000 INR	173,585

Templeton International Bond Fund (continued)

	Principal Amount <sup>a</sup>		Value
<b>Foreign Government and Agency Securities (continued)</b>			
<b>India (continued)</b>			
India Government Bond, (continued)			
7.16%, 5/20/23 . . . . .	19,100,000	INR	\$279,104
8.83%, 11/25/23 . . . . .	156,700,000	INR	2,403,541
7.68%, 12/15/23 . . . . .	43,400,000	INR	648,122
9.15%, 11/14/24 . . . . .	82,200,000	INR	1,294,800
Senior Note, 5.22%, 6/15/25 . . . . .	48,000,000	INR	662,783
7.59%, 1/11/26 . . . . .	157,000,000	INR	2,374,349
7.27%, 4/08/26 . . . . .	33,000,000	INR	494,224
			12,113,104
<b>Indonesia 4.8%</b>			
Indonesia Government Bond,			
FR63, 5.625%, 5/15/23 . . . . .	1,674,000,000	IDR	123,180
FR39, 11.75%, 8/15/23 . . . . .	1,040,000,000	IDR	86,818
FR70, 8.375%, 3/15/24 . . . . .	28,607,000,000	IDR	2,243,174
FR44, 10%, 9/15/24 . . . . .	686,000,000	IDR	56,736
FR81, 6.5%, 6/15/25 . . . . .	192,279,000,000	IDR	14,440,084
FR40, 11%, 9/15/25 . . . . .	1,060,000,000	IDR	93,049
			17,043,041
<b>Mexico 12.1%</b>			
Mexican Bonos Desarr Fixed Rate,			
M, 6.5%, 6/10/21 . . . . .	95,838,000	MXN	4,860,862
M, Senior Note, 7.25%, 12/09/21 . . . . .	230,620,000	MXN	11,906,589
M, 6.5%, 6/09/22 . . . . .	119,018,000	MXN	6,164,428
M, Senior Note, 6.75%, 3/09/23 . . . . .	266,398,000	MXN	14,066,147
M, Senior Bond, 8%, 12/07/23 . . . . .	113,932,000	MXN	6,292,961
			43,290,987
<b>Norway 4.6%</b>			
<sup>d</sup> Norway Government Bond,			
144A, Reg S, 3.75%, 5/25/21 . . . . .	39,383,000	NOK	4,658,925
144A, Reg S, 2%, 5/24/23 . . . . .	44,234,000	NOK	5,363,102
144A, Reg S, 3%, 3/14/24 . . . . .	37,171,000	NOK	4,688,254
144A, Reg S, 1.75%, 3/13/25 . . . . .	12,526,000	NOK	1,532,514
144A, Reg S, 1.5%, 2/19/26 . . . . .	2,424,000	NOK	294,777
			16,537,572
<b>Singapore 4.5%</b>			
Singapore Government Bond,			
3.125%, 9/01/22 . . . . .	5,500,000	SGD	4,361,334
2.375%, 6/01/25 . . . . .	14,460,000	SGD	11,897,672
			16,259,006
<b>South Korea 21.0%</b>			
Korea Treasury Bond,			
2%, 12/10/21 . . . . .	3,665,000,000	KRW	3,409,890
1.375%, 9/10/24 . . . . .	1,485,100,000	KRW	1,375,184
1.875%, 6/10/26 . . . . .	18,495,000,000	KRW	17,409,849
1.375%, 12/10/29 . . . . .	59,376,400,000	KRW	53,066,198
			75,261,121
<b>Total Foreign Government and Agency Securities (Cost \$220,666,539) . . . . .</b>			<b>211,792,913</b>

Templeton International Bond Fund (continued)

	Number of Contracts	Notional Amount#	Value
<b>Options Purchased 0.6%</b>			
<b>Calls - Over-the-Counter</b>			
<b>Currency Options</b>			
Foreign Exchange AUD/JPY, Counterparty CITI, January Strike Price 78.75 JPY, Expires 1/22/21 . . .	1	4,180,000 AUD	\$51,406
Foreign Exchange AUD/JPY, Counterparty CITI, January Strike Price 79.00 JPY, Expires 1/22/21 . . .	1	3,749,000 AUD	39,822
Foreign Exchange AUD/JPY, Counterparty CITI, April Strike Price 81.00 JPY, Expires 4/29/21 . . . . .	1	2,708,000 AUD	28,879
Foreign Exchange AUD/JPY, Counterparty CITI, June Strike Price 81.00 JPY, Expires 6/21/21 . . . . .	1	4,164,000 AUD	58,412
Foreign Exchange AUD/JPY, Counterparty CITI, June Strike Price 84.15 JPY, Expires 6/18/21 . . . . .	1	4,306,000 AUD	21,595
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 86.50 JPY, Expires 12/20/21 . .	1	3,229,000 AUD	22,670
Foreign Exchange AUD/USD, Counterparty HSBK, January Strike Price \$0.72, Expires 1/22/21 . . . . .	1	1,114,000 AUD	61,365
Foreign Exchange AUD/USD, Counterparty MSCO, April Strike Price \$0.75, Expires 4/16/21 . . . . .	1	1,666,000 AUD	46,081
Foreign Exchange AUD/USD, Counterparty MSCO, May Strike Price \$0.77, Expires 5/12/21 . . . . .	1	2,993,000 AUD	62,788
Foreign Exchange AUD/USD, Counterparty HSBK, February Strike Price \$0.78, Expires 2/08/21 . . . . .	1	2,221,000 AUD	14,535
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 104.78 JPY, Expires 2/01/21 . .	1	1,268,000	2,659
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 110.80 JPY, Expires 2/24/21 . .	1	13,785,000	1,173
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 115.00 JPY, Expires 2/24/21 . .	1	27,570,000	343
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 115.95 JPY, Expires 8/11/21 . . . . .	1	7,804,000	4,393
Foreign Exchange USD/MXN, Counterparty GSCO, March Strike Price 20.65 MXN, Expires 3/25/21 . .	1	3,875,000	71,466
Foreign Exchange USD/MXN, Counterparty CITI, June Strike Price 21.16 MXN, Expires 6/21/21 . . . . .	1	2,285,000	56,482
Foreign Exchange USD/MXN, Counterparty GSCO, June Strike Price 22.83 MXN, Expires 6/09/21 . . . . .	1	578,000	5,827
Foreign Exchange USD/MXN, Counterparty CITI, March Strike Price 23.23 MXN, Expires 3/24/21 . . . . .	1	1,495,000	4,469

Templeton International 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)			
Foreign Exchange USD/MXN, Counterparty CITI, April Strike Price 23.30 MXN, Expires 4/29/21 . . . . .	1	2,438,000	\$13,752
Foreign Exchange USD/MXN, Counterparty CITI, April Strike Price 23.75 MXN, Expires 4/09/21 . . . . .	1	932,000	3,005
Foreign Exchange USD/MXN, Counterparty CITI, June Strike Price 24.81 MXN, Expires 6/30/21 . . . . .	1	2,838,000	15,556
Foreign Exchange USD/MXN, Counterparty CITI, April Strike Price 25.48 MXN, Expires 4/09/21 . . . . .	1	890,000	1,244
Foreign Exchange USD/MXN, Counterparty CITI, June Strike Price 26.09 MXN, Expires 6/18/21 . . . . .	1	1,891,000	5,785
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 26.30 MXN, Expires 10/19/23 . . . . .	1	2,349,000	108,167
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 26.30 MXN, Expires 10/19/23 . . . . .	1	1,257,000	57,882
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 26.30 MXN, Expires 10/19/23 . . . . .	1	1,257,000	57,882
Foreign Exchange USD/MXN, Counterparty MSCO, March Strike Price 28.75 MXN, Expires 3/30/21 . . . . .	1	1,958,000	490
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 29.19 MXN, Expires 8/29/24 . . . . .	1	1,734,000	80,839
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 29.71 MXN, Expires 8/09/24 . . . . .	1	1,735,000	74,733
Foreign Exchange USD/MXN, Counterparty CITI, December Strike Price 29.73 MXN, Expires 12/07/21 . . . . .	1	4,390,000	20,626
			994,326
<b>Puts - Over-the-Counter</b>			
<b>Currency Options</b>			
Foreign Exchange AUD/JPY, Counterparty CITI, June Strike Price 58.95 JPY, Expires 6/21/21 . . . . .	1	5,552,000 AUD	2,289
Foreign Exchange AUD/JPY, Counterparty CITI, March Strike Price 68.50 JPY, Expires 3/24/21 . . . . .	1	2,499,000 AUD	1,191
Foreign Exchange AUD/JPY, Counterparty CITI, June Strike Price 69.20 JPY, Expires 6/24/21 . . . . .	1	4,441,000 AUD	11,626
Foreign Exchange AUD/JPY, Counterparty CITI, June Strike Price 69.20 JPY, Expires 6/24/21 . . . . .	1	2,220,000 AUD	5,812

Templeton International Bond Fund (continued)

	Number of Contracts	Notional Amount#	Value
<b>Options Purchased</b> (continued)			
<b>Puts - Over-the-Counter</b> (continued)			
<b>Currency Options</b> (continued)			
Foreign Exchange AUD/JPY, Counterparty CITI, April Strike Price 71.00 JPY, Expires 4/29/21 . . . . .	1	7,222,000 AUD	\$15,166
Foreign Exchange AUD/JPY, Counterparty CITI, June Strike Price 71.44 JPY, Expires 6/21/21 . . . . .	1	5,552,000 AUD	21,726
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 75.00 JPY, Expires 12/20/21 . . . . .	1	6,459,000 AUD	106,076
Foreign Exchange AUD/JPY, Counterparty CITI, June Strike Price 76.20 JPY, Expires 6/18/21 . . . . .	1	8,612,000 AUD	88,022
Foreign Exchange AUD/USD, Counterparty HSBK, February Strike Price \$0.65, Expires 2/10/21 . . . . .	1	5,329,000 AUD	136
Foreign Exchange AUD/USD, Counterparty HSBK, February Strike Price \$0.65, Expires 2/08/21 . . . . .	1	4,442,000 AUD	125
Foreign Exchange AUD/USD, Counterparty MSCO, April Strike Price \$0.67, Expires 4/16/21 . . . . .	1	3,242,000 AUD	2,721
Foreign Exchange AUD/USD, Counterparty MSCO, January Strike Price \$0.68, Expires 1/21/21 . . . . .	1	4,124,000 AUD	55
Foreign Exchange AUD/USD, Counterparty MSCO, February Strike Price \$0.68, Expires 2/02/21 . . . . .	1	4,716,000 AUD	215
Foreign Exchange AUD/USD, Counterparty HSBK, March Strike Price \$0.69, Expires 3/22/21 . . . . .	1	2,942,000 AUD	1,862
Foreign Exchange AUD/USD, Counterparty HSBK, January Strike Price \$0.69, Expires 1/22/21 . . . . .	1	3,443,000 AUD	117
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 102.10 JPY, Expires 2/24/21 . . . . .	1	13,785,000	81,145
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 102.65 JPY, Expires 8/11/21 . . . . .	1	11,712,000	232,627
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 103.50 JPY, Expires 2/01/21 . . . . .	1	8,271,000	73,064
Foreign Exchange USD/MXN, Counterparty GSCO, March Strike Price 18.72 MXN, Expires 3/25/21 . . . . .	1	3,255,000	13,052
Foreign Exchange USD/MXN, Counterparty CITI, June Strike Price 18.83 MXN, Expires 6/21/21 . . . . .	1	2,770,000	26,527
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 19.43 MXN, Expires 8/30/21 . . . . .	1	1,300,000	27,150
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.85 MXN, Expires 10/19/23 . . . . .	1	628,000	22,041

Templeton International Bond Fund (continued)

	Number of Contracts	Notional Amount <sup>#</sup>	Value
<b>Options Purchased</b> (continued)			
<b>Puts - Over-the-Counter</b> (continued)			
<b>Currency Options</b> (continued)			
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.85 MXN, Expires 10/19/23 .	1	628,000	\$22,041
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.85 MXN, Expires 10/19/23 .	1	1,174,000	41,205
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 19.88 MXN, Expires 8/11/21 . .	1	1,301,000	38,601
Foreign Exchange USD/MXN, Counterparty CITI, March Strike Price 20.66 MXN, Expires 3/24/21. . . . .	1	1,464,000	68,142
Foreign Exchange USD/MXN, Counterparty GSCO, June Strike Price 22.83 MXN, Expires 6/09/21. . . . .	1	578,000	78,865
			<u>981,599</u>
<b>Total Options Purchased (Cost \$3,610,298) . . . . .</b>			<u>1,975,925</u>

**Short Term Investments 40.2%**

	Principal Amount <sup>#</sup>	Value
<b>Foreign Government and Agency Securities 9.4%</b>		
<b>Argentina 0.1%</b>		
<sup>b,e</sup> Argentina Letras de la Nacion Argentina con Ajuste por CER,		
<sup>a</sup> Index Linked, 2/26/21 . . . . .	7,570,963 ARS	52,258
5/21/21 . . . . .	26,186,756 ARS	189,631
<sup>a</sup> Index Linked, 9/13/21 . . . . .	14,453,335 ARS	103,533
<sup>b,e</sup> Argentina Letras Del Tesoro En Pesos A Descuento, 3/31/21 . . . . .	6,290,877 ARS	39,921
		<u>385,343</u>
<b>Brazil 2.5%</b>		
<sup>e</sup> Brazil Letras do Tesouro Nacional,		
7/01/21 . . . . .	25,274,000 BRL	4,816,601
10/01/21 . . . . .	12,000,000 BRL	2,267,425
1/01/22 . . . . .	10,700,000 BRL	2,003,044
		<u>9,087,070</u>
<b>Japan 4.6%</b>		
<sup>e</sup> Japan Treasury Bills,		
3/25/21 . . . . .	958,600,000 JPY	9,285,888
6/16/21 . . . . .	751,850,000 JPY	7,285,327
		<u>16,571,215</u>
<b>Mexico 2.2%</b>		
<sup>e</sup> Mexico Cetes,		
BI, 1/28/21 . . . . .	18,431,500 MXN	924,471
BI, 2/25/21 . . . . .	60,255,700 MXN	3,012,098
BI, 3/25/21 . . . . .	33,216,800 MXN	1,655,129
BI, 5/06/21 . . . . .	18,431,500 MXN	913,745

Templeton International Bond Fund (continued)

Short Term Investments (continued)

	Principal Amount <sup>f</sup>	Value
<b>Foreign Government and Agency Securities</b> (continued)		
<b>Mexico</b> (continued)		
<sup>e</sup> Mexico Cetes, (continued)		
BI, 6/17/21 .....	20,882,200 MXN	\$1,030,511
BI, 10/21/21 .....	5,754,100 MXN	279,879
		7,815,833
<b>Total Foreign Government and Agency Securities (Cost \$35,657,628)</b> .....		<b>33,859,461</b>
	<b>Shares</b>	
<b>Money Market Funds 30.8%</b>		
<b>United States 30.8%</b>		
<sup>f,g</sup> Institutional Fiduciary Trust - Money		
Market Portfolio, 0% .....	110,460,274	110,460,274
<b>Total Money Market Funds (Cost \$110,460,274)</b> .....		<b>110,460,274</b>
<b>Total Short Term Investments (Cost \$146,117,902)</b> .....		<b>144,319,735</b>
<b>Total Investments (Cost \$370,394,739) 99.9%</b> .....		<b>\$358,088,573</b>
<b>Options Written (0.6)%</b> .....		<b>(2,336,146)</b>
<b>Other Assets, less Liabilities 0.7%</b> .....		<b>2,655,679</b>
<b>Net Assets 100.0%</b> .....		<b>\$358,408,106</b>

	Number of Contracts	Notional Amount <sup>#</sup>
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<sup>h</sup>Options Written (0.6)%

Calls - Over-the-Counter

Currency Options

Foreign Exchange AUD/JPY, Counterparty CITI, January Strike Price 76.00 JPY, Expires 1/22/21 .....	1	3,749,000 AUD	(133,060)
Foreign Exchange AUD/JPY, Counterparty CITI, January Strike Price 76.25 JPY, Expires 1/22/21 .....	1	4,180,000 AUD	(138,713)
Foreign Exchange AUD/JPY, Counterparty CITI, April Strike Price 76.80 JPY, Expires 4/29/21 .....	1	5,416,000 AUD	(190,689)
Foreign Exchange AUD/JPY, Counterparty CITI, January Strike Price 76.95 JPY, Expires 1/22/21 .....	1	4,441,000 AUD	(119,251)
Foreign Exchange AUD/JPY, Counterparty CITI, June Strike Price 78.00 JPY, Expires 6/21/21 .....	1	4,164,000 AUD	(124,914)
Foreign Exchange AUD/JPY, Counterparty CITI, June Strike Price 80.50 JPY, Expires 6/18/21 .....	1	4,306,000 AUD	(68,841)
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 81.20 JPY, Expires 12/20/21 .....	1	3,229,000 AUD	(70,327)
Foreign Exchange AUD/USD, Counterparty MSCO, February Strike Price \$0.72, Expires 2/02/21 .....	1	1,691,000 AUD	(87,302)

Templeton International Bond Fund (continued)

	Number of Contracts	Notional Amount#	Value
<sup>h</sup> <b>Options Written</b> (continued)			
<b>Calls - Over-the-Counter</b> (continued)			
<b>Currency Options</b> (continued)			
Foreign Exchange AUD/USD, Counterparty MSCO, April Strike Price \$0.72, Expires 4/16/21 . . . . .	1	1,110,500 AUD	\$(57,472)
Foreign Exchange AUD/USD, Counterparty MSCO, May Strike Price \$0.74, Expires 5/12/21 . . . . .	1	5,986,000 AUD	(238,893)
Foreign Exchange AUD/USD, Counterparty HSBK, May Strike Price \$0.78, Expires 5/05/21 . . . . .	1	2,772,000 AUD	(44,964)
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 107.00 JPY, Expires 2/24/21 . . . . .	1	27,570,000	(23,065)
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 107.65 JPY, Expires 2/01/21 . . . . .	1	5,514,000	(921)
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 109.90 JPY, Expires 8/11/21 . . . . .	1	11,712,000	(32,473)
Foreign Exchange USD/MXN, Counterparty GSCO, March Strike Price 21.48 MXN, Expires 3/25/21 . . . . .	1	3,875,000	(38,565)
Foreign Exchange USD/MXN, Counterparty CITI, April Strike Price 22.38 MXN, Expires 4/29/21 . . . . .	1	1,219,000	(10,990)
Foreign Exchange USD/MXN, Counterparty CITI, June Strike Price 22.56 MXN, Expires 6/21/21 . . . . .	1	1,523,000	(18,973)
Foreign Exchange USD/MXN, Counterparty CITI, April Strike Price 24.57 MXN, Expires 4/29/21 . . . . .	1	610,000	(1,923)
Foreign Exchange USD/MXN, Counterparty CITI, March Strike Price 25.87 MXN, Expires 3/24/21 . . . . .	1	1,419,000	(987)
Foreign Exchange USD/MXN, Counterparty CITI, March Strike Price 26.08 MXN, Expires 3/24/21 . . . . .	1	598,000	(375)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 26.61 MXN, Expires 8/30/21 . . . . .	1	1,300,000	(6,590)
Foreign Exchange USD/MXN, Counterparty CITI, April Strike Price 27.24 MXN, Expires 4/09/21 . . . . .	1	1,781,000	(1,210)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 27.38 MXN, Expires 8/11/21 . . . . .	1	1,301,000	(4,861)
Foreign Exchange USD/MXN, Counterparty CITI, December Strike Price 27.93 MXN, Expires 12/07/21 . . . . .	1	1,463,000	(9,699)
Foreign Exchange USD/MXN, Counterparty CITI, June Strike Price 28.24 MXN, Expires 6/18/21 . . . . .	1	1,891,000	(3,012)
Foreign Exchange USD/MXN, Counterparty CITI, June Strike Price 28.40 MXN, Expires 6/30/21 . . . . .	1	1,892,000	(3,466)



Templeton International Bond Fund (continued)

	Number of Contracts	Notional Amount <sup>#</sup>	Value
<sup>h</sup> <b>Options Written</b> (continued)			
<b>Calls - Over-the-Counter</b> (continued)			
<b>Currency Options</b> (continued)			
Foreign Exchange USD/MXN, Counterparty GSCO, June Strike Price 30.36 MXN, Expires 6/09/21 . . . . .	1	578,000	\$(470)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 34.95 MXN, Expires 10/19/23 . . . . .	1	628,000	(10,443)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 34.95 MXN, Expires 10/19/23 . . . . .	1	628,000	(10,443)
			<u>(1,452,892)</u>
<b>Puts - Over-the-Counter</b>			
<b>Currency Options</b>			
Foreign Exchange AUD/JPY, Counterparty CITI, June Strike Price 64.86 JPY, Expires 6/21/21 . . . . .	1	8,328,000 AUD	(9,494)
Foreign Exchange AUD/JPY, Counterparty CITI, April Strike Price 66.00 JPY, Expires 4/29/21 . . . . .	1	3,611,000 AUD	(2,597)
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 68.40 JPY, Expires 12/20/21 . . . . .	1	3,229,000 AUD	(21,709)
Foreign Exchange AUD/JPY, Counterparty CITI, June Strike Price 71.60 JPY, Expires 6/18/21 . . . . .	1	8,612,000 AUD	(33,880)
Foreign Exchange AUD/USD, Counterparty MSCO, January Strike Price \$0.64, Expires 1/21/21 . . . . .	1	2,062,000 AUD	(3)
Foreign Exchange AUD/USD, Counterparty HSBK, March Strike Price \$0.65, Expires 3/22/21 . . . . .	1	1,194,000 AUD	(217)
Foreign Exchange AUD/USD, Counterparty HSBK, January Strike Price \$0.66, Expires 1/27/21 . . . . .	1	1,469,000 AUD	(12)
Foreign Exchange AUD/USD, Counterparty HSBK, January Strike Price \$0.66, Expires 1/22/21 . . . . .	1	1,666,000 AUD	(9)
Foreign Exchange AUD/USD, Counterparty MSCO, February Strike Price \$0.69, Expires 2/02/21 . . . . .	1	1,691,000 AUD	(181)
Foreign Exchange AUD/USD, Counterparty HSBK, January Strike Price \$0.72, Expires 1/22/21 . . . . .	1	1,114,000 AUD	(203)
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 98.00 JPY, Expires 8/11/21 . . . . .	1	3,909,000	(29,155)
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 98.80 JPY, Expires 2/01/21 . . . . .	1	4,825,000	(2,232)
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 104.78 JPY, Expires 2/01/21 . . . . .	1	1,268,000	(21,885)

Templeton International Bond Fund (continued)

	Number of Contracts	Notional Amount <sup>#</sup>	Value
<sup>h</sup> Options Written (continued)			
Puts - Over-the-Counter (continued)			
Currency Options (continued)			
Foreign Exchange USD/MXN, Counterparty GSCO, March Strike Price 19.40 MXN, Expires 3/25/21 . . . . .	1	3,255,000	\$(39,519)
Foreign Exchange USD/MXN, Counterparty GSCO, June Strike Price 19.61 MXN, Expires 6/09/21. . . . .	1	578,000	(12,245)
Foreign Exchange USD/MXN, Counterparty CITI, June Strike Price 19.79 MXN, Expires 6/21/21. . . . .	1	2,770,000	(71,308)
Foreign Exchange USD/MXN, Counterparty CITI, June Strike Price 20.24 MXN, Expires 6/30/21. . . . .	1	946,000	(35,378)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 20.94 MXN, Expires 8/30/21 . . . . .	1	1,300,000	(77,927)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 21.43 MXN, Expires 8/11/21 . . . . .	1	1,301,000	(100,641)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 22.32 MXN, Expires 10/19/23 . . . . .	1	2,349,000	(205,125)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 22.32 MXN, Expires 10/19/23 . . . . .	1	1,257,000	(109,767)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 22.32 MXN, Expires 10/19/23 . . . . .	1	1,257,000	(109,767)
			(883,254)
<b>Total Options Written (Premiums received \$2,344,625) . . . . .</b>			<b>\$(2,336,146)</b>

<sup>#</sup> Notional amount is the number of units specified in the contract, and can include currency units, bushels, shares, pounds, barrels or other units. Currency units are stated in U.S. dollars unless otherwise indicated.

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

<sup>°</sup> Redemption price at maturity is adjusted for inflation. See Note 1(f).

<sup>§</sup> Securities denominated in Argentine Peso have been designated as Level 3 investments. See Note 12 regarding fair value measurements.

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

<sup>§</sup> Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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. At December 31, 2020, the aggregate value of these securities was \$32,697,673, representing 9.1% of net assets.

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

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

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

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

Templeton International Bond Fund (continued)

At December 31, 2020, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counter-party <sup>a</sup>	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
<b>OTC Forward Exchange Contracts</b>							
Brazilian Real . . . . .	HSBK	Buy	13,569,498	2,666,961	1/05/21	\$—	\$(54,428)
Brazilian Real . . . . .	HSBK	Sell	13,569,498	2,343,205	1/05/21	—	(269,329)
Euro . . . . .	BOFA	Sell	926,408	1,055,262	1/11/21	—	(76,699)
Euro . . . . .	UBSW	Sell	1,293,253	1,385,630 CHF	1/11/21	—	(14,752)
Swiss Franc . . . . .	UBSW	Sell	1,385,630	1,285,567 EUR	1/11/21	5,362	—
Australian Dollar . . . . .	JPHQ	Sell	890,818	67,932,015 JPY	1/13/21	—	(28,903)
Euro . . . . .	UBSW	Sell	803,640	866,006 CHF	1/13/21	—	(3,547)
Japanese Yen . . . . .	JPHQ	Sell	69,977,183	890,818 AUD	1/13/21	9,094	—
Mexican Peso . . . . .	CITI	Buy	17,025,000	829,836	1/13/21	25,555	—
Mexican Peso . . . . .	CITI	Sell	49,145,000	2,273,863	1/13/21	—	(195,341)
Swiss Franc . . . . .	UBSW	Sell	866,006	803,506 EUR	1/13/21	3,383	—
Euro . . . . .	GSCO	Sell	1,266,366	1,359,862 CHF	1/14/21	—	(10,981)
Swiss Franc . . . . .	GSCO	Sell	1,359,862	1,261,140 EUR	1/14/21	4,595	—
Mexican Peso . . . . .	CITI	Sell	72,338,000	3,340,938	1/15/21	—	(292,681)
Chinese Yuan . . . . .	CITI	Buy	19,192,940	2,936,393	1/19/21	12,292	—
Chinese Yuan . . . . .	HSBK	Buy	20,781,470	3,178,713	1/19/21	14,024	—
Euro . . . . .	DBAB	Sell	1,413,741	14,653,500 SEK	1/19/21	53,822	—
Mexican Peso . . . . .	CITI	Sell	41,674,000	1,961,914	1/21/21	—	(129,903)
Mexican Peso . . . . .	CITI	Sell	31,060,000	1,460,911	1/22/21	—	(97,950)
Mexican Peso . . . . .	JPHQ	Sell	8,042,000	363,201	1/22/21	—	(40,417)
Euro . . . . .	HSBK	Sell	3,273,701	403,454,119 JPY	1/25/21	—	(93,122)
Australian Dollar . . . . .	HSBK	Buy	3,438,000	2,560,371	1/27/21	91,201	—
Australian Dollar . . . . .	HSBK	Sell	3,438,000	2,447,195	1/27/21	—	(204,377)
Mexican Peso . . . . .	CITI	Sell	19,864,000	941,391	1/27/21	—	(54,957)
Brazilian Real . . . . .	CITI	Sell	12,406,827	2,298,242	2/02/21	—	(90,057)
Brazilian Real . . . . .	HSBK	Sell	24,142,139	4,624,028	2/02/21	53,331	(76,634)
Brazilian Real . . . . .	JPHQ	Sell	10,726,202	1,984,019	2/02/21	—	(80,761)
South Korean Won . . . . .	DBAB	Buy	49,525,667,500	45,746,191	2/04/21	—	(222,510)
South Korean Won . . . . .	DBAB	Sell	49,525,667,500	41,354,098	2/04/21	—	(4,169,582)
Indian Rupee . . . . .	CITI	Buy	32,885,300	443,527	2/08/21	5,187	—
Indian Rupee . . . . .	JPHQ	Buy	45,118,800	608,506	2/08/21	7,131	—
Euro . . . . .	UBSW	Sell	1,293,537	1,385,643 CHF	2/09/21	—	(14,787)
Indian Rupee . . . . .	HSBK	Buy	53,040,300	715,132	2/09/21	8,519	—
Swiss Franc . . . . .	UBSW	Sell	1,385,643	1,285,735 EUR	2/09/21	5,248	—
Australian Dollar . . . . .	HSBK	Buy	2,221,000	1,654,216	2/10/21	59,045	—
Australian Dollar . . . . .	HSBK	Sell	2,221,000	1,597,399	2/10/21	—	(115,863)
Euro . . . . .	UBSW	Sell	3,222,985	3,464,145 CHF	2/10/21	—	(23,625)
Swiss Franc . . . . .	UBSW	Sell	3,464,145	3,215,258 EUR	2/10/21	14,177	—
Australian Dollar . . . . .	HSBK	Buy	974,000	725,442	2/12/21	25,903	—
Australian Dollar . . . . .	HSBK	Sell	974,000	707,319	2/12/21	—	(44,026)
Euro . . . . .	GSCO	Sell	1,683,813	1,813,163 CHF	2/12/21	—	(8,518)
Swiss Franc . . . . .	GSCO	Sell	1,813,163	1,680,831 EUR	2/12/21	4,872	—
Euro . . . . .	DBAB	Sell	3,834,778	39,075,998 SEK	2/16/21	62,844	—
Mexican Peso . . . . .	CITI	Sell	76,068,500	3,427,821	2/16/21	—	(378,982)
Chinese Yuan . . . . .	JPHQ	Buy	14,438,800	2,204,437	2/18/21	9,467	—
Australian Dollar . . . . .	DBAB	Buy	22,152,000	16,614,665	2/19/21	474,107	—
Australian Dollar . . . . .	DBAB	Sell	22,152,000	16,213,492	2/19/21	—	(875,281)
Australian Dollar . . . . .	JPHQ	Sell	5,362,214	408,505,823 JPY	2/22/21	—	(178,200)

Templeton International Bond Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counter-party <sup>a</sup>	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
<b>OTC Forward Exchange Contracts (continued)</b>							
Euro	BOFA	Sell	1,770,468	2,105,449	2/22/21	\$—	\$(59,939)
Japanese Yen	JPHQ	Sell	413,156,325	5,260,000 AUD	2/22/21	54,283	—
Euro	HSBK	Sell	3,273,546	410,956,043 JPY	2/24/21	—	(21,629)
Australian Dollar	CITI	Sell	8,946,293	678,012,672 JPY	2/25/21	—	(331,509)
Australian Dollar	JPHQ	Sell	1,787,405	135,474,543 JPY	2/25/21	—	(66,112)
Euro	HSBK	Sell	6,547,358	811,834,745 JPY	2/25/21	—	(141,324)
Australian Dollar	CITI	Sell	5,119,797	387,966,987 JPY	2/26/21	—	(190,160)
Euro	CITI	Sell	2,449,810	308,141,454 JPY	2/26/21	—	(10,476)
Japanese Yen	JPHQ	Buy	192,605,080	1,814,738	2/26/21	51,694	—
Japanese Yen	JPHQ	Sell	96,138,970	922,939	2/26/21	—	(8,692)
Mexican Peso	CITI	Sell	68,408,000	3,061,281	3/02/21	—	(356,924)
Euro	DBAB	Sell	3,493,967	4,138,498	3/08/21	—	(136,083)
Indian Rupee	CITI	Buy	43,960,600	591,369	3/08/21	6,735	—
Indian Rupee	JPHQ	Buy	45,246,500	608,505	3/08/21	7,094	—
Japanese Yen	JPHQ	Buy	206,531,830	1,945,752	3/08/21	55,845	—
Japanese Yen	JPHQ	Sell	206,531,830	1,962,829	3/08/21	—	(38,768)
Mexican Peso	CITI	Sell	53,493,000	2,446,009	3/08/21	—	(225,127)
Singapore Dollar	HSBK	Sell	1,617,000	1,186,745	3/08/21	—	(37,616)
Singapore Dollar	SCNY	Sell	18,025,000	13,212,485	3/08/21	—	(435,698)
South Korean Won	HSBK	Buy	13,355,000,000	12,174,333	3/08/21	101,022	—
South Korean Won	HSBK	Sell	13,355,000,000	11,262,439	3/08/21	—	(1,012,915)
Indian Rupee	HSBK	Buy	53,188,700	715,133	3/09/21	8,440	—
Indian Rupee	JPHQ	Buy	58,526,500	787,228	3/09/21	8,959	—
Mexican Peso	JPHQ	Sell	61,493,000	3,028,690	3/09/21	—	(41,560)
Euro	UBSW	Sell	1,605,633	1,732,012 CHF	3/10/21	—	(4,357)
Swiss Franc	UBSW	Sell	1,732,013	1,602,714 EUR	3/10/21	785	—
Australian Dollar	HSBK	Sell	1,740,005	134,030,845 JPY	3/11/21	—	(43,450)
Euro	GSCO	Sell	2,106,729	2,266,440 CHF	3/11/21	—	(12,613)
Mexican Peso	BAST	Sell	55,890,511	2,779,102	3/11/21	—	(10,767)
Mexican Peso	CITI	Sell	65,586,000	2,912,370	3/11/21	—	(361,465)
Swiss Franc	GSCO	Sell	2,266,440	2,101,455 EUR	3/11/21	6,160	—
Chinese Yuan	JPHQ	Buy	28,919,280	4,408,345	3/15/21	18,428	—
Euro	DBAB	Sell	4,730,696	48,845,001 SEK	3/15/21	153,546	—
Euro	GSCO	Sell	1,683,676	1,813,150 CHF	3/15/21	—	(7,946)
Swiss Franc	GSCO	Sell	1,813,150	1,673,513 EUR	3/15/21	—	(4,490)
Australian Dollar	HSBK	Sell	23,430,000	1,800,946,950 JPY	3/16/21	—	(621,739)
Chinese Yuan	HSBK	Buy	10,428,400	1,589,356	3/16/21	6,842	—
Mexican Peso	CITI	Sell	66,237,000	3,047,930	3/16/21	—	(256,456)
Australian Dollar	HSBK	Sell	1,160,000	89,077,560 JPY	3/17/21	—	(31,608)
Mexican Peso	MSCO	Sell	67,721,100	3,199,391	3/17/21	—	(178,634)
South Korean Won	CITI	Buy	955,000,000	870,310	3/22/21	7,386	—
South Korean Won	CITI	Sell	955,000,000	808,979	3/22/21	—	(68,717)
Japanese Yen	JPHQ	Buy	19,695,795	189,211	3/24/21	1,713	—
Mexican Peso	MSCO	Sell	8,326,000	375,332	3/24/21	—	(39,638)
Euro	HSBK	Sell	3,273,736	402,682,657 JPY	3/25/21	—	(103,256)
Euro	CITI	Sell	3,033,083	382,505,163 JPY	3/29/21	—	(4,460)
Euro	CITI	Sell	3,033,083	373,739,552 JPY	3/31/21	—	(89,512)
Euro	JPHQ	Sell	6,712,937	74,475,000 NOK	3/31/21	467,251	—
Mexican Peso	GSCO	Sell	35,879,000	1,590,522	4/05/21	—	(195,169)
Euro	GSCO	Sell	724,793	853,951	4/06/21	—	(33,382)
Euro	JPHQ	Sell	4,307,285	534,015,040 JPY	4/06/21	—	(95,758)
Euro	JPHQ	Sell	6,681,889	74,475,000 NOK	4/06/21	503,830	—
Australian Dollar	HSBK	Sell	1,739,995	131,730,671 JPY	4/13/21	—	(65,454)
Australian Dollar	JPHQ	Sell	3,545,907	268,941,629 JPY	4/13/21	—	(128,639)
Euro	GSCO	Sell	1,264,425	1,359,870 CHF	4/13/21	—	(7,678)
Euro	UBSW	Sell	804,214	866,006 CHF	4/13/21	—	(3,653)
Mexican Peso	CITI	Sell	16,778,900	749,356	4/13/21	—	(84,941)

**Templeton International Bond Fund** (continued)

**Forward Exchange Contracts** (continued)

Currency	Counter-party <sup>a</sup>	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
<b>OTC Forward Exchange Contracts</b> (continued)							
Swiss Franc	GSCO	Sell	1,359,870	1,254,857 EUR	4/13/21	\$—	\$(4,038)
Swiss Franc	UBSW	Sell	866,006	800,879 EUR	4/13/21	—	(431)
Euro	DBAB	Sell	1,887,347	19,538,000 SEK	4/15/21	66,594	—
Euro	BOFA	Sell	473,307	559,216	4/16/21	—	(20,359)
Euro	DBAB	Sell	1,412,331	14,653,500 SEK	4/16/21	53,816	—
Euro	HSBK	Sell	396,000	467,227	4/16/21	—	(17,685)
Australian Dollar	MSCO	Buy	294,000	220,700	4/21/21	6,188	—
Australian Dollar	MSCO	Sell	294,000	208,961	4/21/21	—	(17,928)
Australian Dollar	HSBK	Buy	2,207,000	1,644,517	4/27/21	58,744	—
Australian Dollar	HSBK	Sell	2,207,000	1,570,395	4/27/21	—	(132,866)
Euro	DBAB	Sell	922,000	1,097,475	4/27/21	—	(31,808)
Euro	DBAB	Sell	915,000	1,086,883	4/29/21	—	(33,876)
Euro	CITI	Sell	2,449,820	300,668,798 JPY	4/30/21	—	(84,798)
Euro	GSCO	Sell	1,005,086	1,185,419	4/30/21	—	(45,711)
Euro	HSBK	Sell	810,000	955,577	4/30/21	—	(36,591)
Mexican Peso	CITI	Sell	52,377,100	2,339,830	4/30/21	—	(259,304)
Australian Dollar	CITI	Sell	336,000	25,087,440 JPY	5/06/21	—	(15,997)
Mexican Peso	CITI	Sell	3,291,000	158,179	5/13/21	—	(4,881)
Singapore Dollar	SCNY	Sell	1,804,297	1,341,432	5/18/21	—	(25,019)
South Korean Won	DBAB	Buy	19,729,690,000	18,240,364	5/18/21	—	(111,068)
South Korean Won	DBAB	Sell	19,729,690,000	17,784,109	5/18/21	—	(345,188)
Euro	GSCO	Sell	88,914	105,958	5/20/21	—	(3,000)
Euro	CITI	Sell	48,798	58,007	5/24/21	—	(1,797)
Euro	MSCO	Sell	807,000	961,992	5/27/21	—	(27,085)
Indian Rupee	CITI	Buy	33,351,000	443,527	6/08/21	4,971	—
Euro	UBSW	Sell	1,285,907	1,385,630 CHF	6/09/21	—	(4,138)
Indian Rupee	CITI	Buy	19,639,400	261,023	6/09/21	3,048	—
Swiss Franc	UBSW	Sell	1,385,630	1,280,773 EUR	6/09/21	—	(2,157)
Euro	DBAB	Sell	3,798,293	39,076,002 SEK	6/11/21	100,830	—
Euro	DBAB	Sell	1,053,303	10,826,900 SEK	6/15/21	26,768	—
Euro	DBAB	Sell	1,057,240	11,357,400 NOK	6/15/21	27,577	—
Japanese Yen	HSBK	Buy	179,703,666	1,730,916	6/15/21	12,934	—
Japanese Yen	JPHQ	Buy	483,133,508	4,656,484	6/15/21	31,857	—
Chinese Yuan	HSBK	Buy	10,489,110	1,589,355	6/16/21	6,928	—
Euro	DBAB	Sell	1,632,328	17,363,400 NOK	6/16/21	22,489	—
Euro	DBAB	Sell	2,699,389	27,580,200 SEK	6/16/21	48,245	—
Euro	DBAB	Sell	1,477,356	15,689,000 NOK	6/18/21	17,235	—
Euro	JPHQ	Sell	410,838	4,190,000 SEK	6/18/21	6,403	—
Japanese Yen	BNDP	Buy	4,594,021,443	44,587,215	6/23/21	—	(2,150)
Euro	CITI	Sell	3,033,084	373,979,308 JPY	6/30/21	—	(90,377)
Australian Dollar	JPHQ	Sell	890,819	67,778,852 JPY	7/13/21	—	(29,812)
Euro	DBAB	Sell	1,053,299	10,839,500 SEK	9/15/21	26,765	—
Euro	DBAB	Sell	1,057,244	11,382,500 NOK	9/15/21	27,324	—
<b>Total Forward Exchange Contracts</b>						<b>\$2,957,888</b>	<b>\$(14,762,591)</b>
<b>Net unrealized appreciation (depreciation)</b>							<b>\$(11,804,703)</b>

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

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

See Note 10 regarding other derivative information.

See Abbreviations on page 47.

## Statement of Assets and Liabilities

December 31, 2020

	<b>Templeton International Bond Fund</b>
<b>Assets:</b>	
Investments in securities:	
Cost - Unaffiliated issuers . . . . .	\$259,934,465
Cost - Non-controlled affiliates (Note 3f) . . . . .	110,460,274
Value - Unaffiliated issuers . . . . .	\$247,628,299
Value - Non-controlled affiliates (Note 3f) . . . . .	110,460,274
Cash . . . . .	60,434
Restricted currency, at value (cost \$413) (Note 1d) . . . . .	408
Foreign currency, at value (cost \$888,709) . . . . .	889,865
Receivables:	
Capital shares sold . . . . .	689,757
Dividends and interest . . . . .	1,698,658
Deposits with brokers for:	
OTC derivative contracts . . . . .	12,111,890
Unrealized appreciation on OTC forward exchange contracts . . . . .	2,957,888
Other assets . . . . .	55
Total assets . . . . .	<u>376,497,528</u>
<b>Liabilities:</b>	
Payables:	
Investment securities purchased . . . . .	59,932
Capital shares redeemed . . . . .	387,166
Management fees . . . . .	186,732
Distribution fees . . . . .	6,843
Transfer agent fees . . . . .	151,214
Options written, at value (premiums received \$2,344,625) . . . . .	2,336,146
Unrealized depreciation on OTC forward exchange contracts . . . . .	14,762,591
Deferred tax . . . . .	78,939
Accrued expenses and other liabilities . . . . .	119,859
Total liabilities . . . . .	<u>18,089,422</u>
Net assets, at value . . . . .	<u>\$358,408,106</u>
<b>Net assets consist of:</b>	
Paid-in capital . . . . .	\$407,053,076
Total distributable earnings (losses) . . . . .	<u>(48,644,970)</u>
Net assets, at value . . . . .	<u>\$358,408,106</u>

## Statement of Assets and Liabilities (continued)

December 31, 2020

	<b>Templeton International Bond Fund</b>
<b>Class A:</b>	
Net assets, at value .....	\$22,454,839
Shares outstanding .....	2,492,073
Net asset value per share <sup>a</sup> .....	\$9.01
Maximum offering price per share (net asset value per share + 96.25%) .....	\$9.36
<b>Class C:</b>	
Net assets, at value .....	\$3,540,986
Shares outstanding .....	392,474
Net asset value and maximum offering price per share <sup>a</sup> .....	\$9.02
<b>Class R:</b>	
Net assets, at value .....	\$138,295
Shares outstanding .....	15,351
Net asset value and maximum offering price per share .....	\$9.01
<b>Class R6:</b>	
Net assets, at value .....	\$47,663,080
Shares outstanding .....	5,288,017
Net asset value and maximum offering price per share .....	\$9.01
<b>Advisor Class:</b>	
Net assets, at value .....	\$284,610,906
Shares outstanding .....	31,555,987
Net asset value and maximum offering price per share .....	\$9.02

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

## Statement of Operations

for the year ended December 31, 2020

	<b>Templeton International Bond Fund</b>
Investment income:	
Dividends:	
Non-controlled affiliates (Note 3f) . . . . .	\$327,205
Interest: (net of foreign taxes of \$314,050)	
Unaffiliated issuers:	
Inflation principal adjustments . . . . .	868,931
Paid in cash <sup>a</sup> . . . . .	10,713,989
Total investment income . . . . .	<u>11,910,125</u>
Expenses:	
Management fees (Note 3a) . . . . .	2,656,867
Distribution fees: (Note 3c)	
Class A . . . . .	63,012
Class C . . . . .	32,036
Class R . . . . .	1,036
Transfer agent fees: (Note 3e)	
Class A . . . . .	49,482
Class C . . . . .	9,695
Class R . . . . .	406
Class R6 . . . . .	10,881
Advisor Class . . . . .	667,804
Custodian fees (Note 4) . . . . .	73,481
Reports to shareholders . . . . .	41,268
Registration and filing fees . . . . .	78,048
Professional fees . . . . .	96,278
Trustees' fees and expenses . . . . .	9,880
Other . . . . .	37,687
Total expenses . . . . .	<u>3,827,861</u>
Expense reductions (Note 4) . . . . .	(53,429)
Expenses waived/paid by affiliates (Note 3f and 3g) . . . . .	<u>(800,384)</u>
Net expenses . . . . .	<u>2,974,048</u>
Net investment income . . . . .	<u>8,936,077</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments: (net of foreign taxes of \$489,785)	
Unaffiliated issuers . . . . .	(19,619,347)
Written options . . . . .	(1,891,162)
Foreign currency transactions . . . . .	(1,219,451)
Forward exchange contracts . . . . .	(9,010,021)
Swap contracts . . . . .	(8,577,292)
Net realized gain (loss) . . . . .	<u>(40,317,273)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers . . . . .	11,690,665
Translation of other assets and liabilities denominated in foreign currencies . . . . .	(16,435)
Written options . . . . .	(676,754)
Forward exchange contracts . . . . .	(5,064,879)
Swap contracts . . . . .	2,292,168
Change in deferred taxes on unrealized appreciation . . . . .	162,622
Net change in unrealized appreciation (depreciation) . . . . .	<u>8,387,387</u>
Net realized and unrealized gain (loss) . . . . .	<u>(31,929,886)</u>
Net increase (decrease) in net assets resulting from operations . . . . .	<u>\$(22,993,809)</u>

<sup>a</sup>Includes amortization of premium and accretion of discount.



## Statements of Changes in Net Assets

	<b>Templeton International Bond Fund</b>	
	<b>Year Ended December 31, 2020</b>	<b>Year Ended December 31, 2019</b>
Increase (decrease) in net assets:		
Operations:		
Net investment income . . . . .	\$8,936,077	\$18,323,401
Net realized gain (loss) . . . . .	(40,317,273)	3,247,377
Net change in unrealized appreciation (depreciation) . . . . .	8,387,387	(12,425,122)
Net increase (decrease) in net assets resulting from operations . . . . .	(22,993,809)	9,145,656
Distributions to shareholders:		
Class A . . . . .	(7,709)	(1,893,755)
Class C . . . . .	(1,269)	(401,102)
Class R . . . . .	(55)	(20,808)
Class R6 . . . . .	(6,250)	(84,671)
Advisor Class . . . . .	(115,519)	(21,779,436)
Distributions to shareholders from tax return of capital:		
Class A . . . . .	(584,021)	—
Class C . . . . .	(96,112)	—
Class R . . . . .	(4,195)	—
Class R6 . . . . .	(473,513)	—
Advisor Class . . . . .	(8,751,774)	—
Total distributions to shareholders . . . . .	(10,040,417)	(24,179,772)
Capital share transactions: (Note 2)		
Class A . . . . .	(14,984,775)	1,809,627
Class C . . . . .	(2,707,500)	(1,686,642)
Class R . . . . .	(96,363)	(32,661)
Class R6 . . . . .	44,431,591	3,013,566
Advisor Class . . . . .	(79,432,266)	61,144,821
Total capital share transactions . . . . .	(52,789,313)	64,248,711
Net increase (decrease) in net assets . . . . .	(85,823,539)	49,214,595
Net assets:		
Beginning of year . . . . .	444,231,645	395,017,050
End of year . . . . .	\$358,408,106	\$444,231,645

# Notes to Financial Statements

## Templeton International 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 International 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.

Debt securities generally trade in the over-the-counter (OTC) market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default

rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the date that the values of the foreign debt securities are determined.

Investments in open-end mutual funds are valued at the closing NAV.

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

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

#### 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.

## Templeton International Bond Fund (continued)

### 1. Organization and Significant Accounting Policies

(continued)

#### b. Foreign Currency Translation (continued)

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 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 terms are contract specific for OTC derivatives. 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, 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.

**Templeton International Bond Fund** (continued)

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

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

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.

See Note 10 regarding other derivative information.

**d. Restricted Currency**

At December 31, 2020, the Fund held currencies in certain markets in which the ability to repatriate such currency is limited. As a result of such limitations on repatriation, the Fund may incur substantial delays in gaining access to these assets and may be exposed to potential adverse movements in currency value.

**e. Income and Deferred Taxes**

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

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of December 31, 2020, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

**f. Security Transactions, Investment Income, Expenses and Distributions**

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income is recorded on the ex-dividend date. Distributions to shareholders are

**Templeton International Bond Fund** (continued)

**1. Organization and Significant Accounting Policies**

(continued)

**f. Security Transactions, Investment Income, Expenses and Distributions** (continued)

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 inflation principal adjustments in the Statement of Operations.

**g. Accounting Estimates**

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

**h. Guarantees and Indemnifications**

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

**Templeton International Bond Fund** (continued)

**2. Shares of Beneficial Interest**

At December 31, 2020, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Shares sold <sup>a</sup>	623,127	\$5,709,090	2,401,277	\$24,053,424
Shares issued in reinvestment of distributions	60,786	568,481	183,501	1,837,264
Shares redeemed	(2,237,883)	(21,262,346)	(2,369,156)	(24,081,061)
Net increase (decrease)	(1,553,970)	\$(14,984,775)	215,622	\$1,809,627
<b>Class C Shares:</b>				
Shares sold	51,910	\$486,685	142,908	\$1,442,085
Shares issued in reinvestment of distributions	9,259	86,820	35,410	356,950
Shares redeemed <sup>a</sup>	(353,148)	(3,281,005)	(346,045)	(3,485,677)
Net increase (decrease)	(291,979)	\$(2,707,500)	(167,727)	\$(1,686,642)
<b>Class R Shares:</b>				
Shares sold	7,870	\$73,492	56,260	\$574,591
Shares issued in reinvestment of distributions	455	4,250	2,059	20,808
Shares redeemed	(18,954)	(174,105)	(61,947)	(628,060)
Net increase (decrease)	(10,629)	\$(96,363)	(3,628)	\$(32,661)
<b>Class R6 Shares:</b>				
Shares sold	5,280,144	\$48,122,104	374,336	\$3,678,772
Shares issued in reinvestment of distributions	51,999	471,073	7,370	73,446
Shares redeemed	(440,933)	(4,161,586)	(73,935)	(738,652)
Net increase (decrease)	4,891,210	\$44,431,591	307,771	\$3,013,566
<b>Advisor Class Shares:</b>				
Shares sold	10,498,840	\$97,278,176	16,844,801	\$169,081,917
Shares issued in reinvestment of distributions	867,079	8,090,374	1,928,208	19,357,439
Shares redeemed	(20,086,196)	(184,800,816)	(12,600,100)	(127,294,535)
Net increase (decrease)	(8,720,277)	\$(79,432,266)	6,172,909	\$61,144,821

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

**3. Transactions with Affiliates**

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

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

**Templeton International Bond Fund** (continued)

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

**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
0.700%	Up to and including \$200 million
0.650%	Over \$200 million, up to and including \$1.3 billion
0.600%	In excess of \$1.3 billion

For the year ended December 31, 2020, the gross effective investment management fee rate was 0.676% of the Fund's average daily net assets.

**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 . . . . .	0.35%
Class C . . . . .	0.65%
Class R . . . . .	0.50%

The Board has set the current rate at 0.25% per year for Class A shares until further notice and approval by the Board.

**d. Sales Charges/Underwriting Agreements**

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

Sales charges retained net of commissions paid to unaffiliated brokers/dealers . . . . .	\$552
CDSC retained . . . . .	\$420

**Templeton International Bond Fund** (continued)

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

**e. Transfer Agent Fees**

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

For the year ended December 31, 2020, the Fund paid transfer agent fees of \$738,268, of which \$142,036 was retained by Investor Services.

**f. Investments in Affiliated Management Investment Companies**

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended December 31, 2020, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income	Dividends
<b>Templeton International Bond Fund</b>									
<b>Non-Controlled Affiliates</b>									
Institutional Fiduciary Trust - Money Market Portfolio, 0% . . . . .	\$118,942,853	\$261,064,173	\$(269,546,752)	\$—	\$—	\$110,460,274	110,460,274	\$327,205	
<b>Total Affiliated Securities . . . .</b>	<b>\$118,942,853</b>	<b>\$261,064,173</b>	<b>\$(269,546,752)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$110,460,274</b>		<b>\$327,205</b>	

**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 operating expenses (excluding distribution fees, and acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for each class of the Fund do not exceed 0.74% based on the average net assets of each class until April 30, 2021. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.03% based on the average net assets of the class until April 30, 2021.

Prior to May 1, 2020, expenses (excluding certain fees and expenses as previously disclosed) for Class R6 were limited to 0.59% based on the average net assets of the class.

**4. Expense Offset Arrangement**

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended December 31, 2020, the custodian fees were reduced as noted in the Statement of Operations.



**Templeton International Bond Fund** (continued)

**5. Income Taxes**

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

At December 31, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:

Short term . . . . .	\$873,814
Long term . . . . .	16,517,393
Total capital loss carryforwards . . . . .	<u>\$17,391,207</u>

For tax purposes, the Fund may elect to defer any portion of a post-October capital loss or late-year ordinary loss to the first day of the following fiscal year. At December 31, 2020, the Fund deferred late-year ordinary losses of \$8,234,818.

The tax character of distributions paid during the years ended December 31, 2020 and 2019, was as follows:

	<u>2020</u>	<u>2019</u>
Distributions paid from:		
Ordinary income . . . . .	\$130,802	\$24,179,772
Return of capital. . . . .	9,909,615	—
	<u>\$10,040,417</u>	<u>\$24,179,772</u>

At December 31, 2020, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments . . . . .	<u>\$366,815,837</u>
Unrealized appreciation. . . . .	\$31,737,387
Unrealized depreciation. . . . .	(54,605,500)
Net unrealized appreciation (depreciation). . . . .	<u>\$(22,868,113)</u>

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions, foreign capital gains tax, bond discounts and premiums, tax straddles, inflation related adjustments on foreign securities and options.

**6. Investment Transactions**

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2020, aggregated \$196,867,030 and \$224,250,095, respectively.

**7. Shareholder Concentrations**

The Fund has a concentration of a shareholder holding a significant percentage of shares outstanding. Investment activities of the shareholder could have a material impact on the Fund. At December 31, 2020, there was one unaffiliated shareholder holding 61.3% of the Fund's outstanding shares.

**Templeton International Bond Fund** (continued)

**8. Concentration of Risk**

Investments in issuers domiciled or with significant operations in developing or emerging market countries may be subject to higher risks than investments in developed countries. These risks include fluctuating currency values, underdeveloped legal or business systems, 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. Currencies of developing or emerging market countries may be subject to significantly greater risks than currencies of developed countries, including the potential inability to repatriate those currencies into U.S. dollars.

At December 31, 2020, the Fund had 1.6% of its net assets denominated in Argentine Pesos. Argentina has restricted currency repatriation since September 2019, and had restructured certain issues of its debt. Political and economic conditions in Argentina could continue to affect the value of the Fund's holdings.

**9. Novel Coronavirus Pandemic**

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

**10. Other Derivative Information**

At December 31, 2020, 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
<b>Templeton International Bond Fund</b>				
Foreign exchange contracts . . .				
	Investments in securities, at value	\$1,975,925 <sup>a</sup>	Options written, at value	\$2,336,146
	Unrealized appreciation on OTC forward exchange contracts	2,957,888	Unrealized depreciation on OTC forward exchange contracts	14,762,591
Total . . . . .		<u>\$4,933,813</u>		<u>\$17,098,737</u>

<sup>a</sup>Purchased option contracts are included in investments in securities, at value in the Statement of Assets and Liabilities.

**Templeton International Bond Fund** (continued)

**10. Other Derivative Information** (continued)

For the year ended December 31, 2020, 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 Year	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Year
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
<b>Templeton International Bond Fund</b>				
Interest rate contracts . . . . .				
	Swap contracts	\$(8,577,292)	Swap contracts	\$2,292,168
Foreign exchange contracts . . .				
	Investments	2,622,881 <sup>a</sup>	Investments	768,154 <sup>a</sup>
	Written options	(1,891,162)	Written options	(676,754)
	Forward exchange contracts	(9,010,021)	Forward exchange contracts	(5,064,879)
Total . . . . .		<u>\$(16,855,594)</u>		<u>\$(2,681,311)</u>

<sup>a</sup>Purchased option contracts are included in net realized gain (loss) from investments and net change in unrealized appreciation (depreciation) on investments in the Statement of Operations.

For the year ended December 31, 2020, the average month end notional amount of swap contracts and options represented \$5,023,077 and \$466,732,420, respectively. The average month end contract value of forward exchange contracts was \$489,297,499.

At December 31, 2020, OTC derivative assets and liabilities are as follows:

	<b>Gross Amounts of Assets and Liabilities Presented in the Statement of Assets and Liabilities</b>	
	<b>Assets<sup>a</sup></b>	<b>Liabilities<sup>a</sup></b>
<b>Derivatives</b>		
<b>Templeton International Bond Fund</b>		
Forward exchange contracts . . . . .	\$2,957,888	\$14,762,591
Options purchased . . . . .	1,975,925	—
Options written . . . . .	—	2,336,146
Total . . . . .	<u>\$4,933,813</u>	<u>\$17,098,737</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 International Bond Fund** (continued)

**10. Other Derivative Information** (continued)

At December 31, 2020, OTC derivative assets, which may be offset against OTC derivative liabilities and collateral received from the counterparty, are as follows:

	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount (Not less than zero)
		Financial Instruments Available for Offset	Financial Instruments Collateral Received <sup>a</sup>	Cash Collateral Received	
<b>Templeton International Bond Fund</b>					
<b>Counterparty</b>					
BAST .....	\$—	\$—	\$—	\$—	\$—
BNDP .....	—	—	—	—	—
BOFA .....	—	—	—	—	—
CITI .....	1,460,076	(1,460,076)	—	—	—
DBAB .....	1,161,962	(1,161,962)	—	—	—
GSCO .....	184,837	(184,837)	—	—	—
HSBK .....	525,073	(525,073)	—	—	—
JPHQ .....	1,233,049	(737,622)	(356,270)	—	139,157
MSCO .....	339,861	(339,861)	—	—	—
SCNY .....	—	—	—	—	—
UBSW .....	28,955	(28,955)	—	—	—
Total .....	\$4,933,813	\$(4,438,386)	\$(356,270)	\$—	\$139,157

**Templeton International Bond Fund** (continued)

**10. Other Derivative Information** (continued)

At December 31, 2020, OTC derivative liabilities, which may be offset against OTC derivative assets and collateral pledged to the counterparty, are as follows:

	Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount (Not less than zero)
		Financial Instruments Available for Offset	Financial Instruments Collateral Pledged	Cash Collateral Pledged <sup>b</sup>	
<b>Templeton International Bond Fund</b>					
<b>Counterparty</b>					
BAST .....	\$10,767	\$—	\$—	\$—	\$10,767
BNDP .....	2,150	—	—	—	2,150
BOFA .....	156,997	—	—	(120,000)	36,997
CITI .....	5,302,844	(1,460,076)	—	(3,830,000)	12,768
DBAB .....	5,925,396	(1,161,962)	—	(4,763,434)	—
GSCO .....	424,325	(184,837)	—	(239,488)	—
HSBK .....	3,169,317	(525,073)	—	(2,539,982)	104,262
JPHQ .....	737,622	(737,622)	—	—	—
MSCO .....	837,155	(339,861)	—	(270,000)	227,294
SCNY .....	460,717	—	—	(180,000)	280,717
UBSW .....	71,447	(28,955)	—	—	42,492
Total .....	\$17,098,737	\$(4,438,386)	\$—	\$(11,942,904)	\$717,447

<sup>a</sup>At December 31, 2020 the Fund received U.S. Treasury Bonds and Notes as collateral for derivatives.

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

See Note 1(c) regarding derivative financial instruments.

See Abbreviations on page 47.

**11. Credit Facility**

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2 billion (Global Credit Facility) which matured on February 5, 2021. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective February 5, 2021, the Borrowers renewed the Global Credit Facility for a one year term, maturing February 4, 2022, for a total of \$2.675 billion.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended December 31, 2020, the Fund did not use the Global Credit Facility.

**Templeton International Bond Fund** (continued)

**12. Fair Value Measurements**

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

A summary of inputs used as of December 31, 2020, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Templeton International Bond Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Foreign Government and Agency Securities:				
Argentina	\$—	\$—	\$5,206,443	\$5,206,443
Australia	—	16,160,101	—	16,160,101
Brazil	—	244,495	—	244,495
Colombia	—	5,423,413	—	5,423,413
Ghana	—	4,253,630	—	4,253,630
India	—	12,113,104	—	12,113,104
Indonesia	—	17,043,041	—	17,043,041
Mexico	—	43,290,987	—	43,290,987
Norway	—	16,537,572	—	16,537,572
Singapore	—	16,259,006	—	16,259,006
South Korea	—	75,261,121	—	75,261,121
Options purchased	—	1,975,925	—	1,975,925
Short Term Investments	110,460,274	33,474,118	385,343	144,319,735
Total Investments in Securities	\$110,460,274	\$242,036,513	\$5,591,786	\$358,088,573
Other Financial Instruments:				
Forward exchange contracts	\$—	\$2,957,888	\$—	\$2,957,888
Restricted Currency (ARS)	—	—	408	408
Total Other Financial Instruments	\$—	\$2,957,888	\$408	\$2,958,296
Receivables:				
Interest (ARS)	\$—	\$—	\$113,485	\$113,485
<b>Liabilities:</b>				
Other Financial Instruments:				
Options written	\$—	\$2,336,146	\$—	\$2,336,146
Forward exchange contracts	—	14,762,591	—	14,762,591
Total Other Financial Instruments	\$—	\$17,098,737	\$—	\$17,098,737
Payables:				
Investment Securities Purchased (ARS)	\$—	\$—	\$59,932	\$59,932
Deferred Tax(ARS)	\$—	\$—	\$116	\$116

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the year. At December 31, 2020, the reconciliation is as follows:

**Templeton International Bond Fund** (continued)

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

	Balance at Beginning of Year	Purchases	Sales	Transfer Into Level 3	Transfer Out of Level 3	Cost Basis Adjust- ments <sup>a</sup>	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Year	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Year End
<b>Templeton International Bond Fund</b>										
<b>Assets:</b>										
Investments in Securities:										
Foreign Government and Agency Securities:										
Argentina . . . . .	\$4,541,263	\$3,401,263	\$(1,315,982)	\$—	\$—	\$895,860	\$(2,478,706)	\$162,745	\$5,206,443	\$(812,075)
Short Term Investments . . . . .	398,851	947,535	(631,862)	—	—	81,238	(301,403)	(109,016)	385,343	10,699
Total Investments in Securities . . . . .	\$4,940,114	\$4,348,798	\$(1,947,844)	\$—	\$—	977,098	(2,780,109)	53,729	\$5,591,786	\$(801,374)
Other Financial Instruments:										
Restricted Currency (ARS) . . . . .	\$1,007,116	\$2,312,456	\$(3,149,489)	\$—	\$—	\$—	\$(190,406)	\$20,731	\$408	\$(5)
Receivables:										
Interest (ARS) . . . . .	\$193,203	\$1,200,467	\$(1,133,754)	\$—	\$—	\$—	\$(163,232)	\$16,801	\$113,485	\$3,969
<b>Liabilities:</b>										
Payables:										
Deferred Tax (ARS) . . . . .	\$222	\$—	\$—	\$—	\$—	\$—	\$—	\$(106)	\$116	\$(106)
Investment Securities Purchased (ARS) . . . . .	\$—	\$59,932	\$—	\$—	\$—	\$—	\$—	\$—	\$59,932	\$—

<sup>a</sup>May include accretion, amortization, partnership adjustments, and/or other cost basis adjustments.

Significant unobservable valuation inputs for material Level 3 assets and/or liabilities and impact to fair value as a result of changes in unobservable valuation inputs as of December 31, 2020, are as follows:

Description	Fair Value at End of Year	Valuation Technique	Unobservable Inputs	Amount/ Range (Weight Average)	Impact to Fair Value if Input Increases <sup>a</sup>
<b>Templeton International Bond Fund</b>					
<b>Assets:</b>					
Investments in Securities:					
Foreign Government and Agency Securities:					
Argentina . . . . .	\$5,206,443	Market comparables	Implied Foreign exchange rate	143.8 ARS/USD	Decrease <sup>b</sup>
Short Term Investments:					
Argentina . . . . .	385,343	Market comparables	Implied Foreign exchange rate	143.8 ARS/USD	Decrease <sup>c</sup>
All Other . . . . .	113,893 <sup>d</sup>				
<b>Liabilities:</b>					
All Other . . . . .	60,048 <sup>d</sup>				
Total . . . . .	\$5,645,631				

<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.

## Templeton International Bond Fund (continued)

### 12. Fair Value Measurements (continued)

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

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

<sup>d</sup>Includes values derived using private transaction prices or non-public third party pricing information which is unobservable. May also include fair value of immaterial assets and/or liabilities developed using various valuation techniques and unobservable inputs.

### 13. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in the ASU provides optional temporary financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021. The ASU is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

### 14. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure other than those already disclosed in the financial statements.

### Abbreviations

#### Counterparty

<b>BAST</b>	Banco Santander SA
<b>BNDP</b>	BNP Paribas SA
<b>BOFA</b>	Bank of America Corp.
<b>CITI</b>	Citibank NA
<b>DBAB</b>	Deutsche Bank AG
<b>GSCO</b>	Goldman Sachs Group, Inc.
<b>HSBK</b>	HSBC Bank plc
<b>JPHQ</b>	JPMorgan Chase Bank NA
<b>MSCO</b>	Morgan Stanley
<b>SCNY</b>	Standard Chartered Bank
<b>UBSW</b>	UBS AG

#### Currency

<b>ARS</b>	Argentine Peso
<b>AUD</b>	Australian Dollar
<b>BRL</b>	Brazilian Real
<b>CHF</b>	Swiss Franc
<b>COP</b>	Colombian Peso
<b>EUR</b>	Euro
<b>GHS</b>	Ghanaian Cedi
<b>IDR</b>	Indonesian Rupiah
<b>INR</b>	Indian Rupee
<b>JPY</b>	Japanese Yen
<b>KRW</b>	South Korean Won
<b>MXN</b>	Mexican Peso
<b>NOK</b>	Norwegian Krone
<b>SEK</b>	Swedish Krona
<b>SGD</b>	Singapore Dollar
<b>USD</b>	United States Dollar

#### Selected Portfolio

<b>BADLAR</b>	Argentina Deposit Rates Badlar Private Banks ARS
<b>CER</b>	Reference Stabilization Coefficient
<b>FRN</b>	Floating Rate Note



## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Templeton Income Trust and Shareholders of Templeton International Bond Fund

### ***Opinion on the Financial Statements***

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Templeton International Bond Fund (one of the funds constituting Templeton Income Trust, referred to hereafter as the "Fund") as of December 31, 2020, the related statement of operations for the year ended December 31, 2020, the statement of changes in net assets for each of the two years in the period ended December 31, 2020, including the related notes, and the financial highlights for each of the periods indicated therein (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2020 and the financial highlights for each of the periods indicated therein in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2020 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California  
February 19, 2021

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

## Tax Information (unaudited)

### Templeton International Bond Fund

At December 31, 2020, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. The Fund elects to treat foreign taxes paid as allowed under Section 853 of the Internal Revenue Code. This election will allow shareholders of record as of the first distribution in 2021, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

## Board Members and Officers

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

### Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Harris J. Ashton (1932)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 1992	125	Bar-S Foods (meat packing company) (1981-2010).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
<b>Ann Torre Bates (1958)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2008	30	Ares Capital Corporation (specialty finance company) (2010-present), United Natural Foods, Inc. (distributor of natural, organic and specialty foods) (2013-present), <b>formerly</b> , Allied Capital Corporation (financial services) (2003-2010), SLM Corporation (Sallie Mae) (1997-2014) and Navient Corporation (loan management, servicing and asset recovery) (2014-2016).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Executive Vice President and Chief Financial Officer, NHP Incorporated (manager of multifamily housing) (1995-1997); and Vice President and Treasurer, US Airways, Inc. (until 1995).				
<b>Mary C. Choksi (1950)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2016	125	Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present); and <b>formerly</b> , Avis Budget Group Inc. (car rental) (2007-May 2020).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				

## Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Edith E. Holiday (1952)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Lead Independent Trustee since 2001 and Lead Trustee since 2007	2001 and Lead Independent Trustee since 2007	125	Hess Corporation (exploration of oil and gas) (1993-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA (holding company) (2019-present); and <b>formerly</b> , RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director or Trustee of various companies and trusts; and <b>formerly</b> , Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison-United States Treasury Department (1988-1989).				
<b>J. Michael Luttig (1954)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2009	125	Boeing Capital Corporation (aircraft financing) (2006-2010).
<b>Principal Occupation During at Least the Past 5 Years:</b> Private investor; and <b>formerly</b> , Counselor and Senior Advisor to the Chairman, CEO, and Board of Directors, of The Boeing Company (aerospace company), and member of the Executive Council (May 2019-January 1, 2020); Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (2006-2019); and Federal Appeals Court Judge, United States Court of Appeals for the Fourth Circuit (1991-2006).				
<b>David W. Niemiec (1949)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2005	30	Hess Midstream LP (oil and gas midstream infrastructure) (2017-present).
<b>Principal Occupation During at Least the Past 5 Years:</b> Advisor, Saratoga Partners (private equity fund); and <b>formerly</b> , Managing Director, Saratoga Partners (1998-2001) and SBC Warburg Dillon Read (investment banking) (1997-1998); Vice Chairman, Dillon, Read & Co. Inc. (investment banking) (1991-1997); and Chief Financial Officer, Dillon, Read & Co. Inc. (1982-1997).				
<b>Larry D. Thompson (1945)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2005	125	Graham Holdings Company (education and media organization) (2011-present); and <b>formerly</b> , The Southern Company (energy company) (2014-May 2020; previously 2010-2012), Cbeyond, Inc. (business communications provider) (2010-2012).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and <b>formerly</b> , Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-September 2020); Executive Vice President - Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President - Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).				

## Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Constantine D. Tseretopoulos (1954)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2003	19	None
<b>Principal Occupation During at Least the Past 5 Years:</b> Physician, Chief of Staff, owner and operator of the Lyford Cay Hospital (1987-present); director of various nonprofit organizations; and <b>formerly</b> , Cardiology Fellow, University of Maryland (1985-1987); and Internal Medicine Resident, Greater Baltimore Medical Center (1982-1985).				

<b>Robert E. Wade (1946)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2006	30	EI Oro Ltd (investments) (2003-2019).
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**Principal Occupation During at Least the Past 5 Years:**  
Attorney at law engaged in private practice as a sole practitioner (1972-2008) and member of various boards.

## Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>**Gregory E. Johnson (1961)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	136	None
<b>Principal Occupation During at Least the Past 5 Years:</b> Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 39 of the investment companies in Franklin Templeton; Vice Chairman, Investment Company Institute; and <b>formerly</b> , Chief Executive Officer (2013-2020) and President (1994-2015), Franklin Resources, Inc.				

<b>**Rupert H. Johnson, Jr. (1940)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, Trustee and Vice President	Chairman of the Board and Trustee since 2013 and Vice President since 1996	125	None
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**Principal Occupation During at Least the Past 5 Years:**  
Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 37 of the investment companies in Franklin Templeton.

<b>Alison E. Baur (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**  
Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.

<b>Breda M. Beckerle (1958)</b> 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since October 2020	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**  
Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Advisory Services, LLC, Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of 41 of the investment companies in Franklin Templeton.

## Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Steven J. Gray (1955)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
<b>Michael Hasenstab Ph.D. (1973)</b> One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2018	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Executive Vice President, Franklin Advisers, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of three of the investment companies in Franklin Templeton.				
<b>Matthew T. Hinkle (1971)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Vice President, Franklin Templeton Services, LLC; officer of 41 of the investment companies in Franklin Templeton; and <b>formerly</b> , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
<b>Robert G. Kubilis (1973)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2017	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Treasurer, U.S. Fund Administration & Reporting and officer of 39 of the investment companies in Franklin Templeton.				
<b>Robert Lim (1948)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
<b>Navid J. Tofigh (1972)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Associate General Counsel and officer of 41 of the investment companies in Franklin Templeton.				
<b>Craig S. Tyle (1960)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.				

## Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Lori A. Weber (1964)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Secretary	Vice President since 2011 and Secretary since 2013	Not Applicable	Not Applicable

**Principal Occupation During at Least the Past 5 Years:**

Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 41 of the investment companies in Franklin Templeton.

<b>Christine Zhu (1975)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2018	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

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

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

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

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

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

The Sarbanes-Oxley Act of 2002 and Rules adopted by the U.S. Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated each of Ann Torre Bates and David W. Niemiec as an audit committee financial expert. The Board believes that Ms. Bates and Mr. Niemiec qualify as such an expert in view of their extensive business background and experience. Ms. Bates has served as a member of the Fund Audit Committee since 2008. She currently serves as a director of Ares Capital Corporation (2010-present) and United Natural Foods, Inc. (2013-present) and was formerly a director of Navient Corporation from 2014 to 2016, SLM Corporation from 1997 to 2014 and Allied Capital Corporation from 2003 to 2010, Executive Vice President and Chief Financial Officer of NHP Incorporated from 1995 to 1997 and Vice President and Treasurer of US Airways, Inc. until 1995. Mr. Niemiec has served as a member of the Fund Audit Committee since 2005, currently serves as an Advisor to Saratoga Partners and was formerly its Managing Director from 1998 to 2001 and serves as a director of Hess Midstream LP (2017-present). Mr. Niemiec was formerly a director of Emeritus Corporation from 1999 to 2010 and OSI Pharmaceuticals, Inc. from 2006 to 2010, Managing Director of SBC Warburg Dillon Read from 1997 to 1998, and was Vice Chairman from 1991 to 1997 and Chief Financial Officer from 1982 to 1997 of Dillon, Read & Co. Inc. As a result of such background and experience, the Board believes that Ms. Bates and Mr. Niemiec have each acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Bates and Mr. Niemiec are independent Board members as that term is defined under the applicable U.S. Securities and Exchange Commission Rules and Releases

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

## Shareholder Information

### Proxy Voting Policies and Procedures

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

### Quarterly Statement of Investments

The Trust, on behalf of the Fund, files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year 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.

### Householding of Reports and Prospectuses

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



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.



**Annual Report and Shareholder Letter**  
**Templeton International Bond Fund**

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