

TEMPLETON GLOBAL INCOME FUND  
Form N-CSR  
October 29, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-05459

Templeton Global Income Fund

(Exact name of registrant as specified in charter)

300 S.E. 2<sup>nd</sup> Street, Fort Lauderdale, FL 33301-1923  
(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: 8/31

Date of reporting period: 8/31/14

**Item 1. Reports to Stockholders.**

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**Annual Report**

August 31, 2014

# Templeton Global Income Fund

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# Franklin Templeton Investments

Gain From Our Perspective®

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

## Focus on Investment Excellence

At the core of our firm, you'll find multiple independent investment teams—each with a focused area of expertise—from traditional to alternative strategies and multi-asset solutions. And because our portfolio groups operate autonomously, their strategies can be combined to deliver true style and asset class diversification.

All of our investment teams share a common commitment to excellence grounded in rigorous, fundamental research and robust, disciplined risk management. Decade after decade, our consistent, research-driven processes have helped Franklin Templeton earn an impressive record of strong, long-term results.

## Global Perspective Shaped by Local Expertise

In today's complex and interconnected world, smart investing demands a global perspective. Franklin Templeton pioneered international investing over 60 years ago, and our expertise in emerging markets spans more than a quarter of a century. Today, our investment professionals are on the ground across the globe, spotting investment ideas and potential risks firsthand. These locally based teams bring in-depth understanding of local companies, economies and cultural nuances, and share their best thinking across our global research network.

## Strength and Experience

Franklin Templeton is a global leader in asset management serving clients in over 150 countries.<sup>1</sup> We run our business with the same prudence we apply to asset management, staying focused on delivering relevant investment solutions, strong long-term results and reliable, personal service. This approach, focused on putting clients first, has helped us to become one of the most trusted names in financial services.

1. As of 12/31/13. Clients are represented by the total number of shareholder accounts.

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

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## Annual Report

### Templeton Global Income Fund

Dear Shareholder:

We are pleased to bring you Templeton Global Income Fund's annual report for the fiscal year ended August 31, 2014.

#### Your Fund's Goals and Main Investments

Templeton Global Income Fund seeks high, current income, with a secondary goal of capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in income-producing securities, including debt securities of U.S. and foreign issuers, including emerging markets.

#### Performance Overview

For the 12 months under review, Templeton Global Income Fund delivered cumulative total returns of +7.04% based on market price and +11.85% based on net asset value. For comparison, the global government bond market, as measured by the J.P. Morgan (JPM) Global Government Bond Index (GGBI), posted cumulative total returns of +6.49% in local currency terms and +5.36% in U.S. dollar terms for the same period.<sup>1</sup> You can find the Fund's long-term performance data in the Performance Summary on page 5.

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.*

#### Economic and Market Overview

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Global financial market volatility was elevated at the beginning of the period, as the U.S. federal government partially shut down and the U.S. Treasury approached its debt ceiling. Market volatility quickly subsided with the end of the shutdown. Fears of possible reductions in stimulative government policies contributed to periods of risk aversion, when credit spreads widened and assets perceived as risky sold off. However, these periods of risk aversion alternated with periods of healthy risk appetite, when spreads narrowed and investors again favored risk assets. Against this backdrop, extensive liquidity creation continued, in particular from the Bank of Japan's (BOJ's) commitment to increase inflation, as well as from the European Central Bank's (ECB's) interest rate cuts. Economic data among the largest economies appeared inconsistent with some predictions of a severe global economic slowdown.

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The index is unmanaged and includes reinvested interest. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

**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 8.**

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In the U.S., the Federal Reserve Board (Fed) said it would begin to reduce the size of its quantitative easing (QE) program in 2014. Pessimism about this policy affected emerging markets as market participants became concerned about potentially diminished global liquidity. Global financial market volatility increased at the beginning of 2014 amid concerns that economic growth was slowing, particularly in emerging markets. However, market volatility eventually began to subside and risk assets in a number of emerging markets rebounded.

Despite concerns surrounding Fed tapering, we did not believe there was a strong risk of a global liquidity problem, given the BOJ's massive QE. In our assessment, the BOJ's QE program has more than enough potential to offset the impact of the Fed's reduced buying. If the BOJ continued on its current path, it would be on pace to contribute more liquidity than the Fed would remove through tapering.

Also on investors' minds during the period was the moderation in China's growth rate. Despite negative headline news and skeptical investor attitudes, we did not believe China faced a hard landing scenario. Economic data during the period revealed overinvestment in certain sectors, decreasing industrial production, and rising nonperforming loans in the banking sector, but we believed these trends did not reflect the full picture. In fact, recent deceleration was a welcome and healthy development, in our view. Although the pace of China's growth has slowed, we believe recent reforms have improved its quality.

During much of the second half of the period, global financial markets appeared more broadly influenced by the pickup in growth in the U.S. and economic stabilization in China than by escalating geopolitical tensions, in our assessment. We continued to see differentiation among specific emerging market economies; some have healthy current account and fiscal balances and large international reserves, while others struggle with deficits and economic imbalances. We believe that economies with healthier balances and stronger growth prospects are likely to experience currency appreciation over the long term, while those with imbalances are more likely to face currency weakness and economic strains.

## Investment Strategy

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

### What is a currency forward contract?

A currency forward contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency at a specific exchange rate on a future date.

## Manager's Discussion

The Fund's total return was influenced by various factors, including interest rate developments, currency movements and exposure to sovereign debt markets. During the period under review, the Fund's positive absolute performance was primarily attributable to interest rate strategies, followed by currency positions and sovereign credit exposures. The Fund's outperformance relative to the JPM GGBI arose primarily from currency positions followed by credit exposures. Interest rate strategies had a largely neutral effect on relative performance.

### Interest Rate Strategy

As part of the Fund's interest rate strategy, we used interest rate swaps to manage duration. During the period, we maintained the portfolio's defensive duration posture as monetary policy remained highly accommodative in the U.S., eurozone, Japan and the U.K. Select underweighted duration exposures in Europe detracted from relative performance as the ECB expanded its accommodative monetary policies. Overweighted duration exposures in Latin America contributed to performance while underweighted duration exposure in the U.S. detracted. Select duration exposures in Europe and in Latin America contributed to absolute return. The Fund maintained little duration exposure in emerging markets, except in a few countries where rates were already quite high.

#### What is an interest rate swap?

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

#### What is duration?

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

### Currency Strategy

The Fund's diversified currency exposure contributed to absolute performance. The Fund utilized currency forward contracts to hedge or gain exposure to various currencies during the review period. The U.S. dollar strengthened against its major trading partners during the period; the trade-weighted U.S. dollar appreciated 1.28%.<sup>2</sup> The euro depreciated 0.11% and the Japanese yen depreciated 5.55% against the U.S. dollar during the period.<sup>3</sup>

### Currency Breakdown\*

8/31/14

	% of Total
	Net Assets
<b>Americas</b>	<b>82.2 %</b>
U.S. Dollar	53.7 %
Mexican Peso	9.4 %
Brazilian Real	8.9 %
Chilean Peso	6.6 %
Peruvian Nuevo Sol	3.6 %
<b>Asia Pacific</b>	<b>24.9 %</b>
South Korean Won	16.0 %
Malaysian Ringgit	15.7 %
Indian Rupee	5.5 %
Singapore Dollar	4.3 %
Sri Lankan Rupee	3.2 %
Indonesian Rupiah	2.8 %



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Philippine Peso	0.9 %
Japanese Yen	-23.5 %
<b>Europe</b>	<b>-7.1 %</b>
Polish Zloty	11.9 %
Swedish Krona	9.8 %
Hungarian Forint	1.1 %
Euro	-29.9 %

\*Weightings may be negative or may not total 100% due to rounding, use of any derivatives, unsettled trades or other factors.

The Fund's currency positions in Asia ex-Japan contributed to absolute return and relative performance. The Fund's net-negative exposure to the Japanese yen against the U.S. dollar, achieved through the use of currency forward contracts, also added to absolute and relative performance.

### Global Sovereign Debt Strategy

In addition to purchasing global government bonds, the Fund also invested in sovereign credit. As an asset class, such investments may compensate for greater credit risk by offering higher yields relative to U.S. Treasury and European benchmark bonds. The Fund's sovereign credit positioning contributed to absolute return and relative performance during the period.

2. Source: Federal Reserve H.10 Report.

3. Source: FactSet. 2014 FactSet Research Systems Inc. All Rights Reserved. The information contained herein: (1) is proprietary to FactSet Research Systems Inc. and/or

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TEMPLETON GLOBAL INCOME FUND

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

Sincerely,

*The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2014, 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.*

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## TEMPLETON GLOBAL INCOME FUND

## Performance Summary as of August 31, 2014

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

## Share Prices

Symbol: GIM		8/31/14		8/31/13	Change
Net Asset Value (NAV)	\$	8.72	\$	8.38	+\$ 0.34
Market Price (NYSE)	\$	7.96	\$	8.03	-\$ 0.07

## Distributions

		Dividend		Short-Term		Total
		Income		Capital Gain		
9/1/13–8/31/14	\$	0.6166	\$	0.0033	\$	0.6199

Performance<sup>1</sup>

		Cumulative Total Return <sup>2</sup>		Average Annual Total Return <sup>2</sup>		Average Annual Total Return (9/30/14) <sup>3</sup>	
		Based on	Based on	Based on	Based on	Based on	Based on
		NAV <sup>4</sup>	market price <sup>5</sup>	NAV <sup>4</sup>	market price <sup>5</sup>	NAV <sup>4</sup>	market price <sup>5</sup>
1-Year	+	11.85 %	+ 7.04 %	+ 11.85 %	+ 7.04 %	+ 6.99 %	+ 2.57 %
5-Year	+	56.13 %	+ 37.65 %	+ 9.32 %	+ 6.60 %	+ 8.18 %	+ 6.20 %
10-Year	+	167.64 %	+ 154.06 %	+ 10.35 %	+ 9.77 %	+ 9.90 %	+ 9.55 %

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.

All investments involve risks, including possible loss of principal. Changes in interest rates will affect the value of the Fund's portfolio and its share price and yield. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments of countries where the Fund invests. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity. The Fund's use of foreign currency techniques involves special risks as such techniques may not achieve the anticipated benefits and/or may result in losses to the Fund. Also, as a nondiversified investment company, the Fund may invest in a relatively small number of issuers and, as a result, be subject to a greater risk of loss with respect to its portfolio securities. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results.

1. The Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year-end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been lower.

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2. Total return calculations represent the cumulative and average annual changes in value of an investment over the periods indicated. 3. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter. 4. Assumes reinvestment of distributions based on net asset value.

5. Assumes reinvestment of distributions based on the dividend reinvestment and cash purchase plan.

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TEMPLETON GLOBAL INCOME FUND

## Important Notice to Shareholders

### Share Repurchase Program

The Fund's Board previously authorized the Fund to repurchase up to 10% of the Fund's outstanding shares in open-market transactions, at the discretion of management. This authorization remains in effect.

In exercising its discretion consistent with its portfolio management responsibilities, the investment manager will take into account various other factors, including, but not limited to, the level of the discount, the Fund's performance, portfolio holdings, dividend history, market conditions, cash on hand, the availability of other attractive investments and whether the sale of certain portfolio securities would be undesirable because of liquidity concerns or because the sale might subject the Fund to

adverse tax consequences. Any repurchases would be made on a national securities exchange at the prevailing market price, subject to exchange requirements, Federal securities laws and rules that restrict repurchases, and the terms of any outstanding leverage or borrowing of the Fund. If and when the Fund's 10% threshold is reached, no further repurchases could be completed until authorized by the Board. Until the 10% threshold is reached, Fund management will have the flexibility to commence share repurchases if and when it is determined to be appropriate in light of prevailing circumstances.

In the Notes to Financial Statements section, please see note 2 (Shares of Beneficial Interest) for additional information regarding shares repurchased.

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**Financial Highlights**

	<b>Year Ended August 31,</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$ 8.38	\$ 9.08	\$ 10.13	\$ 9.94	\$ 8.84
Income from investment operations:					
Net investment income <sup>a</sup>	0.35	0.38	0.41	0.54	0.56
Net realized and unrealized gains (losses)	0.61	(0.07 )	(0.30 )	0.61	1.06
Total from investment operations	0.96	0.31	0.11	1.15	1.62
Less distributions from:					
Net investment income and net foreign currency gains	(0.62 )	(0.72 )	(0.82 )	(0.93 )	(0.52 )
Net realized gains	b	(0.29 )	(0.34 )	(0.03 )	
Total distributions	(0.62 )	(1.01 )	(1.16 )	(0.96 )	(0.52 )
Net asset value, end of year	\$ 8.72	\$ 8.38	\$ 9.08	\$ 10.13	\$ 9.94
Market value, end of year <sup>c</sup>	\$ 7.96	\$ 8.03	\$ 9.53	\$ 11.30	\$ 10.55
Total return (based on market value per share)	7.04 %	(5.97 )%	(4.40 )%	17.54 %	21.72 %
<b>Ratios to average net assets</b>					
Expenses <sup>d</sup>	0.73 %	0.73 %	0.75 %	0.74 %	0.74 %
Net investment income	4.05 %	4.21 %	4.55 %	5.37 %	5.87 %
<b>Supplemental data</b>					
Net assets, end of year (000 s)	\$ 1,169,318	\$ 1,124,611	\$ 1,209,287	\$ 1,338,948	\$ 1,307,675
Portfolio turnover rate	45.61 %	18.16 %	38.60 %	20.61 %	15.42 %

<sup>a</sup>Based on average daily shares outstanding.<sup>b</sup>Amount rounds to less than \$0.01 per share.<sup>c</sup>Based on the last sale on the New York Stock Exchange.<sup>d</sup>Benefit of waiver and payments by affiliates and expense reduction rounds to less than 0.01%.



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**Statement of Investments, August 31, 2014**

	Principal Amount*	Value
<b>Foreign Government and Agency Securities 82.4%</b>		
<b>Brazil 8.7%</b>		
Letra Tesouro Nacional, Strip, 1/01/15	5,380 <sup>a</sup> BRL \$	2,318,825
Nota Do Tesouro Nacional, 10.00%, 1/01/17	54,900 <sup>a</sup> BRL	23,876,079
bIndex Linked, 6.00%, 5/15/15	20,602 <sup>a</sup> BRL	23,012,568
bIndex Linked, 6.00%, 8/15/16	10,112 <sup>a</sup> BRL	11,346,358
bIndex Linked, 6.00%, 5/15/17	231 <sup>a</sup> BRL	261,032
bIndex Linked, 6.00%, 8/15/18	12,055 <sup>a</sup> BRL	13,568,883
bIndex Linked, 6.00%, 5/15/45	23,625 <sup>a</sup> BRL	27,918,470
		102,302,215
<b>Hungary 4.4%</b>		
Government of Hungary, 7.75%, 8/24/15	56,780,000 HUF	250,821
5.50%, 2/12/16	238,600,000 HUF	1,044,946
5.50%, 12/22/16	101,230,000 HUF	449,639
4.00%, 4/25/18	206,520,000 HUF	883,449
6.50%, 6/24/19	481,650,000 HUF	2,262,892
7.50%, 11/12/20	15,300,000 HUF	76,273
A, 8.00%, 2/12/15	111,800,000 HUF	479,485
A, 6.75%, 11/24/17	829,080,000 HUF	3,849,267
A, 5.50%, 12/20/18	112,900,000 HUF	510,098
A, 7.00%, 6/24/22	189,970,000 HUF	940,317
A, 6.00%, 11/24/23	106,510,000 HUF	500,718
B, 6.75%, 2/24/17	236,530,000 HUF	1,078,972
B, 5.50%, 6/24/25	119,210,000 HUF	539,682
senior note, 6.25%, 1/29/20	3,535,000	4,001,178
senior note, 6.375%, 3/29/21	4,020,000	4,590,337
csenior note, Reg S, 3.50%, 7/18/16	905,000 EUR	1,241,798
csenior note, Reg S, 4.375%, 7/04/17	4,435,000 EUR	6,264,235
csenior note, Reg S, 5.75%, 6/11/18	12,690,000 EUR	18,965,260
csenior note, Reg S, 3.875%, 2/24/20	2,700,000 EUR	3,817,529
		51,746,896
<b>Iceland 0.3%</b>		
dGovernment of Iceland, 144A, 5.875%, 5/11/22	3,450,000	3,945,006



**India 2.0%**

Government of India,

senior bond, 7.80%, 5/03/20	231,200,000 INR	3,666,041
senior bond, 8.28%, 9/21/27	69,900,000 INR	1,106,203
senior bond, 8.60%, 6/02/28	239,800,000 INR	3,924,942
senior note, 7.28%, 6/03/19	9,000,000 INR	141,054
senior note, 8.12%, 12/10/20	173,600,000 INR	2,787,037
senior note, 8.35%, 5/14/22	68,200,000 INR	1,101,658
senior note, 7.16%, 5/20/23	42,900,000 INR	640,073
senior note, 8.83%, 11/25/23	579,400,000 INR	9,643,295
		23,010,303

**Indonesia 2.8%**

Government of Indonesia,

FR31, 11.00%, 11/15/20	141,798,000,000 IDR	13,840,889
FR34, 12.80%, 6/15/21	64,492,000,000 IDR	6,875,376
FR35, 12.90%, 6/15/22	37,356,000,000 IDR	4,039,192

TEMPLETON GLOBAL INCOME FUND  
STATEMENT OF INVESTMENTS

	<b>Principal Amount*</b>		<b>Value</b>
<b>Foreign Government and Agency Securities</b> (continued)			
<b>Indonesia</b> (continued)			
Government of Indonesia, (continued)			
FR36, 11.50%, 9/15/19	32,651,000,000	IDR \$	3,189,800
FR43, 10.25%, 7/15/22	4,826,000,000	IDR	459,936
senior bond, FR53, 8.25%, 7/15/21	29,878,000,000	IDR	2,576,511
senior note, 8.50%, 10/15/16	19,302,000,000	IDR	1,683,700
			32,665,404
<b>Ireland 8.4%</b>			