

Product Profile

Product Details¹

Fund Assets	\$531,783,608.12
Fund Inception Date	09/20/1991
Number of Issuers	69
Base Currency	CAD
Benchmark Name	
Distribution Frequency	Annually

Inception Date

Series O	11/24/2000
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Fund Description

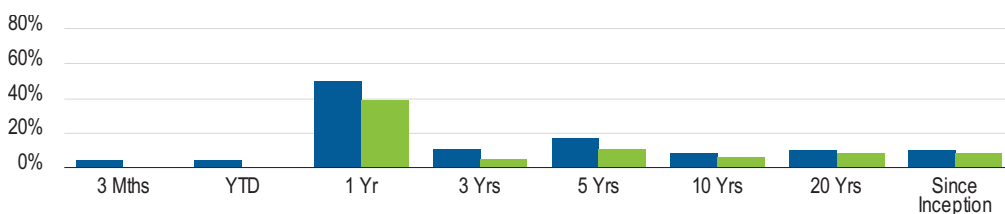
This Fund seeks long-term capital appreciation by investing primarily in equities of companies in emerging markets. The Fund may also invest in companies that trade in emerging markets, or that trade elsewhere in the world and earn at least 50% of their revenue from production or sales in emerging markets.

Performance Data²

Average Annual Total Returns³ (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception (11/24/2000)
Series O	4.82	4.82	50.80	11.14	17.60	8.49	10.59	10.17
MSCI Emerging Markets Index-NR	0.91	0.91	39.86	5.58	11.43	6.34	8.79	8.47

The indicated rates of return are the Series O historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account investment management fees, sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns.



- Series O
- MSCI Emerging Markets Index-NR

Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Series O	18.43	22.47	-8.43	35.64	20.25	-4.30	7.23	0.37	15.66	-17.42
MSCI Emerging Markets Index-NR	16.23	12.45	-6.88	28.26	7.34	2.04	6.63	3.93	15.61	-16.40

1. All holdings are subject to change. Holdings of the same issuers have been combined.
 2. The fund offers other series subject to different fees and expenses, which will affect their performance.
 3. Periods shorter than one year are shown as cumulative total returns.

Portfolio Manager Insight⁴

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	NAVER Corp.	Communication Services (Stock Selection)	China (Stock Selection)
	Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology (Stock Selection)	Taiwan (Stock Selection)
	MediaTek Inc	Consumer Discretionary (Stock Selection)	South Korea (Stock Selection)
HURT	Itau Unibanco Holding S.A. Sponsored ADR Pfd	Materials (Underweight)	Saudi Arabia (Lack of Exposure)
	Brilliance China Automotive Holdings Limited	—	United Kingdom (Off-benchmark Exposure)
	Yandex NV Class A	—	United States

- South Korea-based internet company Naver rallied. It announced solid earnings growth, as well as several deals aimed at strengthening its e-commerce and digital content businesses. Naver operates the leading internet search portal in South Korea, and it has diversified into other key areas such as e-commerce, digital content, and financial services.
- Taiwan Semiconductor Manufacturing Company (TSMC) advanced. The chip maker's better-than-expected quarterly profit, upgraded sales growth forecasts, and increased capital spending targets sent the stock soaring, before signs of increased industry competition erased some gains. We remain confident in TSMC's technology leadership and execution capabilities, which should secure its market dominance.
- Conversely, Brazilian lender Itau Unibanco declined. Investor sentiment towards Brazil weakened amidst a jump in COVID-19 cases, growing fiscal concerns, signs of increased state interference in the economy and heightened political noise ahead of next year's presidential election. We see resilience in Itau's fundamentals given its established franchise, quality management, and strong fee-generating businesses.

Outlook & Strategy

- Fresh waves of COVID-19 infection have continued to test economies and health care systems globally, just as more countries step up the rollout of vaccines. We think EMs will likely stay resilient in the face of new challenges. Many EMs have remained less leveraged than developed economies at the sovereign, corporate and household levels. EM banking systems have largely withstood stress despite loan moratoriums. Technology and consumption have also become new drivers of economic growth for many EMs. Overall, we expect a sharp earnings rebound in EMs this year from a low base last year.
- Reflationary expectations and higher US bond yields have stoked market volatility. Though inflation has picked up from low levels last year amidst recovering economic activity, firmer commodity prices and near-term supply chain bottlenecks, we believe considerable slack remains in many economies, especially on the labour front. Also visible to us are longer-term deflationary risks arising from technology advancements and demographic headwinds. Rather than position for specific macroeconomic scenarios, we strive to build a well-diversified portfolio that can potentially navigate a range of market environments.
- A long-term, stock-driven, and valuation-aware focus is central to our investment approach. We seek companies with sustainable earnings power, trading at discounts to our perception of their intrinsic worth. We have found many such companies operating in areas of secular growth related to technology and consumption. Of particular appeal to us are business models and management teams that display agility and resilience in a fast-changing world.

Portfolio Characteristics⁵

	Portfolio	MSCI Emerging Markets Index-NR
Price to Earnings (12-Month Trailing)	19.68x	19.06x
Price to Book	2.13x	2.13x
Price to Cash Flow	7.65x	9.11x
Weighted Average Market Capitalization (Millions in CAD)	327,325	124,563

4. The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

5. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalisation figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. Source: FactSet. All holdings are subject to change.

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Portfolio Diversification

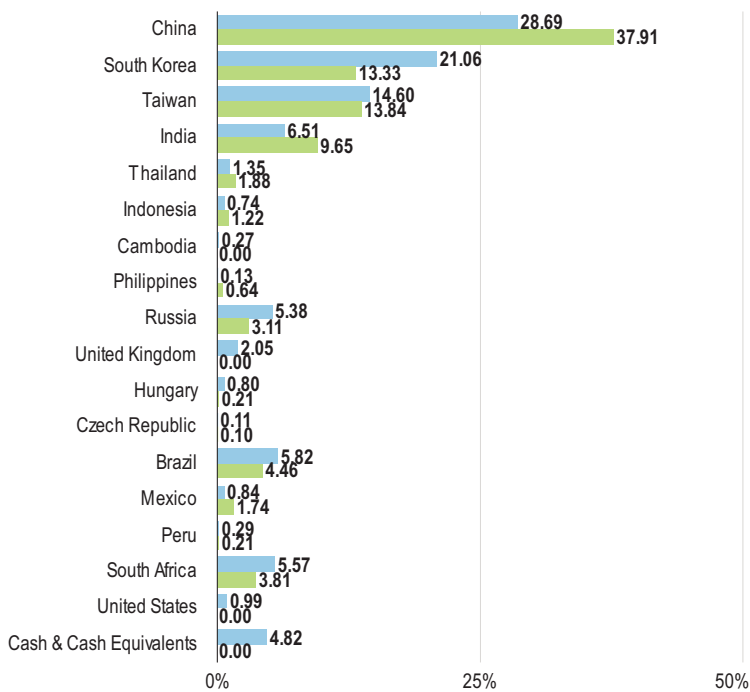
Top Ten Holdings⁶

Percent of Total

Top Holdings	Sector	Country	%
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Semiconductors & Semiconductor Equipment	Taiwan	10.07
Samsung Electronics Co Ltd	Technology Hardware & Equipment	South Korea	9.98
ALIBABA GROUP HOLDING LTD	Retailing	China	8.78
TENCENT HOLDINGS LTD	Media & Entertainment	China	7.58
NASPERS LTD	Retailing	South Africa	4.92
NAVER CORP	Media & Entertainment	South Korea	4.81
ICICI BANK LTD	Banks	India	3.36
MEDIATEK INC	Semiconductors & Semiconductor Equipment	Taiwan	2.71
LG CORP	Capital Goods	South Korea	2.52
UNILEVER PLC	Household & Personal Products	United Kingdom	2.05

Geographic Weightings vs. MSCI Emerging Markets Index-NR⁷

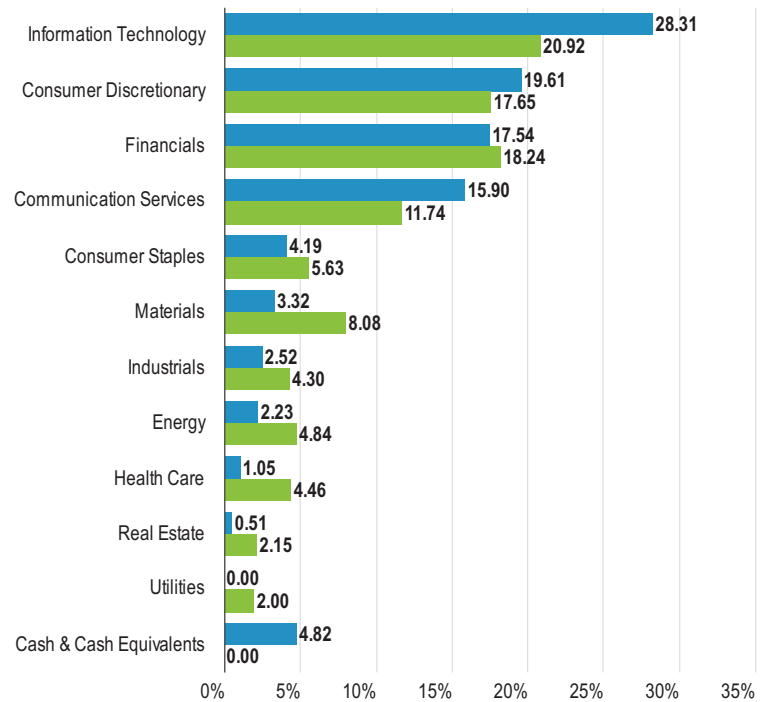
Percent of Total



● Templeton Emerging Markets Fund
● MSCI Emerging Markets Index-NR

Sector Weightings vs. MSCI Emerging Markets Index-NR⁸

Percent of Total



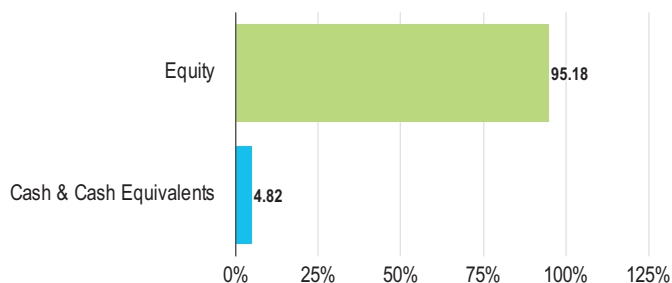
● Templeton Emerging Markets Fund
● MSCI Emerging Markets Index-NR

6. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The portfolio manager reserves the right to withhold release of information with respect to holdings that would otherwise be included.

7,8. Percentage may not equal 100% due to rounding. All holdings are subject to change.

Asset Allocation⁹

Percent of Total



Supplemental Performance Statistics

Supplemental Risk Statistics^{10,11}

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	15.44	13.82	14.35	16.33
Tracking Error (%)	3.27	3.19	3.51	4.36
Information Ratio	1.71	1.96	0.61	0.41
Beta	1.04	1.04	1.03	0.93
Sharpe Ratio	0.64	1.20	0.53	0.52

The indicated rates of return are the Series O historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account investment management fees, sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns.

Investment Philosophy

- We believe that stock prices are primarily driven by the ability of companies to sustain profitability and earnings power in the long run.
- Companies' economic value creation can be temporarily mispriced due to factors such as market noise, short-term focused behavior and/or information gaps.
- Alpha can be generated over time by having the insights, skill and a repeatable process to identify and invest in securities which have sustainable earning power at a discount to their intrinsic worth.

Investment Process

FTEME seeks to deliver EM investment excellence through a bottom-up, research focused, long-term oriented approach to EM investing:

- Bottom up/Research focused: we conduct independent and rigorous research customized to the dynamics of the individual markets we invest in.
- Long-term oriented: we focus on a horizon of 3-5 years when evaluating businesses and managements.

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Chetan Sehgal, CFA	26	28
Andrew Ness	2	26

Glossary

Beta: A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.

9. Percentage may not equal 100% due to rounding. All holdings are subject to change.

10. Beta, Information Ratio and Tracking Error information are measured against the MSCI Emerging Markets Index-NR.

11. Information Ratio is a way to evaluate a manager's ability to outperform a benchmark in relation to the risk that manager is assuming, with risk defined as deviation from the benchmark. This measure is calculated by dividing the portfolio's excess return (portfolio return less the benchmark return) by the tracking error (derived by taking the standard deviation of the monthly differences between the portfolio return and the benchmark return over time).

Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.

Market Capitalization: A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share. Market capitalization is expressed in millions of CAD.

Price to Book Value: The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the value represents a weighted average of the stocks it holds.

Price to Cash Flow: Supplements price/earnings ratio as a measure of relative value for a stock. For a portfolio, the value represents a weighted average of the stocks it holds.

Price to Earnings (12-mon Trailing): The share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the value represents a weighted average of the stocks it holds.

Sharpe Ratio: To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.

Standard Deviation: A measure of the degree to which returns vary from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that performance will fluctuate from the average return.

Tracking Error: Measure of the deviation of the return of a product compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment is managed, the smaller the tracking error.

Important Legal Information

On November 15, 2019, Templeton Asian Growth Corporate Class and Templeton Frontier Markets Corporate Class merged into Templeton Emerging Markets Fund. Investors in series I of Templeton Asian Growth Corporate Class did not approve the proposed merger. As a result, the merger proceeded, but Franklin Templeton redeemed the fund's series I shares prior to the merger.

All performance data herein is for Series O units.

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Net Returns (NR) include income net of tax withholding when dividends are paid.

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Source: FactSet. Important data provider notices and terms available at: www.franklintempletondatasources.com.

Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

Franklin Templeton Institutional is part of Franklin Templeton Investments Corp. (FTIC). Series O investors do not pay any of the management fees within the fund but instead pay a separate management and administration fee that they negotiate directly with Franklin Templeton Investments Corp. To qualify to purchase or hold Series O units an investor must meet minimum investment requirements as set out in the fund's current prospectus. For more details on the management and administration fee, please read the prospectus. Performance is presented in Canadian dollars and is gross of fees (before management and custodial fees) of Series O units of the Fund. Taking into account such fees would result in lower rates of return.



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