

## Product Profile

### Product Details<sup>1,2</sup>

Fund Assets	\$536,105,532.97
Fund Inception Date	09/20/1991
Number of Issuers	72
Base Currency	CAD
Morningstar Category™	Emerging Markets Equity
Distribution Frequency	Annually

### Risk Classification<sup>3</sup>

Low	Low to Medium	<b>Medium</b>	Medium to High	High
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### Inception Date

Series F	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.

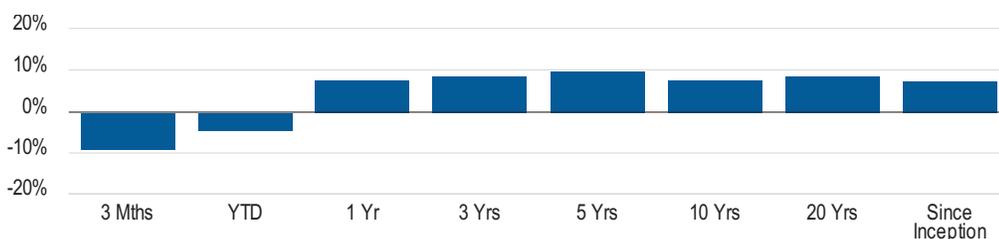
### Performance Data<sup>4</sup>

#### Average Annual Total Returns<sup>5</sup> (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception (11/24/2000)
Series F	-9.26	-4.47	7.89	8.90	9.87	7.81	8.68	7.30

#### Management Expense Ratio (as of 06/30/2021 incl. HST)—1.33%

The indicated rates of return are the historical annual compounded total returns including changes in share or unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Please call Franklin Templeton Client Services at 1.800.387.0830 or visit [www.franklintempleton.ca](http://www.franklintempleton.ca) for the most recent month-end performance.



#### ● Series F

#### Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Series F	16.96	20.30	-10.06	33.31	18.08	-5.92	5.35	-1.42	13.51	-19.08

1. Series F is available to investors participating in programs that do not require Franklin Templeton to incur distribution costs in the form of trailing commissions to dealers. As a consequence, the management fee on Series F is lower than on Series A.

2. All holdings are subject to change. Holdings of the same issuers have been combined.

3. Each fund is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk. The risk ratings were determined using a methodology that assesses a fund's historical volatility risk as measured by the standard deviation of fund performance. However, just as a fund's historical performance may not be indicative of its future returns, a fund's historical volatility may not be indicative of its future volatility. In addition, other types of risk may exist that can affect a fund's returns. Please read the prospectus for more information on fund risk ratings.

4. The fund offers other series subject to different fees and expenses, which will affect their performance.

5. Periods shorter than one year are shown as cumulative total returns.

Portfolio Manager Insight<sup>6</sup>

## Performance Review

## QUARTERLY KEY PERFORMANCE DRIVERS

	Stock	Sectors	Countries
HELPED	Guangzhou Tinci Materials Technology Co., Ltd	Information Technology (Stock Selection, Overweight)	Russia (Overweight)
	ICICI Bank Limited	Health Care (Stock Selection)	United States (Overweight)
	Bajaj Holdings & Investment Limited.	Real Estate (Stock Selection)	Thailand (Stock Selection)
HURT	Alibaba Group Holding Ltd.	Consumer Discretionary (Stock Selection)	Brazil (Stock Selection, Overweight)
	Tencent Music Entertainment Group Sponsored ADR Class A	Communication Services (Overweight)	South Korea (Overweight)
	Tencent Holdings Ltd.	Financials (Stock Selection)	Saudi Arabia (Lack of Exposure)

- China's increased scrutiny of monopolistic practices, algorithm usage, financial technology (fintech) and other areas in the internet industry weighed on shares of e-commerce company Alibaba Group. Whilst Alibaba could face near-term pressure on its earnings power, we think that its e-commerce ecosystem remains one of the best in China and should continue to generate strong cash flows. It is also a leader in the country's fast-growing cloud industry.
- Also in China, rulings to end exclusive music licensing agreements and rectify other anti-competitive arrangements hit shares of Tencent Music Entertainment. Notwithstanding a potential slowdown in Tencent Music's near-term growth, its business has been highly cash generative, which should continue to support share buybacks. We see room for it to benefit from a growing number of paying users in music streaming in the longer term.
- Conversely, Guangzhou Tinci Materials Technology's share price soared. The China-based battery electrolyte producer posted better-than-expected first-half 2021 earnings and projected strong growth ahead. We believe that Guangzhou Tinci's competitive advantages should position it to capture robust demand for batteries needed for electric vehicles and energy storage.

## Outlook &amp; Strategy

- EMs have seen progress in COVID-19 vaccine rollouts, but challenges such as the recent Chinese regulatory crackdown and further virus outbreaks have caused EM equities to generally underperform developed markets in the year to date. We still see reasons to be optimistic about EMs in the longer term, even as we are mindful of some near-term risks.
- Regulatory changes in China have affected several industries, particularly internet-related stocks. Whilst the changes have elevated market volatility and fears of policy risks in China, we should stress that they do not have a uniform effect on all companies within a given industry. Therefore, it is crucial to assess the policies' impact on the long-term earnings power and intrinsic worth of companies individually.
- COVID-19 and its more infectious variants are another area of concern. We had expected mobility to resume with rising vaccination rates, though that has not necessarily been the case in some countries. Also, whilst commodity prices have been very strong this year, they seem to be topping because of certain policy measures in China, as well as COVID-19's global resurgence. In addition, a rise in freight rates has weighed on margins for many export-oriented companies.
- Nonetheless, we believe that the structural fundamentals for EMs remain attractive, and that EM equities offer good potential for investors. As a whole, debt levels in EMs remain much lower than in developed markets. EM equity valuations also appear cheap relative to those in the developed world. Moreover, EM companies have been generating more free cash flows, which could potentially contribute to upward reratings for EM stocks.

Portfolio Characteristics<sup>7</sup>

	Portfolio	MSCI Emerging Markets Index-NR
Price to Earnings (12-Month Trailing)	14.11x	13.70x
Price to Book	1.84x	1.94x
Price to Cash Flow	8.21x	9.01x
Weighted Average Market Capitalization (Millions in CAD)	246,970	95,764

6. 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.

7. 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.

Portfolio Diversification

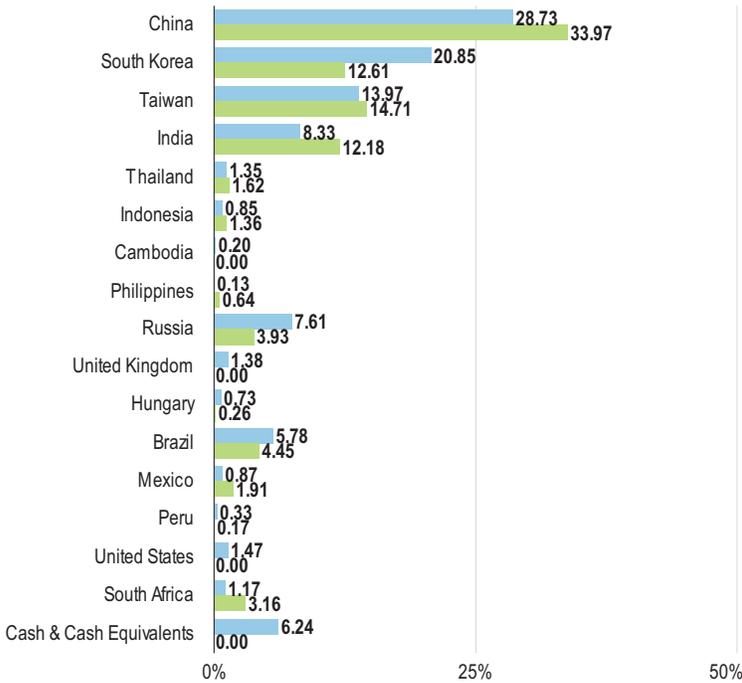
Top Ten Holdings<sup>8</sup>

Percent of Total  
**Attention - Top Ten Holdings Table**

No Data Found.

Geographic Weightings vs. MSCI Emerging Markets Index-NR<sup>9</sup>

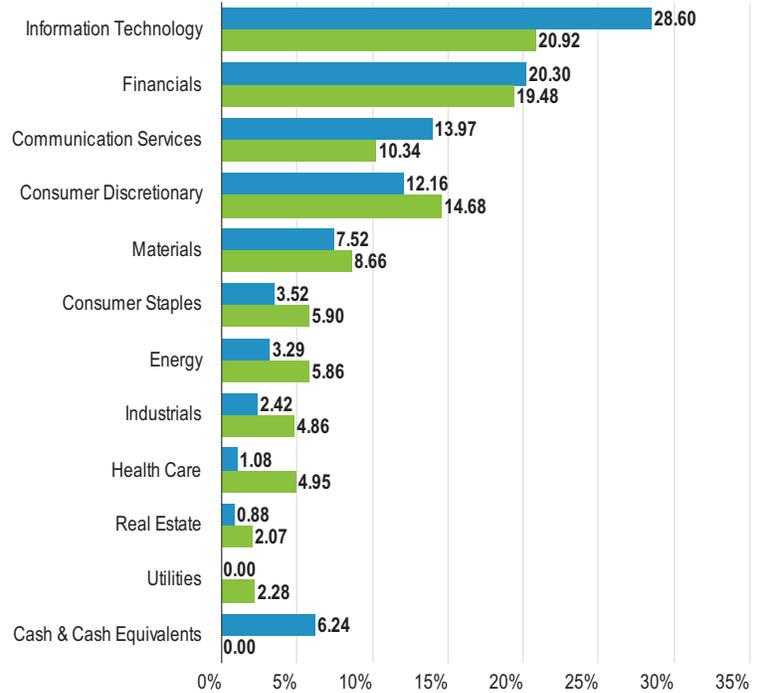
Percent of Total



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

Sector Weightings vs. MSCI Emerging Markets Index-NR<sup>10</sup>

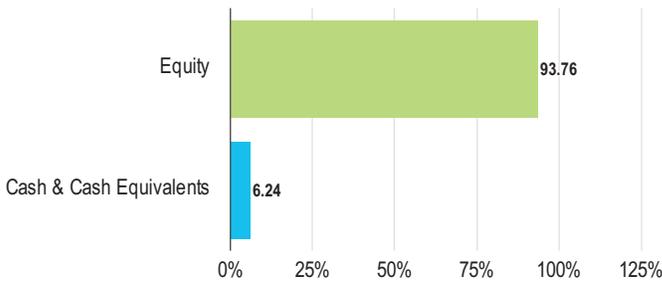
Percent of Total



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

Asset Allocation<sup>11</sup>

Percent of Total



8. 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 information provided is not a recommendation to purchase, sell, or hold any particular security. The securities identified do not represent the fund's entire holdings and in the aggregate may represent only a small percentage of such holdings. There is no assurance that securities purchased will remain in the fund, or that securities sold will not be repurchased. The portfolio manager reserves the right to withhold release of information with respect to holdings that would otherwise be included.

9,10,11. Percentage may not equal 100% due to rounding. All holdings are subject to change.

## Supplemental Performance Statistics

### Supplemental Risk Statistics<sup>12,13</sup>

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	16.01	14.04	14.05	16.23
Tracking Error (%)	3.49	3.36	3.62	4.35
Information Ratio	0.30	0.42	-0.09	-0.18
Beta	1.05	1.03	1.02	0.93
Sharpe Ratio	0.49	0.64	0.49	0.35

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## 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	29
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%.

**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 Earnings Growth Ratio:** A ratio used to determine a stock's value while taking into account earnings growth. 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 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 Earnings (12-mo Forward):** A measure of the price to earnings ratio for a stock using the forecasted earnings for the next 12 months. For a portfolio, the value represents a weighted average of the stocks it holds.

**Return on Equity:** A measure of a corporation's profitability that reveals how much profit a company generates with the money shareholders have invested. For a portfolio, the value represents a weighted average of the stocks it holds.

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

13. 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).

**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.

#### Fund Codes<sup>14</sup>

	CAD	Series	USD
Series A Front	TML730		TML809
Series A DSC	TML731		TML909
Series A Low Load	TML812		TML739
Series F	TML741		TML751
Series F ADM	TML5018		TML5041
Series I	TML789		TML799
Series O	TML171		TML179
Series PA Front	TML5590		TML5593
Series PA DSC	TML5592		TML5595
Series PA Low Load	TML5591		TML5594
Series PF	TML3916		TML3917
Series PF ADM	TML5089		TML5112

Series I closed to new investors as of November 22, 2016.

14. "ADM" refers to the Investment Advisory Services Fee purchase option for series F, FT, PF, PF(Hedged), and PFT. Please see the simplified prospectus for further details.

**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.

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Source: FactSet. Important data provider notices and terms available at: [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).

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

*Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus or fund facts document before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.*

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