Templeton Developing Markets Trust

Advisor Class: TDADX Class A: TEDMX | **Commentary | as of March 31, 2026**

Key Takeaways

- **Markets:** Emerging market (EM) equities collectively fell over the first quarter of 2026. Performance was supported by strong gains in January and February, driven by artificial intelligence (AI)-related momentum, before reversing in March as escalating geopolitical tensions and rising energy prices triggered a broad-based risk-off environment.
- **Contributors:** By country, stock selection and allocations in South Korea (overweight), Brazil (overweight) and China (underweight) sent these countries to top contributor status against the benchmark. Among the largest relative contributors to returns at the sector level were—due to a combination of stock selection and allocations—information technology (overweight) and financials (underweight). Stock selection in health care also added to strength.
- **Detractors:** Stock selection in the United States and Thailand, together with a lack of exposure to Saudi Arabia, weakened the portfolio relatively. The utilities sector was also a relative source of detraction, largely due to stock selection.
- **Outlook:** The outlook for EM equities reflects a mix of improving earnings trends and ongoing geopolitical and structural risks, which we believe lead to a more selective opportunity set. Geopolitics and domestic political cycles continue to influence capital flows, commodities and sentiment, while growth remains uneven across regions and sectors.

Performance Review

- SK Hynix is a South Korean semiconductor company and a maker of memory chips used globally across a wide range of solutions. An earnings beat for the fourth quarter of 2025, continued positive investment sentiment in AI, and a positive outlook for high-bandwidth memory (HBM) prices spurred a share price advance. We remain optimistic on the earnings prospects of the company, driven by strong demand for HBM for AI chips.
- Hyundai Motor is a South Korea-based automobile company. Its share price rose on optimism on prospects for its robotics business. Our investment thesis in Hyundai Motor is backed by its resilient earnings and strong cash generation. It also offers exposure to the humanoid robotics theme through its stake in Boston Dynamics (not a fund holding).
- Prosus is a leading global investment company and the largest shareholder of Tencent Holdings (also held in the portfolio), a Chinese technology company. Prosus also has ownership in multiple food delivery platforms. Its share price tracked Tencent's and fell, while Prosus' discount to net asset value also widened year-to-date.

Outlook

- The outlook for EM equities reflects a mix of improving earnings trends and ongoing geopolitical and structural risks, which we believe lead to a more selective opportunity set. Geopolitics and domestic political cycles continue to influence capital flows, commodities and sentiment, while growth remains uneven across regions and sectors.
- On the positive side, structural growth themes are evident, with AI being one of the key drivers. While there have been bouts of volatility in the AI trade, demand for AI continues to expand. This is driven by increased uptake, improvements in model performance and widening productivity gains. As such, several South Korean semiconductor firms have reaffirmed this growing demand, which they believe could persist through the medium term. Taiwan, South Korea and China are crucial components of the global technology supply chain and may potentially benefit, thereby supporting related companies' earnings outlook.
- The domestic front also brings about a positive backdrop. Brazil's central bank has finally embarked on its interest rate reduction cycle, which we have been anticipating for some time. However, the geopolitical tensions in the Middle East could have an impact on the global interest rate trajectory. South Korea has seen some positive progress in corporate reforms—the latest being mandatory share cancellation as well as cumulative voting.
- Overall, we think EM equities offer valuation support and cyclical tailwinds, but within a context of elevated uncertainty and divergence. We believe the opportunity set favors active, selective allocation, with our local presence presenting us first-hand insights. We remain focused on our bottom-up approach, including our engagement with management, to identify companies which have growth potential in the current environment.

Morningstar Rating™

Overall Rating as of March 31, 2026

★★★★ **(4-Star)** Advisor Class

★★★★ **(4-Star)** Class A

As of 03/31/2026 the fund's Advisor Class and Class A shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 694, 617 and 461 Diversified Emerging Markets funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics. The number of funds in the category for the Overall Rating are listed under the 3-year period.

Top Equity Issuers (% of Total)

Holding	Fund
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	13.96
SK HYNIX INC	7.45
SAMSUNG ELECTRONICS CO LTD	6.39
PROSUS NV	3.29
GRUPO FINANCIERO BANORTE SAB DE CV	2.49
MEDIATEK INC	2.45
ICICI BANK LTD	2.37
ALIBABA GROUP HOLDING LTD	2.16
TENCENT HOLDINGS LTD	2.12
BYD CO LTD	2.09

Average annual total returns and fund expenses (%) - as of March 31, 2026

			Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception
Class	CUSIP	Ticker	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross	Net	Initial Charge	CDSC	Date
Advisor Class	88018W302	TDADX	5.15	5.15	43.70	19.99	5.19	10.46	7.04	5.15	5.15	43.70	19.99	5.19	10.46	7.04	1.26	1.14	—	—	10/16/1991
Class A	88018W104	TEDMX	5.07	5.07	43.38	19.71	4.94	10.18	6.78	-0.71	-0.71	35.48	17.46	3.76	9.56	6.61	1.52	1.39	5.50	—	10/16/1991
Benchmark	—	—	-0.17	-0.17	29.55	14.84	3.69	7.80	—	-0.17	-0.17	29.55	14.84	3.69	7.80	—	—	—	—	—	—

Benchmark(s)

Benchmark =MSCI Emerging Markets Index-NR

Performance data quoted represents past performance, which does not guarantee future results. *Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit franklintempleton.com.*

The fund began offering Advisor Class shares on 1/2/1997. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 1/2/1997, a restated figure is used based on the fund's Class A performance. The performance was adjusted to take into account differences in class-specific operating expenses and maximum sales charges. (b) For periods after share class offering, performance for the specific share class is used, reflecting the expenses and maximum sales charges applicable to that class.

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 04/30/2026 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.

What are the Risks?

All investments involve risks, including possible loss of principal. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets.** To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. The managers' **environmental, social and governance (ESG) strategies** may limit the types and number of investments available and, as a result, may forgo favorable market opportunities or underperform strategies that are not subject to such criteria. There is no guarantee that the strategy's ESG directives will be successful or will result in better performance. These and other risks are discussed in the fund's prospectus.

Glossary

Net asset value (NAV) represents a fund's per share market value.

Important Information

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.

MSCI Emerging Markets Index-NR reflects the performance of MSCI Emerging Markets Index (gross returns) from fund inception through 12/31/2000 and the MSCI Emerging Markets Index-NR thereafter. The **MSCI Emerging Markets Index** is a market capitalization-weighted index that is designed to measure equity market performance in the global emerging markets.

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Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

Morningstar Rating™: Source: Morningstar®, 03/31/2026. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Class A shares received a Morningstar Rating of 4, 3 and 4 and fund's Advisor Class shares received a Morningstar Rating of 4, 3 and 4 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class A and Advisor Class shares only. Other share classes may have different Morningstar ratings. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.

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