

Templeton Developing Markets Trust

Advisor Class: TDADX Class A: TEDMX

Commentary | as of September 30, 2025

Key Takeaways

- Markets: Emerging market (EM) equities collectively rose over the third quarter of 2025. The US Federal Reserve started to reduce interest rates and signaled two more potential reductions this year. This raised investor sentiment globally, fostering hopes for better economic growth.
- Contributors: During the quarter, stock selection in India, Taiwan and China combined with an underweight allocation to India to drive these countries to top contributor status relative to the benchmark. Across sectors, stock selection and allocations to consumer discretionary (overweight), information technology (overweight) and energy (underweight) sent them to top contributor status against the benchmark.
- Detractors: An off-benchmark allocation to the United States (through Cognizant Technology Solutions and Genpact, both US-listed technology services companies that derive much of their earnings from services provided from India) caused the country to be the largest relative detractor at the country level. Stock selection in South Africa and Brazil, together with an overweight allocation to Brazil, were also some causes of relative weakness. Stock selection in the materials and industrials sectors pressured relative returns, with an underweight allocation to the former adding to this weakness.
- Outlook: The outlook for EMs has stabilized amid US-dollar weakness and a clearer global trade landscape. Trade policy uncertainties are fading, and EMs have taken a more conciliatory approach—seeking trade diversification and aiming to limit the fallout from US tariffs.

Performance Review

- · Within the information technology sector, Hon Hai Precision Industry was a strong source of relative strength. Hon Hai is a Taiwan-based provider of electronic manufacturing services for consumer electronics, cloud and networking products, computing products and components. Its share price rose amid several positive developments over the quarter. These included strong results for the second quarter of 2025 and the sale of its US factory to a Japanese multinational investment holding company—of which Hon Hai remains an operator—to make artificial intelligence (Al) data center-related equipment. The company also released an optimistic outlook, estimating that revenue from servers made for Al tasks could grow.
- Within the consumer discretionary sector, Prosus was a contributor. Prosus is a leading global investment company and the largest shareholder of Tencent Holdings (also held by the fund), a Chinese technology company. The company also has ownership in multiple food delivery platforms. Its share price rose alongside Tencent's, on account of the latter's strong second-quarter results and Al development.
- ICICI Bank is a leading India-based private sector bank. Its share price inched downward with the broader Indian equity market. In our view, the bank remains well positioned with its healthy capital adequacy ratios and strong franchise.

Outlook

- The outlook for EMs has stabilized amid US-dollar weakness and a clearer global trade landscape. Trade policy uncertainties are fading, and EMs have taken a more conciliatory approach—seeking trade diversification and aiming to limit the fallout
- The anticipation of a tariff-related economic slowdown has collided with fast developments in Al. Together with the pace of interest-rate cuts, we believe the above factors should continue to be key drivers for EMs.
- While there still remains uncertainty on US tariffs, we believe the direct impact of US tariffs on our portfolio holdings is limited. Most of the companies in the portfolio are industry leaders, and this allows them to alleviate the impact of tariffs by passing on the extra costs to the supply chain and customers. The semiconductor supply chain should continue to be a key beneficiary from investments in Al, in our view, and it remains a key overweight industry in the portfolio.
- · Chinese equities performed well, supported by the Chinese government's policy initiatives and friendlier stance toward the private sector. While Indian equities traded against tariff headwinds, we expect the situation to stabilize eventually. In broad terms, Brazilian equities shrugged off elevated US tariffs and are trading at what we consider to be deeply discounted valuations with attractive dividend yields.
- We continue to remain upbeat about EM economies. Despite the current environment of slowing global growth and ongoing geopolitical tensions, we remain confident in both the EM asset class and our strategies. We continue to seek high-quality businesses with solid balance sheets, competitive advantages and attractive valuations.

Morningstar Rating™

Overall Rating as of September 30, 2025



(4-Star) Advisor Class



(4-Star) Class A

As of 09/30/2025 the fund's Advisor Class and Class A shares received a 4 star overall Morningstar rating™, measuring riskadjusted returns against 697, 614 and 457 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.

Top Equity Issuers (% of Total)

Holding	Fund
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	12.62
PROSUS NV	5.77
SK HYNIX INC	5.17
SAMSUNG ELECTRONICS CO LTD	3.76
ALIBABA GROUP HOLDING LTD	3.55
ICICI BANK LTD	3.20
TENCENT HOLDINGS LTD	3.04
GRUPO FINANCIERO BANORTE SAB DE CV	2.60
MEDIATEK INC	2.41
HON HAI PRECISION INDUSTRY CO LTD	2.18

Average annual total returns and fund expenses (%) - as of September 30, 2025

			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 In	ception	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr I	nception	Gross	Net	Initial Charge CD	SC	Date
Advisor Class	88018W302	TDADX	11.77	35.25	26.23	23.09	7.61	9.99	6.77	11.77	35.25	26.23	23.09	7.61	9.99	6.77	1.26	1.14	_	_	10/16/1991
Class A	88018W104	TEDMX	11.72	35.06	25.98	22.79	7.35	9.72	6.52	5.58	27.64	19.06	20.50	6.14	9.10	6.34	1.52	1.39	5.50	_	10/16/1991
Benchmark	_	_	10.64	27.53	17.32	18.21	7.02	7.99	_	10.64	27.53	17.32	18.21	7.02	7.99	_	_	_	_	_	

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 analyzed. 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.

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.

The MSCI Emerging Markets Index is a market capitalization-weighted index that is designed to measure equity market performance in the global emerging markets. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI. 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. Net Returns (NR) include income net of tax withholding when dividends are paid.

Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Morningstar Rating™: Source: Morningstar®, 09/30/2025. 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 5, 3 and 4 and fund's Advisor Class shares received a Morningstar Rating of 5, 3 and 5 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. Franklin Distributors, LLC. Member FINRA/SIPC.

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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.

