FRANKLIN TEMPLETON

Templeton Emerging Markets Equity Fund

Advisor Class: TDADX Class A: TEDMX | **Commentary | as of June 30, 2026**

Key Takeaways

- **Markets:** Emerging Market (EM) stocks rose in the second quarter of 2026.
- **Contributors:** The fund outperformed its benchmark, the MSCI EM Index, for the quarter, primarily due to stock selection and an overweight in Information Technology, and stock selection and an underweight in Materials and Communication Services.
- **Detractors:** Stock selection in Industrials, an overweight in Consumer Discretionary and an overweight in Health Care detracted from relative performance for the quarter.
- **Outlook:** EMs continue to evolve. They are shifting from the world's manufacturing hub to a centre of innovation.

Performance Review

- EM stocks rose in the second quarter of 2026. Sentiment was broadly supported by the signing of a memorandum of understanding between the United States and Iran. While scepticism on implementation remains, this agreement eased oil prices and alleviated fears on inflation.
- The fund outperformed its benchmark, the MSCI EM Index, for the quarter, primarily due to stock selection and an overweight in Information Technology, and stock selection and an underweight in Materials and Communication Services.
- SK Hynix is a South Korean semiconductor company and a maker of memory chips which are used globally across a wide range of solutions. A sustained artificial intelligence (AI) chip rally, earnings beat for the first quarter of 2026 and its plan to list its American Depositary Receipts on the NASDAQ sent its share price higher. Underscoring the share price rally was soaring global demand for AI infrastructure, resulting in tightened supply of high bandwidth memory (HBM) chips. This strong demand for HBM cements our constructive view on the earnings prospects of SK Hynix.
- Stock selection in Industrials, an overweight in Consumer Discretionary and an overweight in Health Care detracted from relative performance for the quarter.
- BYD is a leading electric vehicle (EV) and battery manufacturer in China. Competitive pressures and weak domestic orders weighed on its share price. Reports that the European Union could impose countervailing tariffs on Chinese plug-in hybrid vehicles also added to share price woes. However, we remain optimistic as the company's increasing share of exports in total sales, better pricing power with its newly-launched flash charging models, and sequential improvement in China's auto market would improve the financial performance of the company.
- Geographically, stock selection and an overweight in South Korea contributed to relative performance for the quarter. In contrast, an overweight in Brazil detracted from relative results.

Outlook

- EMs continue to evolve, with parts of the asset class transitioning from the world's manufacturing hub to global innovation centers. Several countries are leaders in key segments of the technology industry, the energy transition value chain and automation.
- Taiwanese and South Korean semiconductor manufacturers, Chinese EV and battery suppliers, and Asian industrial robot producers are positioned to potentially benefit from a wave of hyperscaler investment in 2026 to 2027, presenting multiyear revenue opportunities and earnings visibility.
- Beyond technology, resource rich emerging markets in Latin America hold a significant share of the copper, lithium and rare earths required for decarbonization and the electrification of transport, reinforcing their strategic importance in the global energy transition.
- EMs have outperformed developed markets from their 2024 lows as investors have reassessed their growth drivers, earnings quality and valuation discount. For investors, the combination of innovation, improving corporate governance such as South Korea's value-up program, and valuation discounts creates a differentiated investment opportunity set.

Morningstar Rating™

Overall Rating as of June 30, 2026

★★★★★ **(5-Star)** Advisor Class

★★★★★ **(5-Star)** Class A

As of 06/30/2026 the fund's Class A and Advisor Class shares received a 5 star overall Morningstar rating™, measuring risk-adjusted returns against 688, 626 and 464 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	14.43
SK HYNIX INC	12.68
SAMSUNG ELECTRONICS CO LTD	10.04
MEDIATEK INC	4.15
PROSUS NV	2.34
BYD CO LTD	2.16
ICICI BANK LTD	2.04
HON HAI PRECISION INDUSTRY CO LTD	1.96
ZHEN DING TECHNOLOGY HOLDING LTD	1.94
TENCENT HOLDINGS LTD	1.78

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of June 30, 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	31.14	37.90	65.19	30.65	10.60	12.98	7.82	31.14	37.90	65.19	30.65	10.60	12.98	7.82	1.27	0.99	—	—	10/16/1991
Class A	88018W104	TEDMX	31.03	37.67	64.77	30.33	10.33	12.69	7.57	23.81	30.09	55.71	27.90	9.09	12.05	7.39	1.52	1.24	5.50	—	10/16/1991
Benchmark	—	—	24.05	23.85	43.51	23.02	7.20	10.08	—	24.05	23.85	43.51	23.02	7.20	10.08	—	—	—	—	—	—

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 07/12/2027 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

An **American depositary receipt (ADR)** is a negotiable certificate issued by a U.S. depository bank representing a specified number of shares invested in a foreign company's stock.

Important Information

Effective 1 June, 2026, the Templeton Developing Markets Trust changed its name to the Templeton Emerging Markets Equity Fund.

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.

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

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

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®, 06/30/2026. 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 5, 4 and 5 and fund's Advisor Class shares received a Morningstar Rating of 5, 4 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. 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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