FRANKLIN TEMPLETON INVESTMENTS

Templeton Developing Markets Trust—Class A

PRODUCT PROFILE | FOURTH QUARTER 2013

FUND CHARACTERISTICS (AS OF 12/31/13)

NASDAQ Symbol	TEDMX
Fund Inception Date	10/16/91
Dividends	Annually, in September, if necessary, December
Investment Style	International
Benchmark	MSCI Emerging Markets Index
Lipper Classification	Emerging Markets Funds
Morningstar Category™	US OE Diversified Emerging Mkts
Total Net Assets—All Share Classes	2,090 million
Number of Issuers	70
Maximum Initial Sales Charge	5.75%

THIRD-PARTY FUND DATA

Overall Morningstar Rating™

Traditional

★★

Load Waived

★★★

As of December 31, 2013 the fund's Class A shares received a traditional 2 star overall Morningstar Rating™ and a load waived 3 star Morningstar Rating™, measuring risk-adjusted returns against 399, 315 and 150 U.S.-domiciled US OE Diversified Emerging Mkts 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.

Load waived Class A share Morningstar Ratings do not include front-end sales charges and are intended for investors who have access to such purchase terms (e.g., fee-based programs and participants of a defined contribution plan). Investors should contact their financial advisor to determine their eligibility to purchase Class A shares without paying the sales charge.

FUND DESCRIPTION

The fund seeks long-term capital appreciation by investing at least 80% of its net assets in securities of developing- or emergingmarket issuers.

PERFORMANCE DATA

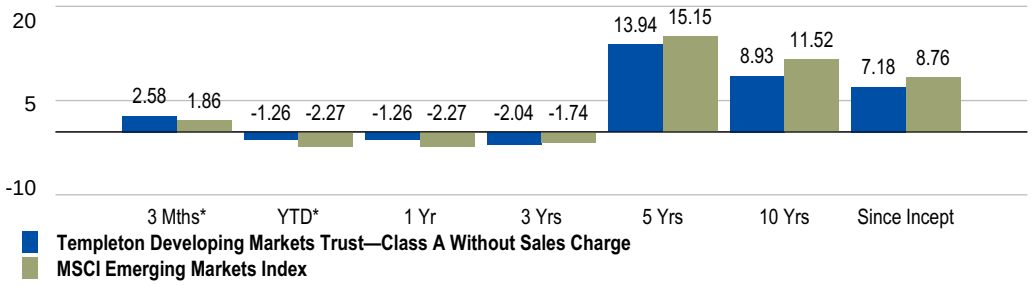
Average Annual Total Returns for Periods Ended December 31, 2013 (%)

	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Incept (10/16/91)
With Sales Charge	-3.30	-6.94	-6.94	-3.96	12.59	8.29	6.89
Without Sales Charge	2.58	-1.26	-1.26	-2.04	13.94	8.93	7.18
MSCI Emerging Markets Index	1.86	-2.27	-2.27	-1.74	15.15	11.52	8.76

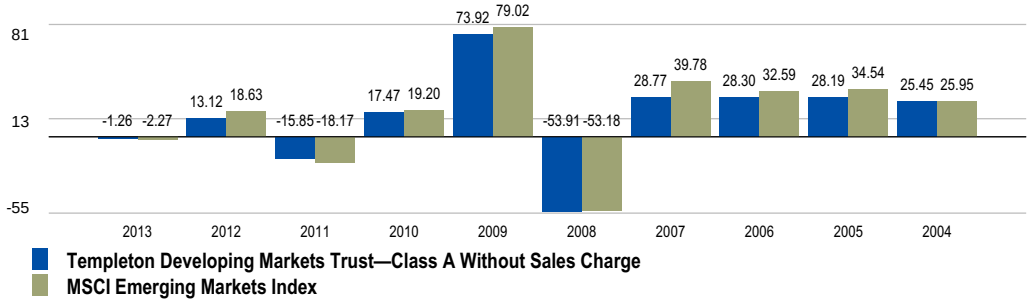
Total Annual Operating Expenses—*1.70%*

Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment returns and principal values will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com for the most recent month-end performance.

Average Annual Total Returns for Periods Ended December 31, 2013 (%)



Calendar Year Returns As of December 31, 2013 (%)



If the Fund's sales charge had been included, the returns would have been lower.

*Cumulative Total Returns.

For information related to the "Fund Characteristics," "Third-Party Fund Data," and "Performance Data" sections, please see Explanatory Notes.

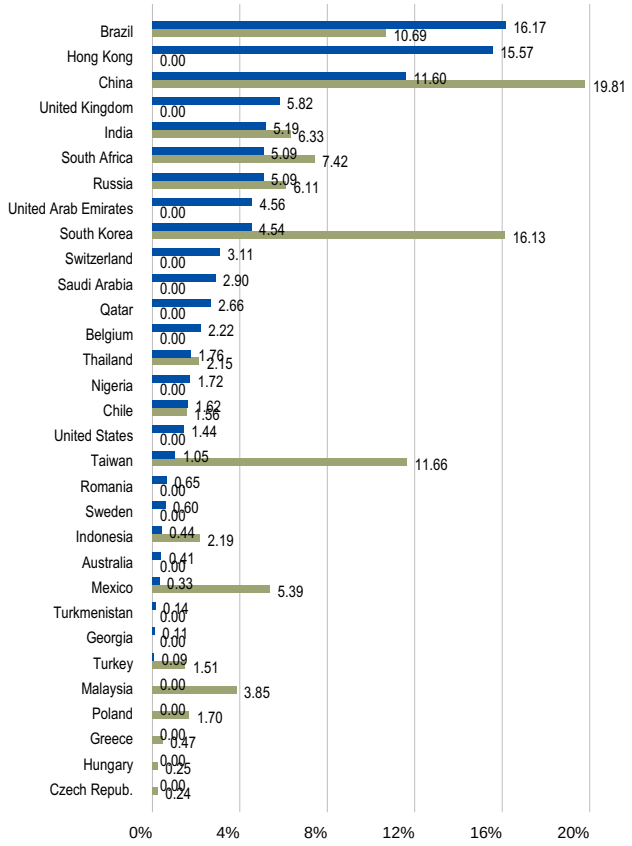
NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

PORTFOLIO DIVERSIFICATION (AS OF 12/31/13)

Top Ten Holdings

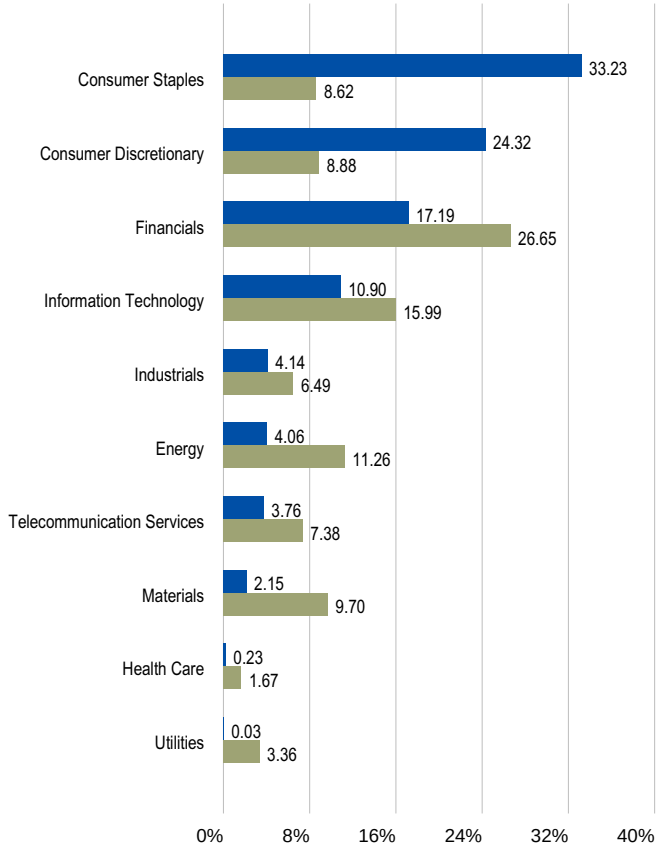
Issuer Name	Country	Industry	% of Total
1. AMBEV SA	Brazil	Food Beverage & Tobacco	9.64
2. EMAAR PROPERTIES PJSC	United Arab Emirates	Real Estate	4.36
3. SOUZA CRUZ SA	Brazil	Food Beverage & Tobacco	4.31
4. REMGRO LTD	South Africa	Diversified Financials	4.29
5. SANDS CHINA LTD	Hong Kong	Consumer Services	3.72
6. MELCO CROWN ENTERTAINMENT LTD	China	Consumer Services	3.64
7. TATA CONSULTANCY SERVICES LTD	India	Software & Services	3.64
8. SJM HOLDINGS LTD	Hong Kong	Consumer Services	3.40
9. COMPAGNIE FINANCIERE RICHEMONT SA	Switzerland	Consumer Durables & Apparel	2.97
10. SAMSUNG ELECTRONICS CO LTD	South Korea	Semiconductors & Semiconductor Equipment	2.81
Total			**42.77**

Geographic Weightings vs. Benchmark (% of Equity)

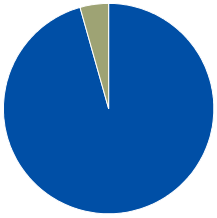


Templeton Developing Markets Trust
MSCI Emerging Markets Index

Sector Weightings vs. Benchmark (% of Equity)



Portfolio Allocation (%)



Equity—95.61
Cash & Cash Equivalents—4.39

Largest Sector Contributors vs. MSCI Emerging Markets Index

Sector	Total Effect (%)
Consumer Discretionary	2.89
Energy	0.69
Financials	0.61
Industrials	0.30
Materials	0.00

Smallest Sector Contributors vs. MSCI Emerging Markets Index

Sector	Total Effect (%)
Consumer Staples	-1.96
Telecommunication Services	-0.34
Information Technology	-0.29
Cash & Other Net Assets	-0.19
Utilities	-0.08

Contributor data shown is for the period 10/1/13 to 12/31/13

PORTFOLIO CHARACTERISTICS (AS OF 12/31/13)—Fund vs. MSCI Emerging Markets Index

	Fund	Benchmark
Weighted Average Market Capitalization (Millions USD)	48,374	38,485
Median Market Capitalization (Millions USD)	6,956	4,584

Price to Earnings

	Fund	Benchmark
Weighted Average	14.63x	12.10x
Median	14.77x	15.31x

Price to Book Value

	Fund	Benchmark
Weighted Average	2.73x	1.53x
Median	2.70x	1.79x

Price to Cash Flow

	Fund	Benchmark
Weighted Average	11.01x	7.51x
Median	12.34x	10.70x

PERFORMANCE RISK STATISTICS - Class A

Modern Portfolio Theory (MPT) Statistics (As of 12/31/13)

Performance Risk Statistics	3 Years	5 Years	10 Years
Standard Deviation	18.84	22.50	23.18
Alpha	-0.32	-0.74	-1.98
Beta	0.96	0.98	0.96
Sharpe Ratio	-0.11	0.62	0.32
Information Ratio	-0.06	-0.26	-0.57
Tracking Error	4.78	4.60	4.60
R-Squared	93.75	95.85	96.25

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GLOSSARY

Alpha: Alpha measures the difference between a fund's actual returns and its expected returns given its risk level as measured by its beta. A positive alpha figure indicates the fund has performed better than its beta would predict. In contrast, a negative alpha indicates a fund has underperformed, given the expectations established by the fund's beta. Some investors see alpha as a measurement of the value added or subtracted by a fund's manager.
Benchmark: An unmanaged group of securities whose overall performance is used as a standard to measure investment performance.
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.
Price to Book Value (P/BV): The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the ratio is the weighted average price/book ratio of the stocks it holds.
Price to Cash Flow (P/CF): Supplements price/earnings ratio as a measure of relative value; represents a weighted average of the price/cash flow ratios for the underlying fund holdings.
Price to Earnings (P/E): The share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the weighted average P/E ratio of the stocks in the portfolio. P/E is a good indicator of market expectations about a company's prospects; the higher the P/E, the greater the expectations for a company's future growth in earnings.
R-Squared: A measure of how much of a portfolio's performance can be explained by the returns from the overall market (or a benchmark index). If a portfolio's total return precisely matched that of the overall market or benchmark, its R-squared would be 100. If a portfolio's return bore no relationship to the market's returns, its R-squared would be 0.
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 a fund's return varies from its previous returns or from the average of all similar funds. The larger the standard deviation, the greater the likelihood (and risk) that a security's performance will fluctuate from the average return.
Tracking Error: Measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error.

MARKET REVIEW

Major events driving performance in emerging markets in the final quarter of 2013 included the US Federal Reserve's decision to taper its monthly asset purchases by $10 billion from January 2014 onwards while maintaining interest rates at low levels for the foreseeable future. Elsewhere, notable developments included an increase in China's interbank interest rates as well as political unrest in Turkey and Thailand.

Against this background, the MSCI Emerging Markets Index rose in US-dollar terms. Top-performing markets included India, Greece and Egypt--all of which ended the period with double-digit gains--as well as Mexico and Malaysia. In India, the Bharatiya Janata Party's strong standing in state elections suggested that the party, seen as somewhat more pro-business than the incumbent Congress-dominated government, was well placed ahead of general elections scheduled for May 2014. Markets also welcomed the decision by the Reserve Bank of India to leave interest rates unchanged. At the other end of the spectrum, Turkey, Colombia and Thailand saw sharp double-digit market declines. A disappointing performance in November dragged down the Colombian market, while unrest in Thailand and Turkey impacted equities and domestic currencies in those markets.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

Performance Review

During the fourth quarter, the fund's performance in absolute terms benefited the most from holdings in Asia and the Middle East. In Asia, several Hong Kong and Chinese casino and gaming companies and hotel firms with operations in Macau contributed strongly to performance, with four such stocks featuring among the top five of the fund's overall contributors. Macau's casino industry consistently reported very strong visitor numbers and gambling revenue growth during the quarter, pushing share prices of related companies higher as investors anticipated rising earnings. In addition, recent improvement to transport links between China's centers of population and Macau, where the casino businesses are based, could support revenue growth potential. A position in a Hong Kong-based jewelry retailer also gained, as strong jewelry demand, particularly from mainland China shoppers, allowed the company to guide its forecasts for near-term earnings significantly higher. We believe that rising disposable income among Chinese consumers could benefit such leisure businesses. Returns from the fund's Indian holdings were boosted by a substantial market rally. Shares of a leading information technology (IT) services provider gained further as quarterly results for a US peer suggested continued buoyancy in the IT outsourcing market.

The contribution from the fund's holdings in the Middle East was driven most by investments in the United Arab Emirates (UAE) and Qatar. The top individual contributor to fund performance was a Dubai-based property developer that benefited not only from a buoyant local property market and rising world trade, but most recently from news that the 2020 World Expo had been awarded to Dubai. We believe that the company, the largest publicly traded developer in the UAE, gives attractive exposure to recovery in the Dubai property market, while its substantial rental income stream provides a greater measure of financial security than is available from some of its peers. Absolute performance was also helped by an investment in a major Qatari holding company with interests in petrochemicals and steel.

In contrast, the fund's investments in Latin America detracted from absolute returns, particularly holdings in consumer staples stocks. The top detractor from returns was a Brazilian tobacco firm that fell on reports of weak third-quarter results, as sharp increases in tobacco taxes had a greater-than-anticipated impact on consumer demand. We believe that the stock remained undervalued at quarter-end, considering the firm's solid cash flows and strong revenues. Select Chilean and Brazilian beverage stocks also weighed on absolute performance, hurt more by macro events that pulled down each of those markets rather than stock-specific factors. In Chile, the election of President Michelle Bachelet for a second term on a platform of increased company taxation sent the market lower, while Brazil's market was affected by concerns about economic growth. In our opinion, these companies are solidly cash generative and have strong growth prospects as consumer spending in Latin America rises.

The Thai market also lost ground over the quarter, with large, liquid stocks sold off primarily by foreign investors on concerns of political unrest. As a result, Thai stocks in the portfolio detracted from performance, particularly a position in a wireless telecom operator. Elsewhere, a US-based cosmetics firm with operations across emerging markets retreated over the period on the back of weak third-quarter results and suggestions that fines relating to a fraud investigation might be materially higher than previously anticipated.

On a sector basis, consumer discretionary was the largest contributor to absolute performance, buoyed by strength in casino and hotel firms, retailers and auto makers. The financials, IT and industrials sectors also made significant contributions to absolute returns. In contrast, consumer staples was the largest detractor, with additional weakness in the telecommunications and energy sectors.

Portfolio Positioning

We remain positive on our key investment themes--consumers and commodities. Higher economic growth and a falling population growth rate have led to rising per capita income in several emerging markets, driving demand for a range of consumer products and services. Meanwhile, although price volatility may continue, we think rising demand and relatively inelastic supply for both hard and soft commodities are likely to push prices higher over the long term, potentially benefiting companies in related sectors such as energy, mining and agriculture. At the end of the quarter, the fund's largest sector weightings were consumer staples, consumer discretionary and financials, and its largest country weightings were Hong Kong, Brazil and China.

Outlook & Strategy

We believe 2014 could be an important year for many emerging markets, establishing trends that could play out through much of the remainder of the decade. In particular, Chinese government initiatives announced in late 2013 could have far-reaching significance. Moreover, a number of large emerging

The above commentary does not provide a complete analysis of every material fact regarding any market, region, industry, security, portfolio or pooled investment vehicle. Portfolio holdings information, opinions and other market or economic information and data provided are as of the date of the commentary, unless another date is expressly indicated, and may change without notice. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to their completeness or accuracy. The manager's assessment of a particular industry, region, security, sector or investment is intended solely to provide insight into the manager's investment process and is not a recommendation to buy or sell any security, nor investment advice. References to particular securities or sectors are only for the limited purpose of illustrating general market or economic conditions and are not recommendations to buy or sell a security. Although historical data is no guarantee of future results, these insights may help you understand our investment management philosophy.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE (*CONTINUED)*

markets will see major elections in 2014--Indonesia, South Africa, Thailand and India in the first six months of the year, and Turkey, Brazil and Nigeria later on, which could have an impact on the direction of their respective economies. The strengths apparent in many emerging markets, such as strong economic growth, solid public and consumer finances, rich natural resources and favorable demographic trends, should, we think, continue to support their development going forward.

We also believe many emerging markets possess considerable growth potential. For example, Southeast Asia has been seeing a notable extension of growth and wealth away from traditional economic hubs, with previously underdeveloped regions starting to see significant catch-up growth. Russia continues to see gradual reform as the authorities seek foreign investment, and Russian equity valuations at year-end remained exceptionally low, in our view. We have also continued to see appealing long-term investment opportunities across a range of sectors in Central and South America. Some South African consumer companies are starting to enjoy solid growth, both domestically and elsewhere on the continent. Among other African markets, Kenya is home to a ground-breaking mobile money transfer system that could have implications for emerging markets globally, while in Egypt, we have continued to find companies thriving and investing even though the news headlines may sometimes be alarming. As is often the case, adverse short-term news flow in emerging markets typically creates attractive investment opportunities, in our opinion.

As long-term fundamental investors, we do not make short-term predictions for share prices, but we think longer-term developments that look likely to gain traction in 2014 could drive solid growth potential in emerging economies for years into the future.

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INVESTMENT PHILOSOPHY AND PROCESS

Templeton's approach is based on presence on the ground—a network of local offices, onsite company research visits, and more than a decade of pioneering new emerging markets and investment opportunities. The advantage in our process comes from our in-house investment research capabilities, the length of our track record, and the independence of the emerging markets team and process. Templeton's approach to the market is founded on three tenets: Value, Patience, and Bottom-Up stock selection.

Value

We seek companies trading at a substantial discount to what our research indicates the company may be worth.

Patience

Security prices can fluctuate more widely than underlying security values. In our opinion, market efficiencies should recognize and correct these security prices over time.

Bottom-Up

We identify value through rigorous fundamental analysis of a company's business to determine what we consider its economic worth to be based on future earnings potential, cash flow or asset value potential. Templeton's investment process involves five steps and is designed to add value for investors over the long term.

STEP 1
Identify stocks for potential purchase

STEP 2
Analyze securities

STEP 3
Evaluate securities with research team

STEP 4
Construct portfolio

STEP 5
Manage and maintain portfolio

INVESTMENT AND MANAGEMENT TEAM (AS OF 12/31/13)

Templeton Developing Markets Trust Management Team	Years with Firm	Years Experience
Mark Mobius, Ph.D.- Executive Chairman	26	46
Tom Wu	26	28
Dennis Lim	23	29
Allan Lam	26	26
Templeton Emerging Markets Management Team	**Years with Firm**	**Years Experience**
Mark Mobius, Ph.D.- Executive Chairman	26	46
Templeton Emerging Markets Team	**Number of Members**	**Average Years Experience**
Portfolio Managers/Analysts	8	27
Research Analysts	44	11

WHAT ARE THE RISKS

All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets, of which frontier markets are a subset, involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities markets. Because these frameworks are typically even less developed in frontier markets, as well as various factors including the increased potential for extreme price volatility, illiquidity, trade barriers and exchange controls, the risks associated with developing markets are magnified in frontier markets. Templeton Developing Markets Trust is designed for the aggressive portion of a well-diversified portfolio. These and other risk considerations are discussed in the fund's prospectus.

EXPLANATORY NOTES

FUND CHARACTERISTICS

Number of Issuers: All portfolio holdings are subject to change. Holdings of the same issuer have been combined.

THIRD-PARTY FUND DATA

Morningstar Rating™: Source: Morningstar® 12/31/13. For each fund with at least a three-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 after adjusting for sales loads (except for load-waived A shares), redemption fees, and the risk free rate, 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. Class A shares of Templeton Developing Markets Trust received a traditional Morningstar Rating of 2, 2 and 2 star(s) for the 3-, 5- and 10-year periods, respectively. Load-waived Class A shares of Templeton Developing Markets Trust received Morningstar Ratings of 3, 3 and 2 star(s) for the 3-, 5- and 10- year periods, respectively. The Morningstar Rating™ may differ among share classes of a mutual fund as a result of different sales loads and/or expense structure. **Past performance does not guarantee future results.** ©2014 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and 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.

PERFORMANCE DATA

The fund offers other share classes subject to different fees and expenses, which will affect their performance.
Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.
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PORTFOLIO DIVERSIFICATION

Top Ten Holdings: Holdings of the same issuer have been combined. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included. For updated information, call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com.
Geographic/Sector Weightings: Weightings as percent of equity (unless otherwise noted). Percentage may not equal 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics.
Sector Weightings: Weightings as percent of equity (unless otherwise noted). Percentage may not equal 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics.
Largest/Smallest Sector Contributors: Total effect represents the opportunity cost of investment decisions in a group relative to overall benchmark.
Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.

PORTFOLIO CHARACTERISTICS

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 capitalization figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. All portfolio holdings are subject to change.
Source: FactSet. For the portfolio, the Price to Earnings, Price to Cash Flow, and Price to Book Value calculations for the weighted average use harmonic means. Values less than 0.01 (i.e., negative values) are excluded and values in excess of 200x are capped at 200x. For the benchmark, no limits are applied to these ratios in keeping with the benchmark's calculation methodology. Market capitalization statistics are indicated in the base currency for the portfolio presented.

FRANKLIN TEMPLETON INVESTMENTS

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Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com. Please carefully read a prospectus before you invest or send money.

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