



# Templeton Emerging Markets Fund

Franklin Templeton Investment Funds

A (Ydis) USD  
30 September 2024

## Product Commentary

### Performance Review

#### Past performance does not predict future returns.

- Emerging market (EM) equities collectively climbed in the third quarter of 2024 and outperformed their developed market counterparts. The US Federal Reserve's long-anticipated interest-rate cut overshadowed earlier fears of a recession in the United States.
- For the quarter, the fund's A (Ydis) USD shares returned 8,21%, and its benchmark, the MSCI Emerging Markets Index-NR, returned 8,72%.

#### QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Alibaba Group Holding Limited	Financials (Stock Selection)	India (Stock Selection)
	Prosus N.V. Class N	Consumer Discretionary (Stock Selection)	Hong Kong (Overweight)
	Techtronic Industries Co., Ltd.	Industrials (Stock Selection)	United States (Off-benchmark Exposure)
HURT	Samsung Electronics Co., Ltd.	Information Technology (Stock Selection, Overweight)	South Korea (Overweight)
	MediaTek Inc	Communication Services (Stock Selection)	Taiwan (Stock Selection)
	Meituan Class B	Real Estate (Underweight)	Malaysia (Lack of Exposure)

- Samsung Electronics is one of the largest memory semiconductor manufacturers in the world. It also manufactures a wide range of consumer and industrial electronics and equipment. Its share price fell as sentiment surrounding artificial intelligence (AI)-related stocks turned cautious due to uncertainty around the monetisation of AI investments for end clients. Its share price was volatile in the latter half of the period amid investor concerns about weaker demand for its commodity products, possibly leading to a weakening of the memory chip cycle. We expect this slowdown to be short-lived and remain positive on the memory chip cycle, led by demand for high-bandwidth memory chips from AI-related companies.
- MediaTek is a world-leading chip designer for smartphones and other technology devices. Its share price fell alongside other Asian chip-related stocks, mirroring a selloff in their US peers due to investor concerns about tighter restrictions on semiconductor sales to China and also due to broader industry concerns about AI monetisation. In our long-term view, MediaTek should be a key beneficiary of the demand growth for chips used in IoT (Internet of Things), automotive, industrial and wi-fi applications. It could also be a beneficiary of the proliferation of new AI applications in various technology devices, which could require on-device AI computing.
- Alibaba Group Holding is a Chinese e-commerce company that provides brands and merchants with the infrastructure to acquire and sell to customers online. There were several catalysts for its share-price performance for the quarter. The company's inclusion in China's mainland stock indexes and new strategy to charge merchant service fees (which could potentially boost its revenue), along with China's aggressive stimulus measures, boosted investor sentiment.

*Exposure to the United States is via Genpact and Cognizant Technology, which are both US-listed technology services companies that derive much of their earnings from services provided from India.*

### Outlook & Strategy

- On balance, we retain our optimism for the rest of 2024. Tailwinds within EMs remain—interest-rate cuts, strong demand for semiconductors due to AI applications, and what we consider reasonable valuations in most EMs—may negate some key risks such as geopolitical tensions, a meaningful economic slowdown in the United States and continued weakness in China's demand.
- Interest-rate cuts, in our view, are catalysts for growth, supporting both consumption and corporate earnings. Brazil's central bank raised its key interest rate in September, in contrast with the policy decisions of other countries' central banks; however, we believe that it would eventually follow the global trajectory. While Mexico's judicial reforms have affected investor sentiment recently, in our view, near-term corporate earnings should remain intact.
- Sustained demand growth from AI applications, in our assessment, should be beneficial for South Korea and Taiwan, which are home to several large semiconductor companies. While this is potentially beneficial for the earnings growth of these corporations, we believe that this growth opportunity has not been reflected in valuations of some of the beneficiary companies. Conversely, while India has continued to see good economic growth and remains a bright spot, equity valuations remain an utmost concern for us. While end demand in China could remain weak for a longer period, base effects could potentially prove helpful for earnings growth in 2025. China's equity market rallied in the last week of the quarter, supported by stimulus measures announced by the government. However, the weaker economic growth outlook in China has led to our selective approach; our key holdings in China are in internet companies that have given us comfort with their cash flows and shareholder returns.

- We continue to retain our investment approach and seek opportunities across markets, focusing on companies that, in our analysis, have long-term earnings power. We have built considerable expertise in the EM equity asset class, which we believe gives us the ability to identify investment opportunities before many of our peers.

## Fund Details

Inception Date	28.02.1991
Benchmark	MSCI Emerging Markets Index-NR
EU SFDR Category	Article 8

## Fund Description

Long-term capital growth by investing mainly in equity securities of emerging market companies, or those companies which derive a significant proportion of their revenues or profits from emerging economies.

## Performance Data<sup>1,2,3</sup>

Past performance does not predict future returns.

### Discrete Annual Performance (%) as at 30.09.2024

	9/23	9/24	9/22	9/23	9/21	9/22	9/20	9/21	9/19	9/20	9/18	9/19	9/17	9/18	9/16	9/17	9/15	9/16	9/14	9/15
A (Ydis) USD	22,90	18,71	-32,49	12,21	12,31	-0,29	-1,72	23,86	23,36	-24,91										
MSCI Emerging Markets Index-NR USD	26,05	11,70	-28,11	18,20	10,54	-2,02	-0,81	22,46	16,78	-19,28										

### Performance Net of Management Fees as at 30.09.2024 (Dividends Reinvested) (%)<sup>a,b</sup>

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (28.02.1991)
A (Ydis) USD	5,43	8,21	14,16	22,90	-0,51	4,41	3,39	4,67
MSCI Emerging Markets Index-NR	6,68	8,72	16,86	26,05	0,40	5,75	4,02	7,43

## Investment Team

**Chetan Sehgal, CFA**  
Years with Firm 29  
Years Experience 32

**Andrew Ness**  
Years with Firm 5  
Years Experience 29

1. The fund's returns may increase or decrease as a result of changes to foreign exchange rates.

2. MSCI Emerging Markets Index-NR reflects performance of the MSCI Emerging Markets Index (gross returns) from fund inception through 31 December 2000 and the MSCI Emerging Markets Index-NR thereafter.

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

## What Are the Key Risks?

The value of shares in the Fund and income received from it can go down as well as up and investors may not get back the full amount invested. Performance may also be affected by currency fluctuations. Currency fluctuations may affect the value of overseas investments. There is no guarantee that the Fund will meet its objective. The Fund invests mainly in the equity securities of emerging markets around the world, which have historically been subject to significant price movements, frequently to a greater extent than equity markets globally. As a result, the performance of the Fund can fluctuate significantly over relatively short time periods. Other significant risks include: emerging markets risk, foreign currency risk, liquidity risk, Chinese market risk. For full details of all of the risks applicable to this Fund, please refer to the "Risk Considerations" section of the Fund in the current prospectus of Franklin Templeton Investment Funds.

## Important Legal Information

**This fund meets the requirements under Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR); the fund has binding commitments in its investment policy to promote environmental and/or social characteristics and any companies in which it invests should follow good governance practices.** Further information in relation to the sustainability-related aspects of the Fund can be found at [www.franklintempleton.lu/SFDR](http://www.franklintempleton.lu/SFDR). Please review all of the fund's objectives and characteristics before investing.

This document does not constitute legal or tax advice nor is it investment advice or an offer for shares of Franklin Templeton Investment Funds (the "Fund"). Subscriptions to shares of the Fund can only be made on the basis of the current prospectus and, where available, the relevant Key Investor Information Document, accompanied by the latest available audited annual report. A copy of these documents can be found, on our website [www.franklintempleton.ch](http://www.franklintempleton.ch) or can be obtained, free of charge, from Franklin Templeton Switzerland Ltd, a member of Franklin Templeton Investments, Stockerstrasse 38, CH-8002 Zurich, Tel +41 44 217 81 81 / Fax +41 44 217 81 82, [info@franklintempleton.ch](mailto:info@franklintempleton.ch). Paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich. Issued by Franklin Templeton Switzerland Ltd, a company authorized and regulated by the Swiss Financial Market Supervisory Authority FINMA as representative of Franklin Templeton Investment Funds. The Fund's documents are available in English, Arabic, French, German, Italian, Polish and Spanish or can be requested via FT's European Facilities Service available at <https://www.eifs.lu/franklintempleton>. In addition, a Summary of Investor Rights is available from [franklintempleton.lu](http://franklintempleton.lu). The summary is available in English. The sub-funds of FTIF are notified for marketing in multiple EU Member States under the UCITS Directive. FTIF can terminate such notifications for any share class and/or sub-fund at any time by using the process contained in Article 93a of the UCITS Directive. For the avoidance of doubt, if you make a decision to invest, you will be buying units/shares in the Fund and will not be investing directly in the underlying assets of the Fund.

**Past performance is not an indicator or a guarantee of future performance.** The value of shares in the Fund and income received from it can go down as well as up, and investors may not get back the full amount invested. Investment in the Fund entails risks which are described in the Fund's prospectus and, where available, in the relevant Key Information Document/Key Investor Information Document or any other relevant offering document. Special risks may be associated with a Fund's investment in certain types of securities, asset classes, sectors, markets, currencies or countries and in the Fund's possible use of derivatives. References to particular industries, sectors or companies are for general information and are not necessarily indicative of a fund's holdings at any one time. Currency fluctuations may affect the value of overseas investments. When investing in a fund denominated in a foreign currency, your performance may also be affected by currency fluctuations. Where a Fund invests in emerging markets, this investment can be more risky than an investment in developed markets. No shares of the Fund may be directly or indirectly offered or sold to residents of the United States of America.

References to indexes are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown.

An index is unmanaged and one cannot invest directly in an index. The performance of the index does not include the deduction of expenses and does not represent the performance of any Franklin Templeton 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.

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

a. Source for all information is Franklin Templeton. Benchmark related data provided by FactSet. Past performance is not an indicator or a guarantee of future performance. Portfolio holdings are subject to change. Periods greater than one year are shown as average annual total returns. Sales charges and other commissions, taxes and other relevant costs paid by investor are not included.

b. When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.



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