



# Templeton Emerging Markets Fund

Franklin Templeton Investment Funds

A (Ydis) USD  
31 October 2024

## Product Commentary

### Performance Review

**AS OF 4 MARCH 2022, THE RUSSIAN COMPANY SECURITIES THAT ARE HALTED ON ALL TRADEABLE EXCHANGES ARE BEING FAIR VALUED AT ZERO.**

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

- Emerging market (EM) equities fell in October 2024. Diminishing expectations for aggressive interest-rate cuts by the US Federal Reserve (Fed) loomed in the backdrop.
- For the month, the fund's A (Ydis) USD shares returned -3,37%, and its benchmark, the MSCI Emerging Markets Index-NR, returned -4,45%.

### ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	ICICI BANK LTD	Financials (Stock Selection)	India (Stock Selection)
	SAMSUNG LIFE INSURANCE CO LTD	Energy (Stock Selection, Underweight)	South Africa (Stock Selection)
	HON HAI PRECISION INDUSTRY CO LTD	Consumer Discretionary (Stock Selection)	Mexico (Stock Selection)
HURT	BUDWEISER BREWING CO APAC LTD	Information Technology (Stock Selection)	Brazil (Stock Selection)
	SAMSUNG SDI CO LTD	—	Saudi Arabia (Lack of Exposure)
	BAIDU INC	—	—

- ICICI Bank is a leading India-based private sector bank. Its share price rose on the back of its second-quarter fiscal-year 2025 results, which surpassed market expectations and resulted in several brokerages raising their target prices. In our view, the bank remains well-positioned with its healthy capital adequacy ratios and strong franchise.
- Samsung Life is the leading life insurance company in South Korea and owns a meaningful stake in Samsung Electronics. Its share price recovered from September from not being included in the much-anticipated Value-Up exchange-traded fund.
- Budweiser APAC is engaged in the brewing and distribution of beer with a strong and diversified product portfolio spanning more than 50 brands in China, Korea, and India. Its share price fell alongside beer-related stocks, as the lack of new stimulus from China dampened investor sentiment. Concerns that the demand environment remained weak also weighed on the stock price. We believe that Budweiser APAC's comprehensive brand portfolio and strong execution capability should enable it to continue to grow its premium and super premium portfolio in China, as well as defend its competitive positioning in South Korea. We also think that the company's fast-growing India business has not been priced in by many investors.

### Outlook & Strategy

- The recent commencement of the Fed's rate-cutting cycle is expected to serve as a favourable tailwind for EM equities. Indeed, several Asian economies have begun to experience a strengthening of their currencies, which often reflects improved economic conditions and increased investor interest. Additionally, some EMs have already started to implement their own rate cuts, further contributing to a more supportive environment for bottom-up investors.
- In Brazil, rate hikes have been implemented in response to rising inflation concerns. Real interest rates in the country remain elevated, which may delay the pace of recovery by several quarters. However, we anticipate that Brazil will eventually align with the global trend of easing rates.
- While artificial intelligence (AI)-related tailwinds continue to elevate earnings expectations for semiconductor companies in Taiwan and South Korea, investor sentiment regarding AI seems to ebb and fall. Regardless, we remain optimistic on the semiconductor segment—besides AI, there are other longer-term growth drivers for semiconductors. These include energy transition, electrification and technological advancement. This guides our optimism on the semiconductor segment, which remains a key overweight.
- The increase in policy support in China over the past couple of months has not been able to sustain the rally in end-September. While this short-term rally has spurred flows into Chinese equities, we believe structural challenges in China remains. Valuations of Indian equities remain a concern to us, and we are therefore underweight in both Chinese and Indian equities.
- Donald Trump is the US president elect. This sets the stage for an uncertain and more unpredictable outlook for economies and markets outside the US. We have limited exposure to Chinese companies in the EV and solar supply chains. We do not factor in US demand in our assessment of their intrinsic worth. For South Korean battery companies, there is a risk that benefits under the Inflation Reduction Act could be curtailed. We are cognisant of the risk and this is one of the considerations in our assessment of the companies.

- Our bottom-up focus gives rise to a portfolio that is characterised by a high active share and exposure to off-benchmark holdings. This is due to the local expertise our on-the-ground teams garner. The timely insight from company management, business leaders, suppliers and consumers is the foundation of our focus on company fundamentals, which allows us to position our portfolios for the longer term.

### 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 31.10.2024

	10/23	10/22	10/21	10/20	10/19	10/18	10/17	10/16	10/15	10/14
	10/24	10/23	10/22	10/21	10/20	10/19	10/18	10/17	10/16	10/15
A (Ydis) USD	22,89	16,20	-35,11	13,48	9,67	15,52	-15,32	29,78	14,66	-20,04
MSCI Emerging Markets Index-NR USD	25,32	10,80	-31,03	16,96	8,25	11,86	-12,52	26,45	9,27	-14,53

#### Performance Net of Management Fees as at 31.10.2024 (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	-3,37	3,34	10,32	22,89	-2,51	2,89	2,99	4,55
MSCI Emerging Markets Index-NR	-4,45	3,58	11,66	25,32	-1,43	3,93	3,43	7,27

### Investment Team

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

**Andrew Ness**  
 Years with Firm 6  
 Years Experience 30

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.

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## 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.

**All investments involve risks, including possible loss of principal. Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. The **investment style** may become out of favor, which may have a negative impact on performance. **Active management** does not ensure gains or protect against market declines. **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**. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. The manager may consider **environmental, social and governance (ESG)** criteria in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

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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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