

TEMPLETON EMERGING MARKETS FUND  
Form N-CSR  
October 29, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-04985

Templeton Emerging Markets Fund

(Exact name of registrant as specified in charter)

300 S.E. 2<sup>nd</sup> Street, Fort Lauderdale, FL 33301-1923  
(Address of principal executive offices) (Zip code)

Craig S. Tyle, One Franklin Parkway, San Mateo, CA 94403-1906

(Name and address of agent for service)

Registrant's telephone number, including area code: (954) 527-7500

Date of fiscal year end: 8/31

Date of reporting period: 8/31/14

**Item 1. Reports to Stockholders.**

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**Annual Report**

August 31, 2014

# Templeton Emerging Markets Fund

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# Franklin Templeton Investments

## Gain From Our Perspective®

At Franklin Templeton Investments, we're dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we're able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world's largest asset managers. This has helped us to become a trusted partner to individual and institutional investors across the globe.

## Focus on Investment Excellence

At the core of our firm, you'll find multiple independent investment teams—each with a focused area of expertise—from traditional to alternative strategies and multi-asset solutions. And because our portfolio groups operate autonomously, their strategies can be combined to deliver true style and asset class diversification.

All of our investment teams share a common commitment to excellence grounded in rigorous, fundamental research and robust, disciplined risk management. Decade after decade, our consistent, research-driven processes have helped Franklin Templeton earn an impressive record of strong, long-term results.

## Global Perspective Shaped by Local Expertise

In today's complex and interconnected world, smart investing demands a global perspective. Franklin Templeton pioneered international investing over 60 years ago, and our expertise in emerging markets spans more than a quarter of a century. Today, our investment professionals are on the ground across the globe, spotting investment ideas and potential risks firsthand. These locally based teams bring in-depth understanding of local companies, economies and cultural nuances, and share their best thinking across our global research network.

## Strength and Experience

Franklin Templeton is a global leader in asset management serving clients in over 150 countries.<sup>1</sup> We run our business with the same prudence we apply to asset management, staying focused on delivering relevant investment solutions, strong long-term results and reliable, personal service. This approach, focused on putting clients first, has helped us to become one of the most trusted names in financial services.

1. As of 12/31/13. Clients are represented by the total number of shareholder accounts.

**Not FDIC Insured | May Lose Value | No Bank Guarantee**

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## Annual Report

### Templeton Emerging Markets Fund

Dear Shareholder:

We are pleased to bring you Templeton Emerging Markets Fund's annual report for the fiscal year ended August 31, 2014.

#### Your Fund's Goal and Main Investments

Templeton Emerging Markets Fund seeks long-term capital appreciation by investing, under normal market conditions, at least 80% of its net assets in emerging country equity securities.

#### Economic and Market Overview

The global economy grew moderately during the 12 months under review as many emerging markets continued to grow and many developed markets continued to recover. Although several emerging market countries faced headwinds such as soft domestic demand, weak exports and geopolitical crises, emerging market economies overall continued to grow faster than developed market economies. After moderating in the first quarter of 2014, China's economic growth stabilized in the second quarter as the government's stimulus measures gained traction. Retail sales continued to grow as household income increased. Domestic demand accounted for a greater portion of gross domestic product, indicating progress in policymakers' efforts to make China's economy more consumer driven. Other economies that showed signs of improvement included those of India, Malaysia and Hungary, while several economies, including those of South Africa and South Korea, showed signs of moderation and Brazil's contracted in 2014's second quarter.

Emerging markets performed well at the beginning of the period as tension surrounding Syria subsided, the U.S. Federal Reserve Board (Fed) delayed reducing its asset purchase program, and the Chinese government announced social, economic and financial reforms. However,

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volatility rose toward the end of 2013 through early 2014 as investors grew concerned about the Fed's reduction of its monthly asset purchases beginning in January, China's moderating economic growth, the sharp devaluation of several emerging market currencies and geopolitical tensions in several regions.

Investor sentiment improved toward period-end, supported by better U.S. economic data, the European Central Bank's further monetary easing and China's improving manufacturing sector. Certain emerging markets such as India and Indonesia were buoyed by investor optimism for potential economic reforms suggested by national election outcomes. Several emerging market central banks, including those of Brazil, India, South Africa and Russia, raised interest rates in response to rising inflation and weakening currencies, while several central banks, including those of Chile, Mexico, South Korea and Thailand, lowered interest rates to promote economic growth. After raising interest rates early in the year to support the Turkish lira, Turkey's central bank began easing monetary policy toward period-end to boost economic growth.

**The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 8.**

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The People's Bank of China (PBOC) tightened liquidity to curb lending by banks and nonbank institutions, although the PBOC provided liquidity at times. Near period-end, the PBOC implemented monetary stimulus measures and reduced the cash reserve requirement ratio for banks serving rural borrowers and smaller companies to stimulate lending in targeted sectors and support economic expansion.

Emerging market stocks rose during the 12 months under review, as many investors were encouraged by generally positive global economic data and seemed to focus on the relatively attractive valuations of many emerging market stocks. For the 12 months ended August 31, 2014, emerging market stocks, as measured by the MSCI Emerging Markets Index, generated a +20.40% total return in U.S. dollar terms, aided by strength in several emerging market currencies.<sup>1,2</sup> Latin America outperformed as Brazil, Peru and Mexico generated strong returns. Asia also performed well, as countries in the region delivered double-digit gains, led by India, Taiwan, the Philippines and Thailand. European emerging markets overall underperformed their peers, as losses in Hungary and Russia partly offset gains in Greece, the Czech Republic and Turkey. In the Middle East and Africa, the United Arab Emirates, Egypt, Qatar and South Africa generated strong double-digit returns.

## Investment Strategy

Our investment strategy employs a fundamental, value-oriented, long-term approach. We focus on the market price of a company's securities relative to our evaluation of the company's

### Top 10 Countries

Based on Equity Investments as of 8/31/14

	<b>% of Total Net Assets</b>
China	21.5 %
Thailand	14.8 %
Brazil	13.0 %
Hong Kong	7.5 %
India	6.6 %
Russia	6.3 %
Indonesia	5.9 %
South Korea	4.9 %
Turkey	4.3 %
U.K.	3.0 %

long-term earnings, asset value and cash flow potential. As we look for investments, we focus on specific companies and undertake in-depth research to construct an action list from which we make our buy decisions. Before we make a purchase, we look at the company's potential for earnings and growth over a five-year horizon. During our analysis, we also consider the company's position in its sector, the economic framework and political environment.

## Performance Overview

Templeton Emerging Markets Fund delivered cumulative total returns of +21.47% based on market price and +20.43% based on net asset value for the 12 months under review.

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.*

## Manager's Discussion

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During the 12 months under review, key contributors to the Fund's absolute performance included Brilliance China Automotive Holdings, one of China's major automobile manufacturers; Petrobras (Petroleo Brasileiro), Brazil's national oil and gas company; and Branco Bradesco, one of Brazil's largest financial conglomerates.

1. Source: © 2014 Morningstar. All Rights Reserved. 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.

The index is unmanaged and includes reinvested dividends. One cannot invest directly in an index and an index is not representative of the Fund's portfolio.

2. Source: MSCI.

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Brilliance China Automotive has a joint venture with BMW for the production and sale of BMW 3-series and 5-series sedans and X1 compact sport utility vehicles in China. The robust sales growth of luxury cars in China supported Brilliance's strong first-half 2014 earnings results, with BMW vehicles taking an increasing share of the market segment. Continued positive car-sales data and news of an extension to 2028 of the joint venture agreement between Brilliance and BMW also boosted Brilliance's share price. The company also confirmed capacity expansion plans over the next two years and the launch of new BMW models in 2016 and 2017 to satisfy China's growing luxury car demand.

Brazil was one of the top-performing emerging markets for the 12 months ended August 31, 2014, as measured by the MSCI Brazil Index's +33.18% total return.<sup>1,2</sup> Brazilian stocks performed particularly well during the period's second half, as the country's successful hosting of the 2014 FIFA World Cup, modest stimulus program and prospects for political change outweighed mixed economic reports in the summer. Near period-end, the death in a plane crash of third-place presidential candidate Eduardo Campos transformed the race for the upcoming October presidential election. Mr. Campos's running mate, environmentalist Marina Silva, became the Socialist Party's new candidate, and late-August polls suggested that her popularity compared well with President Dilma Rousseff's and that she would be ahead in a potential runoff election. The prospect of a more market-friendly president replacing President Rousseff drove Brazilian stocks sharply higher in August.

Petrobras's share price rebounded as a result of investor optimism that presidential candidate Marina Silva might defeat the incumbent president in Brazil's upcoming election. If elected, Ms. Silva's policies, which would allow fluctuation in the regulated prices of essential products such as gasoline, could reverse the current administration's policy that forced the company to sell fuel in the domestic market at a loss to curb inflation. A leadership change at Petrobras could also take place, potentially leading to increased efficiencies at the company.

Banco Bradesco's shares advanced during the period, aided by the Brazilian stock market rally and the bank's strong earnings results. Shares of Banco Bradesco and other banks also benefited from market speculation that a change in the method of calculating component weightings for a major Brazilian index could lead to significant increases in their index weightings. A high interest rate environment (leading to a high average spread), less competition from state-owned banks and low

### Top 10 Holdings

8/31/14

Company	% of Total
<i>Sector/Industry, Country</i>	<i>Net Assets</i>
Brilliance China Automotive Holdings Ltd.	10.4 %
<i>Automobiles, China</i>	
Dairy Farm International Holdings Ltd.	4.4 %
<i>Food &amp; Staples Retailing, Hong Kong</i>	
Kasikornbank PCL, fgn.	4.2 %
<i>Banks, Thailand</i>	
Astra International Tbk PT	3.8 %
<i>Automobiles, Indonesia</i>	
Petrobras (Petroleo Brasileiro) SA, ADR, pfd.	3.7 %
<i>Oil, Gas &amp; Consumable Fuels, Brazil</i>	
Tata Consultancy Services Ltd.	3.6 %
<i>IT Services, India</i>	
Banco Bradesco SA, ADR, pfd.	3.5 %
<i>Banks, Brazil</i>	
PetroChina Co. Ltd., H	3.5 %
<i>Oil, Gas &amp; Consumable Fuels, China</i>	
Hyundai Development Co.	3.3 %
<i>Construction &amp; Engineering, South Korea</i>	

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Siam Commercial Bank PCL, fgn.

3.3 %

*Banks, Thailand*

volume of nonperforming loans further supported Banco Bradesco's shares.

In contrast, key detractors from the Fund's absolute performance included SK Innovation, South Korea's largest oil refiner; South Africa-based Impala Platinum Holdings, one of the world's largest platinum producers; and OMV, Austria's only integrated oil and gas company.

SK Innovation declined in value as many investors adopted a more cautious view of the company after it reported weaker-than-expected earnings results for the past two quarters. A stronger South Korean won, weaker refining margins and lower utilization rates due to maintenance hurt the company's earnings. Additionally, many investors were concerned that slower demand growth from China, Indonesia and India, combined with new supply from China and the Middle East, could further pressure refining margins.

Impala Platinum's stock performed poorly as lower production levels, resulting from a lengthy miners' strike, and weaker platinum prices led to higher operating losses for fiscal year 2014 (ended June 30), compared to the prior fiscal year. The closure of the company's Bimha mine in Zimbabwe due to safety reasons further hurt production levels and market sentiment. However, the end of the miners' strike in June 2014 could help production levels recover in fiscal year 2015.

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OMV has a strong market position in Central and Eastern Europe including a strong presence in Romania through its subsidiary, Petrom. The company also has oil and gas exploration and production assets in Libya, the North Sea region and the Black Sea. OMV reported a decline in second-quarter 2014 earnings resulting partly from production disruptions in Libya. The conflict between Russia and Ukraine also hindered the construction of OMV's South Stream gas pipeline to the European Union.

During the 12-month reporting period, our continued search for stocks we considered to be attractively valued led us to increase the Fund's holdings largely in Thailand, Indonesia and Peru and to initiate investment in Qatar. We opened a position in U.K.-listed global consumer products company Unilever, which derives more than 50% of its earnings from emerging market countries. Other key purchases included additional shares in Bank Danamon Indonesia, a leading Indonesian bank, as well as new positions in Siam Commercial Bank, one of Thailand's largest banks, and Industries Qatar, one of Qatar's major integrated industrial holding companies.

Conversely, we made some sales to raise cash for income and capital gains distributions and to seek to take advantage of opportunities we considered to be more attractively valued within our investment universe. In addition to closing the Fund's positions in Mexico, Hungary and Poland, we undertook some sales largely in Brazil, India and China via China H and Red Chip shares.<sup>3</sup> Key sales included reducing shares in the aforementioned Brilliance China Automotive and in Tata Consultancy Services, one of India's largest information technology consulting companies. We also closed the Fund's position in Sesa Sterlite, one of India's leading iron ore exporters.

Thank you for your continued participation in Templeton Emerging Markets Fund. We look forward to serving your future investment needs.

*The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2014, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

3. China H denotes shares of China-incorporated, Hong Kong Stock Exchange-listed companies with most businesses in China. Red Chip denotes shares of Hong Kong Stock Exchange-listed companies substantially owned by Chinese mainland entities, with significant exposure to China.

## TEMPLETON EMERGING MARKETS FUND

## Performance Summary as of August 31, 2014

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses. Capital gain distributions are net profits realized from the sale of portfolio securities. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Total returns do not reflect any sales charges paid at inception or brokerage commissions paid on secondary market purchases. The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares.

## Share Prices

Symbol: EMF		8/31/14		8/31/13	Change
Net Asset Value (NAV)	\$	20.91	\$	18.98	+\$ 1.93
Market Price (NYSE)	\$	19.13	\$	17.27	+\$ 1.86

## Distributions

		Dividend		Long-Term		Total
		Income		Capital Gain		
9/1/13	8/31/14	\$	0.4381	\$	1.2518	\$ 1.6899

Performance<sup>1</sup>

										Average Annual			
Cumulative Total Return <sup>2</sup>					Average Annual Total Return <sup>2</sup>				Total Return (9/30/14) <sup>3</sup>				
Based on			Based on		Based on		Based on		Based on		Based on		
NAV <sup>4</sup>			market price <sup>5</sup>		NAV <sup>4</sup>		market price <sup>5</sup>		NAV <sup>4</sup>		market price <sup>5</sup>		
1-Year	+	20.43 %	+	21.47 %	+	20.43 %	+	21.47 %	+	5.78 %	+	2.93 %	
5-Year	+	53.56 %	+	47.52 %	+	8.96 %	+	8.09 %	+	5.19 %	+	3.81 %	
10-Year	+	231.07 %	+	190.79 %	+	12.72 %	+	11.26 %	+	11.33 %	+	10.24 %	

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency volatility, economic instability, and social and political developments of countries where the Fund invests. Emerging markets are subject to all of the risks of foreign investing generally and involve heightened risks due to these markets' smaller size and lesser liquidity, and lack of established legal, political, business and social frameworks to support securities markets. Some of these heightened risks may include political and social uncertainty (for example, regional conflicts and risk of war); pervasiveness of corruption and crime in these countries' economic systems; delays in settling portfolio securities transactions; risk of loss arising out of the system of share registration and custody used in these countries; greater sensitivity to interest rate changes; currency and capital controls; currency exchange rate volatility; and inflation, deflation or currency devaluation. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results.

The Fund may invest a portion of its assets in Russian securities. The U.S. and other nations have imposed and could impose additional sanctions on certain issuers in Russia due to regional conflicts. These sanctions could result in the devaluation of Russia's currency, a downgrade in Russian issuers' credit ratings, or a decline in the value and liquidity of Russian stocks or other securities. The Fund may be prohibited from investing in securities issued by companies subject to such sanctions. In addition, if the Fund holds the securities of

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**an issuer that is subject to such sanctions, an immediate freeze of that issuer's securities could result, impairing the ability of the Fund to buy, sell, receive or deliver those securities. There is also the risk that countermeasures could be taken by Russia's government, which could involve the seizure of the Fund's assets. Such sanctions could adversely affect Russia's economy, possibly forcing the economy into a recession. These risks could affect the value of the Fund's portfolio.**

1. The Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year-end.

Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been lower.

2. Total return calculations represent the cumulative and average annual changes in value of an investment over the periods indicated.

3. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.

4. Assumes reinvestment of distributions based on net asset value.

5. Assumes reinvestment of distributions based on the dividend reinvestment and cash purchase plan.

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## Important Notice to Shareholders

### Share Repurchase Program

The Fund's Board previously authorized the Fund to repurchase up to 10% of the Fund's outstanding shares in open-market transactions, at the discretion of management. This authorization remains in effect.

In exercising its discretion consistent with its portfolio management responsibilities, the investment manager will take into account various other factors, including, but not limited to, the level of the discount, the Fund's performance, portfolio holdings, dividend history, market conditions, cash on hand, the availability of other attractive investments and whether the sale of certain portfolio securities would be undesirable because of liquidity concerns or because the sale might subject the Fund to adverse tax consequences. Any repurchases would be made on a national securities exchange at the prevailing market price, subject to exchange requirements, Federal securities laws and rules that restrict repurchases, and the terms of any outstanding leverage or borrowing of the Fund. If and when the Fund's 10% threshold is reached, no further repurchases could be completed until authorized by the Board. Until the 10% threshold is reached, Fund management will have the flexibility to commence share repurchases if and when it is determined to be appropriate in light of prevailing circumstances.

In the Notes to Financial Statements section, please see note 2 (Shares of Beneficial Interest) for additional information regarding shares repurchased.

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## TEMPLETON EMERGING MARKETS FUND

**Financial Highlights**

		Year Ended August 31,				
		2014	2013	2012	2011	2010
<b>Per share operating performance</b>						
(for a share outstanding throughout the year)						
Net asset value, beginning of year	\$	18.98	\$ 19.24	\$ 21.97	\$ 19.65	\$ 15.68
Income from investment operations:						
Net investment income <sup>a</sup>		0.29 <sup>b</sup>	0.26	0.28	0.22	0.15
Net realized and unrealized gains (losses)		3.33	(0.06 )	(2.67 )	2.25	3.96
Total from investment operations		3.62	0.20	(2.39 )	2.47	4.11
Repurchase of shares		<sup>c</sup>	<sup>c</sup>			
Less distributions from:						
Net investment income		(0.44 )	(0.29 )	(0.28 )	(0.15 )	(0.14 )
Net realized gains		(1.25 )	(0.17 )	(0.06 )		
Total distributions		(1.69 )	(0.46 )	(0.34 )	(0.15 )	(0.14 )
Net asset value, end of year	\$	20.91	\$ 18.98	\$ 19.24	\$ 21.97	\$ 19.65
Market value, end of year <sup>d</sup>	\$	19.13	\$ 17.27	\$ 17.50	\$ 20.57	\$ 18.79
Total return (based on market value per share)						
		21.47 %	0.96 %	(13.34 )%	10.17 %	26.00 %
<b>Ratios to average net assets</b>						
Expenses		1.36 % <sup>e</sup>	1.37 %	1.37 %	1.46 %	1.55 % <sup>f</sup>
Net investment income		1.49 % <sup>b</sup>	1.25 %	1.42 %	0.93 %	0.78 %
<b>Supplemental data</b>						
Net assets, end of year (000 s)	\$	376,574	\$ 342,418	\$ 347,999	\$ 397,288	\$ 355,286
Portfolio turnover rate		12.42 %	6.21 %	2.10 %	2.62 %	1.94 %

<sup>a</sup>Based on average daily shares outstanding.<sup>b</sup>Net investment income per share includes approximately \$0.04 per share received in the form of special dividends paid in connection with certain Fund s holdings.

Excluding these amounts, the ratio of investment income to average net assets would have been 1.27%.

<sup>c</sup>Amount rounds to less than \$0.01 per share.

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<sup>d</sup>Based on the last sale on the New York Stock Exchange.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

<sup>f</sup>Benefit of expense reduction rounds to less than 0.01%.

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The accompanying notes are an integral part of these financial statements. | Annual Report | 7

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## TEMPLETON EMERGING MARKETS FUND

**Statement of Investments, August 31, 2014**

	Industry	Shares/ Warrants	Value
<b>Common Stocks and Other Equity Interests 86.1%</b>			
<b>Austria 1.0%</b>			
OMV AG	Oil, Gas & Consumable Fuels	97,112 \$	3,751,164
<b>Brazil 2.8%</b>			
Itau Unibanco Holding SA, ADR	Banks	580,619	10,451,142
<b>China 21.5%</b>			
aAluminum Corp. of China Ltd., H	Metals & Mining	11,634,000	4,983,823
Anhui Tianda Oil Pipe Co. Ltd., H	Energy Equipment & Services	7,714,000	1,642,325
Brilliance China Automotive Holdings Ltd.	Automobiles	21,204,900	39,126,208
China Petroleum and Chemical Corp., H	Oil, Gas & Consumable Fuels	7,033,000	7,141,852
Guangzhou Automobile Group Co. Ltd., H	Automobiles	8,792,034	9,155,001
Inner Mongolia Yitai Coal Co. Ltd., B	Oil, Gas & Consumable Fuels	249,800	420,163
PetroChina Co. Ltd., H	Oil, Gas & Consumable Fuels	9,248,000	13,126,109
Shenzhen Chiwan Wharf Holdings Ltd., B	Transportation Infrastructure	2,126,967	3,315,303
Win Hanverky Holdings Ltd.	Textiles, Apparel & Luxury Goods	16,750,000	2,118,051
			81,028,835
<b>Hong Kong 7.5%</b>			
Dairy Farm International Holdings Ltd.	Food & Staples Retailing	1,606,800	16,710,720
Victory City International Holdings Ltd.	Textiles, Apparel & Luxury Goods	33,104,887	4,656,012
VTech Holdings Ltd.	Communications Equipment	568,600	6,969,890
			28,336,622
<b>India 6.6%</b>			
Infosys Ltd.	IT Services	76,400	4,537,039
Oil & Natural Gas Corp. Ltd.	Oil, Gas & Consumable Fuels	916,880	6,592,537
Peninsula Land Ltd.	Real Estate Management		
	& Development	43,169	24,323
Tata Consultancy Services Ltd.	IT Services	328,500	13,703,422
			24,857,321
<b>Indonesia 5.9%</b>			
Astra International Tbk PT	Automobiles	21,950,000	14,223,374
Bank Central Asia Tbk PT	Banks	3,386,000	3,244,072

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Bank Danamon Indonesia Tbk PT	Banks	14,841,785	4,761,052
			22,228,498
<b>Jordan 0.2%</b>			
Arab Potash Co. PLC	Chemicals	17,446	574,104
<b>Pakistan 2.7%</b>			
MCB Bank Ltd.	Banks	3,741,810	10,231,655
<b>Peru 2.2%</b>			
Compania de Minas Buenaventura SA, ADR	Metals & Mining	568,885	8,282,966
<b>Qatar 1.0%</b>			
Industries Qatar QSC	Industrial Conglomerates	68,120	3,620,021
<b>Russia 6.3%</b>			
Gazprom OAO, ADR	Oil, Gas & Consumable Fuels	928,744	6,640,520
bLUKOIL Holdings, ADR	Oil, Gas & Consumable Fuels	101,006	5,631,084
bLUKOIL Holdings, ADR (London Stock Exchange)	Oil, Gas & Consumable Fuels	36,510	2,035,433
Mining and Metallurgical Co. Norilsk Nickel	Metals & Mining	39,788	7,761,658
cTMK OAO, GDR, Reg S	Energy Equipment & Services	165,233	1,616,805
			23,685,500

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## TEMPLETON EMERGING MARKETS FUND STATEMENT OF INVESTMENTS

	Industry	Shares/ Warrants	Value
<b>Common Stocks and Other Equity Interests</b> (continued)			
<b>South Africa 1.4%</b>			
Impala Platinum Holdings Ltd.	Metals & Mining	360,450 \$	3,252,701
Kumba Iron Ore Ltd.	Metals & Mining	73,115	2,183,305
			5,436,006
<b>South Korea 4.9%</b>			
Hyundai Development Co.	Construction & Engineering	310,080	12,597,669
SK Innovation Co. Ltd.	Oil, Gas & Consumable Fuels	63,020	5,847,729
			18,445,398
<b>Thailand 14.8%</b>			
Kasikornbank PCL, fgn.	Banks	2,251,200	15,921,490
Kiatnakin Bank PCL, fgn.	Banks	8,084,600	10,625,980
Land and Houses PCL, fgn.	Real Estate Management		
	& Development	8,514,132	2,904,210
aLand and Houses PCL, fgn., wts., 5/05/17	Real Estate Management		
	& Development	1,702,826	375,682
PTT Exploration and Production PCL, fgn.	Oil, Gas & Consumable Fuels	1,466,747	7,550,614
PTT PCL, fgn.	Oil, Gas & Consumable Fuels	578,000	5,806,228
Siam Commercial Bank PCL, fgn.	Banks	2,140,700	12,527,332
Univanich Palm Oil PCL, fgn.	Food Products	451,900	151,317
			55,862,853
<b>Turkey 4.3%</b>			
Akbank TAS	Banks	2,706,307	10,315,941
Tupras-Turkiye Petrol Rafinerileri AS	Oil, Gas & Consumable Fuels	244,420	5,743,875
			16,059,816
<b>United Kingdom 3.0%</b>			
Unilever PLC	Food Products	253,876	11,203,910
<b>Total Common Stocks and Other Equity Interests</b> <b>(Cost \$188,987,505)</b>			324,055,811
<b>Preferred Stocks 10.2%</b>			
<b>Brazil 10.2%</b>			
Banco Bradesco SA, ADR, pfd.	Banks	729,138	13,299,477
Petroleo Brasileiro SA, ADR, pfd.	Oil, Gas & Consumable Fuels	670,320	13,949,359
Vale SA, ADR, pfd., A	Metals & Mining	966,300	11,257,395
<b>Total Preferred Stocks (Cost \$19,271,423)</b>			38,506,231

**Total Investments before Short Term Investments**

**(Cost \$208,258,928)**

362,562,042

TEMPLETON EMERGING MARKETS FUND

STATEMENT OF INVESTMENTS

	Shares/ Warrants	Value
<b>Short Term Investments (Cost \$8,553,919) 2.3%</b>		
<b>Money Market Funds 2.3%</b>		
<b>United States 2.3%</b>		
a,dInstitutional Fiduciary Trust Money Market Portfolio	8,553,919	\$ 8,553,919
<b>Total Investments (Cost \$216,812,847) 98.6%</b>		371,115,961
<b>Other Assets, less Liabilities 1.4%</b>		5,457,699
<b>Net Assets 100.0%</b>		\$ 376,573,660

See Abbreviations on page 19.

<sup>a</sup>Non-income producing.

<sup>b</sup>At August 31, 2014, pursuant to the Fund's policies and the requirements of applicable securities law, the Fund may be restricted from trading these securities for a limited or extended period of time.

<sup>c</sup>Security was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States.

Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption

from registration. This security has been deemed liquid under guidelines approved by the Fund's Board of Trustees. At August 31, 2014, the value of this security was

\$1,616,805, representing 0.43% of net assets.

<sup>d</sup>See Note 3(c) regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

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## TEMPLETON EMERGING MARKETS FUND

# Financial Statements

## Statement of Assets and Liabilities

August 31, 2014

### Assets:

#### Investments in securities:

Cost - Unaffiliated issuers	\$	208,258,928
Cost - Sweep Money Fund (Note 3c)		8,553,919
Total cost of investments	\$	216,812,847
Value - Unaffiliated issuers	\$	362,562,042
Value - Sweep Money Fund (Note 3c)		8,553,919
Total value of investments		371,115,961
Foreign currency, at value (cost \$10,475)		10,475

### Receivables:

Investment securities sold		6,222,970
Dividends		424,888
Foreign tax		10,053
Total assets		377,784,347

### Liabilities:

#### Payables:

Investment securities purchased		650,153
Management fees		392,807
Deferred tax		37,928
Accrued expenses and other liabilities		129,799
Total liabilities		1,210,687
Net assets, at value	\$	376,573,660

### Net assets consist of:

Paid-in capital	\$	211,064,984
Undistributed net investment income		2,098,658
Net unrealized appreciation (depreciation)		154,259,278
Accumulated net realized gain (loss)		9,150,740
Net assets, at value	\$	376,573,660
Shares outstanding		18,009,460
Net asset value per share	\$	20.91

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The accompanying notes are an integral part of these financial statements. | Annual Report | 11

TEMPLETON EMERGING MARKETS FUND  
FINANCIAL STATEMENTS

**Statement of Operations**

for the year ended August 31, 2014

Investment income:		
Dividends (net of foreign taxes of \$1,152,123)	\$	9,983,428
Expenses:		
Management fees (Note 3a)		4,382,664
Transfer agent fees		73,815
Custodian fees (Note 4)		145,888
Reports to shareholders		39,752
Registration and filing fees		26,453
Professional fees		64,869
Trustees' fees and expenses		28,816
Other		20,078
Total expenses		4,782,335
Expenses waived/paid by affiliates (Note 3c)		(3,587 )
Net expenses		4,778,748
Net investment income		5,204,680
Realized and unrealized gains (losses):		
Net realized gain (loss) from:		
Investments		21,089,913
Foreign currency transactions		199,101
Net realized gain (loss)		21,289,014
Net change in unrealized appreciation (depreciation) on:		
Investments		38,613,753
Translation of other assets and liabilities denominated in foreign currencies		1,544
Change in deferred taxes on unrealized appreciation		14,604
Net change in unrealized appreciation (depreciation)		38,629,901
Net realized and unrealized gain (loss)		59,918,915
Net increase (decrease) in net assets resulting from operations	\$	65,123,595

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TEMPLETON EMERGING MARKETS FUND  
FINANCIAL STATEMENTS

**Statements of Changes in Net Assets**

	<b>Year Ended August 31,</b>	
	<b>2014</b>	<b>2013</b>
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 5,204,680	\$ 4,728,325
Net realized gain (loss) from investments and foreign currency transactions	21,289,014	12,870,624
Net change in unrealized appreciation (depreciation) on investments, translation of other assets and liabilities denominated in foreign currencies and deferred taxes	38,629,901	(13,942,049 )
Net increase (decrease) in net assets resulting from operations	65,123,595	3,656,900
Distributions to shareholders from:		
Net investment income	(7,902,936 )	(5,203,082 )
Net realized gains	(22,581,364 )	(3,132,341 )
Total distributions to shareholders	(30,484,300 )	(8,335,423 )
Capital share transactions - Repurchase of shares: (Note 2)	(483,963 )	(902,501 )
Net increase (decrease) in net assets	34,155,332	(5,581,024 )
Net assets:		
Beginning of year	342,418,328	347,999,352
End of year	\$ 376,573,660	\$ 342,418,328
Undistributed net investment income included in net assets:		
End of year	\$ 2,098,658	\$ 3,438,882

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The accompanying notes are an integral part of these financial statements. | Annual Report | 13



TEMPLETON EMERGING MARKETS FUND

## Notes to Financial Statements

### 1. Organization and Significant Accounting Policies

Templeton Emerging Markets Fund (Fund) is registered under the Investment Company Act of 1940, as amended, (1940 Act) as a closed-end management investment company.

The following summarizes the Fund's significant accounting policies.

#### a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share at the close of the New York Stock Exchange (NYSE), generally at 4 p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Under compliance policies and procedures approved by the Fund's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded or as of the NYSE close, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities. Investments in open-end mutual funds are valued at the closing net asset value.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily NYSE close. In addition, trading in certain foreign markets may not take place on every NYSE business day. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at the close of the NYSE. In order to minimize the potential for these differences, the VLOC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.



TEMPLETON EMERGING MARKETS FUND

NOTES TO FINANCIAL STATEMENTS

Also, when the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the NYSE is closed, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

**b. Foreign Currency Translation**

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments on the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

**c. Income and Deferred Taxes**

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable

income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of August 31, 2014, and for all open tax years, the Fund has determined that no liability for unrecognized tax benefits is required in the Fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction statute of limitation.

**d. Security Transactions, Investment Income, Expenses and Distributions**

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except that certain dividends from foreign securities are recognized as soon as the Fund is notified of the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date and are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with accounting principles generally accepted in the United States of America. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

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## TEMPLETON EMERGING MARKETS FUND

## NOTES TO FINANCIAL STATEMENTS

**1. Organization and Significant Accounting****Policies** (continued)**e. Accounting Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**f. Guarantees and Indemnifications**

Under the Fund's organizational documents, its officers and trustees are indemnified by the Fund against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund expects the risk of loss to be remote.

**2. Shares of Beneficial Interest**

At August 31, 2014, there were an unlimited number of shares authorized (without par value). During the years ended August 31, 2014 and August 31, 2013 there were no shares issued; all reinvested distributions were satisfied with previously issued shares purchased in the open market.

The Board previously authorized an open-market share repurchase program pursuant to which the Fund may purchase, from time to time, Fund shares in open-market transactions, at the discretion of management. This authorization remains in effect. Since the inception of the program, the Fund had repurchased a total of 75,647 shares. Transactions in the Fund's shares for the years ended August 31, 2014 and August 31, 2013, were as follows:

	Year Ended August 31,			
	2014		2013	
	Shares	Amount	Shares	Amount
Shares repurchased	(29,655 )	\$ (483,963 )	(45,992 )	\$ (902,501 )
Weighted average discount of market price to net asset value of shares repurchased		7.20 %		8.17 %

**3. Transactions with Affiliates**

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Templeton Asset Management Ltd. (TAML)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager



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## TEMPLETON EMERGING MARKETS FUND NOTES TO FINANCIAL STATEMENTS

### a. Management Fees

The Fund pays an investment management fee to TAML based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
1.250 %	Up to and including \$1 billion
1.200 %	Over \$1 billion, up to and including \$5 billion
1.150 %	Over \$5 billion, up to and including \$10 billion
1.100 %	Over \$10 billion, up to and including \$15 billion
1.050 %	Over \$15 billion, up to and including \$20 billion
1.000 %	In excess of \$20 billion

### b. Administrative Fees

Under an agreement with TAML, FT Services provides administrative services to the Fund. The fee is paid by TAML based on the Fund's average daily net assets, and is not an additional expense of the Fund.

### c. Investments in Institutional Fiduciary Trust Money Market Portfolio

The Fund invests in the Institutional Fiduciary Trust Money Market Portfolio (Sweep Money Fund), an affiliated open-end management investment company. Management fees paid by the Fund are waived on assets invested in the Sweep Money Fund, as noted on the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by the Sweep Money Fund. Prior to September 1, 2013, the waiver was accounted for as a reduction to management fees.

### 4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended August 31, 2014, there were no credits earned.

### 5. Income Taxes

The tax character of distributions paid during the years ended August 31, 2014 and 2013, was as follows:

		2014		2013
Distributions paid from:				
Ordinary income	\$	7,902,936	\$	5,203,082
Long term capital gain		22,581,364		3,132,341
	\$	30,484,300	\$	8,335,423

At August 31, 2014, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

Cost of investments	\$	219,869,943
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Unrealized appreciation	\$	170,602,000
Unrealized depreciation		(19,355,982 )
Net unrealized appreciation (depreciation)	\$	151,246,018
Undistributed ordinary income	\$	4,166,482
Undistributed long term capital gains		10,138,149
Distributable earnings	\$	14,304,631

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TEMPLETON EMERGING MARKETS FUND  
NOTES TO FINANCIAL STATEMENTS

## 5. Income Taxes (continued)

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of corporate actions.

## 6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended August 31, 2014, aggregated \$42,850,172 and \$81,084,604, respectively.

## 7. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities.

## 8. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

A summary of inputs used as of August 31, 2014, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments in Securities:				
Equity Investments: <sup>a</sup>				
Russia	\$ 11,413,896	\$ 12,271,604	—	\$ 23,685,500
All Other Equity Investments <sup>b</sup>	338,876,542	—	—	338,876,542
Short Term investments	8,553,919	—	—	8,553,919
Total Investments in Securities	\$ 358,844,357	\$ 12,271,604	—	\$ 371,115,961

<sup>a</sup>Includes common and preferred stocks as well as other equity investments.

<sup>b</sup>For detailed categories, see the accompanying Statement of Investments.



TEMPLETON EMERGING MARKETS FUND  
NOTES TO FINANCIAL STATEMENTS

**9. New Accounting Pronouncements**

In June 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-08, Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. The ASU modifies the criteria used in defining an investment company under U.S. Generally Accepted Accounting Principles and also sets forth certain measurement and disclosure requirements. Under the ASU, an entity that is registered under the 1940 Act automatically qualifies as an investment company. The ASU is effective for interim and annual reporting periods beginning after December 15, 2013. Management has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

In June 2014, FASB issued ASU No. 2014-11, Transfers and Servicing (Topic 860), Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures. The ASU changes the accounting for certain repurchase agreements and expands disclosure requirements related to repurchase agreements, securities lending, repurchase-to-maturity and similar transactions. The ASU is effective for interim and annual reporting periods beginning after December 15, 2014. Management is currently evaluating the impact, if any, of applying this provision.

**10. Subsequent Events**

The Fund evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

**Abbreviations**

**Selected Portfolio**

<b>ADR</b>	American Depositary Receipt
<b>GDR</b>	Global Depositary Receipt

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TEMPLETON EMERGING MARKETS FUND

## **Report of Independent Registered Public Accounting Firm**

### **To the Board of Trustees and Shareholders of Templeton Emerging Markets Fund**

In our opinion, the accompanying statement of assets and liabilities, including the statement of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Templeton Emerging Markets Fund (the Fund ) at August 31, 2014, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements ) are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at August 31, 2014 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California

October 17, 2014

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## TEMPLETON EMERGING MARKETS FUND

**Tax Information (unaudited)**

Under Section 852(b)(3)(C) of the Internal Revenue Code (Code), the Fund hereby reports the maximum amount allowable but no less than \$22,581,364 as a long term capital gain dividend for the fiscal year ended August 31, 2014.

Under Section 854(b)(1)(B) of the Code, the Fund hereby reports the maximum amount allowable but no less than \$8,097,366 as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Code for the fiscal year ended August 31, 2014. Distributions, including qualified dividend income, paid during calendar year 2014 will be reported to shareholders on Form 1099-DIV by mid-February 2015. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

At August 31, 2013, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. As shown in the table below, the Fund hereby reports to shareholders the foreign source income and foreign taxes paid, pursuant to Section 853 of the Code. This written statement will allow shareholders of record on December 13, 2013, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

The following table provides a detailed analysis of foreign tax paid, foreign source income, and foreign source qualified dividends as reported by the Fund, to shareholders of record.

<b>Foreign Tax Paid</b>		<b>Foreign Source</b>		<b>Foreign Source Qualified</b>	
<b>Per Share</b>		<b>Income Per Share</b>		<b>Dividends Per Share</b>	
\$	0.0564	\$	0.4482	\$	0.3137

Foreign Tax Paid Per Share (Column 1) is the amount per share available to you, as a tax credit (assuming you held your shares in the Fund for a minimum of 16 days during the 31-day period beginning 15 days before the ex-dividend date of the Fund's distribution to which the foreign taxes relate), or, as a tax deduction.

Foreign Source Income Per Share (Column 2) is the amount per share of income dividends attributable to foreign securities held by the Fund, plus any foreign taxes withheld on these dividends. The amounts reported include foreign source qualified dividends that have not been adjusted for the rate differential applicable to such dividend income.<sup>1</sup>

Foreign Source Qualified Dividends Per Share (Column 3) is the amount per share of foreign source qualified dividends, plus any foreign taxes withheld on these dividends. These amounts represent the portion of the Foreign Source Income reported to you in column 2 that were derived from qualified foreign securities held by the Fund.<sup>1</sup>

By mid-February 2014, shareholders received Form 1099-DIV which included their share of taxes paid and foreign source income distributed during the calendar year 2013. The Foreign Source Income reported on Form 1099-DIV has not been adjusted for the rate differential on foreign source qualified dividend income. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their 2013 individual income tax returns.

<sup>1</sup>Qualified dividends are taxed at reduced long term capital gains tax rates. In determining the amount of foreign tax credit that may be applied against the U.S. tax liability of individuals receiving foreign source qualified dividends, adjustments may be required to the foreign tax credit limitation calculation to reflect the rate differential applicable to such dividend income. The rules however permit certain individuals to elect not to apply the rate differential adjustments for capital gains and/or dividends for any taxable year. Please consult your tax advisor and the instructions to Form 1116 for more information.

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## TEMPLETON EMERGING MARKETS FUND

## Annual Meeting of Shareholders, February 28, 2014 (unaudited)

The Annual Meeting of Shareholders of the Fund was held at the Fund's offices, 300 S.E. 2nd Street, Fort Lauderdale, Florida, on February 28, 2014. The purpose of the meeting was to elect five Trustees of the Fund and to ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Fund for the fiscal year ending August 31, 2014. At the meeting, the following persons were elected by the shareholders to serve as Trustees of the Fund: Harris J. Ashton, Frank J. Crothers, Edith E. Holiday, J. Michael Luttig and Rupert H. Johnson, Jr.\* Shareholders also ratified the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Fund for the fiscal year ending August 31, 2014. No other business was transacted at the meeting.

The results of the voting at the Annual Meeting are as follows:

1. The election of five Trustees:

		% of Outstanding	% of Shares Present and Voting	Withheld	% of Outstanding	% of Shares Present and Voting
Term Expiring 2017	For	Shares			Shares	
Harris J. Ashton	14,344,209	79.52 %	97.10 %	428,844	2.38 %	2.90 %
Frank J. Crothers	14,300,549	79.28 %	96.80 %	472,504	2.62 %	3.20 %
Edith E. Holiday	14,363,355	79.63 %	97.23 %	409,698	2.27 %	2.77 %
J. Michael Luttig	14,374,353	79.69 %	97.30 %	398,700	2.21 %	2.70 %
Term Expiring 2016						
Rupert H. Johnson, Jr.	14,294,464	79.25 %	96.76 %	478,589	2.65 %	3.24 %

There were approximately 2,514 uncast votes received with respect to this item.

2. Ratification of the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Fund for the fiscal year ending August 31, 2014:

	Shares	% of Outstanding	% of Shares Present and Voting
For	Voted	Shares	
For	14,612,422	81.00 %	98.89 %
Against	89,641	0.50 %	0.61 %
Abstain	73,437	0.41 %	0.50 %
Total	14,775,500	81.91 %	100.00 %

There were approximately 67 uncast votes received with respect to this item.

\*Ann Torre Bates, Gregory E. Johnson, David W. Niemiec, Frank A. Olson, Larry D. Thompson, Constantine D. Tseretopoulos and Robert E. Wade are Trustees of the Fund who are currently serving and whose terms of office continued after the Annual Meeting of Shareholders.





TEMPLETON EMERGING MARKETS FUND

## Dividend Reinvestment and Cash Purchase Plan

The Fund offers a Dividend Reinvestment and Cash Purchase Plan (the Plan ) with the following features:

Shareholders must affirmatively elect to participate in the Plan. If you decide to use this service, share dividends and capital gains distributions will be reinvested automatically in shares of the Fund for your account. Computershare Shareowner Services, LLC, P.O. Box 30170, College Station, TX, 77842-3170, will provide additional Plan information upon request.

Whenever the Fund declares dividends in either cash or shares of the Fund, if the market price is equal to or exceeds net asset value at the valuation date, the participant will receive the dividends entirely in new shares at a price equal to the net asset value, but not less than 95% of the then current market price of the Fund's shares. If the market price is lower than net asset value or if dividends and/or capital gains distributions are payable only in cash, the participant will receive shares purchased on the New York Stock Exchange or otherwise on the open market.

A participant has the option of submitting additional cash payments to the Plan Administrator, in any amounts of at least \$100, up to a maximum of \$5,000 per month, for the purchase of Fund shares for his or her account. These payments can be made by check payable to Computershare Trust Company, N.A. (formerly, The Bank of New York Mellon) (the Plan Administrator ) and sent to Computershare Shareowner Services, LLC, P.O. Box 30170, College Station, TX, 77842-3170, Attention: Templeton Emerging Markets Fund. The Plan Administrator will apply such payments (less a \$5.00 service charge and less a pro rata share of trading fees) to purchases of Fund shares on the open market.

The automatic reinvestment of dividends and/or capital gains does not relieve the participant of any income tax that may be payable on dividends or distributions.

Whenever shares are purchased on the New York Stock Exchange or otherwise on the open market, each participant will pay a pro rata portion of trading fees. Trading fees will be deducted from amounts to be invested. The Plan Administrator's fee for a sale of shares through the Plan is \$15.00 per transaction plus a \$0.12 per share trading fee.

A participant may withdraw from the Plan without penalty at any time by written notice to the Plan Administrator sent to Computershare Shareowner Services, LLC, P.O. Box 30170, College Station, TX, 77842-3170. Upon withdrawal, the participant will receive, without charge, share certificates issued in the participant's name for all full shares held by the Plan Administrator; or, if the participant wishes, the Plan Administrator will sell the participant's shares and send the proceeds to the participant, less a service charge of \$15.00 and less trading fees of \$0.12 per share. The Plan Administrator will convert any fractional shares held at the time of withdrawal to cash at the current market price and send a check to the participant for the net proceeds.

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TEMPLETON EMERGING MARKETS FUND

### Transfer Agent

Computershare Shareowner Services, LLC  
P.O. Box 30170  
College Station, TX 77842-3170

Overnight Address:  
211 Quality Circle, Suite 210  
College Station, TX 77845

(800) 416-5585  
[www.computershare.com/investor](http://www.computershare.com/investor)

### Direct Deposit Service for Registered Shareholders

Cash distributions can now be electronically credited to a checking or saving account at any financial institution that participates in the Automated Clearing House (ACH) system. The Direct Deposit service is provided for registered shareholders at no charge. To enroll in the service, access your account online by going to [www.computershare.com/investor](http://www.computershare.com/investor) or dial (800) 416-5585 (toll free) and follow the instructions. Direct Deposit will begin with the next scheduled distribution payment date following enrollment in the service.

### Direct Registration

If you are a registered shareholder of the Fund, purchases of shares of the Fund can be electronically credited to your Fund account at Computershare Shareowner Services, LLC through Direct Registration. This service provides shareholders with a convenient way to keep track of shares through book entry transactions, electronically move book-entry shares between broker-dealers, transfer agents and DRS eligible issuers, and eliminate the possibility of lost certificates. For additional information, please contact Computershare Shareowner Services, LLC at (800) 416-5585.

### Shareholder Information

Shares of Templeton Emerging Markets Fund are traded on the New York Stock Exchange under the symbol EMF. Information about the net asset value and the market price is published each Monday in the *Wall Street Journal*, weekly in *Barron's* and each Saturday in *The New York Times* and other newspapers. Daily market prices for the Fund's shares are published in the New York Stock Exchange Composite Transactions section of newspapers.

For current information about dividends and shareholder accounts, call (800) 416-5585. Registered shareholders can access their Fund account on-line with the *Investor ServiceDirect* website. For information go to Computershare Shareowner Services, LLC's web site at [www.computershare.com/investor](http://www.computershare.com/investor) and follow the instructions.

The daily closing net asset value as of the previous business day may be obtained when available by calling Franklin Templeton Fund Information after 7 a.m. Pacific time any business day at (800) DIAL BEN/342-5236. The Fund's net asset value and dividends are also listed on the NASDAQ Stock Market, Inc.'s Mutual Fund Quotation Service (NASDAQ MFQS).

Shareholders not receiving copies of reports to shareholders because their shares are registered in the name of a broker or a custodian can request that they be added to the Fund's mailing list, by writing Templeton Emerging Markets Fund, 100 Fountain Parkway, P.O. Box 33030, St. Petersburg, FL, 33733-8030.



## TEMPLETON EMERGING MARKETS FUND

## Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Fund, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton Investments fund complex are shown below. Generally, each board member serves a three-year term that continues until that person's successor is elected and qualified.

### Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Harris J. Ashton (1932)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 1992	138	Bar-S Foods (meat packing company) (1981-2010).

**Principal Occupation During at Least the Past 5 Years:**

Director of various companies; and **formerly**, Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).

<b>Ann Torre Bates (1958)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2008	36	Navient Corporation (loan management, servicing and asset recovery) (May 2014), Ares Capital Corporation (specialty finance company) (2010-present), United Natural Foods, Inc. (distributor of natural, organic and specialty foods) (2013-present), Allied Capital Corporation (financial services) (2003-2010) and SLM Corporation (Sallie Mae) (1997-2014).
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**Principal Occupation During at Least the Past 5 Years:**

Director of various companies; and **formerly**, Executive Vice President and Chief Financial Officer, NHP Incorporated (manager of multifamily housing) (1995-1997); and Vice President and Treasurer, US Airways, Inc. (until 1995).

<b>Frank J. Crothers (1944)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 1999	26	Talon Metals Corp. (mining exploration), Fortis, Inc. (utility holding company) and AML Foods Limited
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(retail distributors).

### Principal Occupation During at Least the Past 5 Years:

Director and Vice Chairman, Caribbean Utilities Company, Ltd.; director of various other private business and nonprofit organizations; and **formerly**, Chairman, Atlantic Equipment and Power Ltd. (1977-2003).

<b>Edith E. Holiday (1952)</b>	Lead	Trustee since	138	Hess Corporation (exploration and refining of oil and gas), H.J. Heinz
300 S.E. 2nd Street	Independent	1996 and Lead		Company (processed foods and allied products) (1994-2013), RTI
Fort Lauderdale, FL 33301-1923	Trustee	Independent		International Metals, Inc. (manufacture and distribution of titanium), Canadian
		Trustee		National Railway (railroad) and White
		since 2007		Mountains Insurance Group, Ltd.
				(holding company).

### Principal Occupation During at Least the Past 5 Years:

Director or Trustee of various companies and trusts; and **formerly**, Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison United States Treasury Department (1988-1989).

## TEMPLETON EMERGING MARKETS FUND

**Independent Board Members** (continued)

<b>Name, Year of Birth and Address</b>	<b>Length of Position Time Served</b>	<b>Number of Portfolios in Fund Complex Overseen by Board Member*</b>	<b>Other Directorships Held During at Least the Past 5 Years</b>
<b>J. Michael Luttig (1954)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee Since 2009	138	Boeing Capital Corporation (aircraft financing) (2006-2013).

**Principal Occupation During at Least the Past 5 Years:**

Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (aerospace company); and **formerly**,

Federal Appeals Court Judge, U.S. Court of Appeals for the Fourth Circuit (1991-2006).

<b>David W. Niemiec (1949)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee Since 2005	33	Emeritus Corporation (assisted living) (1999-2010) and OSI  Pharmaceuticals, Inc. (pharmaceutical products) (2006-2010).
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**Principal Occupation During at Least the Past 5 Years:**

Advisor, Saratoga Partners (private equity fund); and **formerly**, Managing Director, Saratoga Partners (1998-2001) and SBC Warburg Dillon Read (investment banking) (1997-1998); Vice Chairman, Dillon, Read & Co. Inc. (investment banking) (1991-1997); and Chief Financial Officer, Dillon, Read & Co. Inc. (1982-1997).

<b>Frank A. Olson (1932)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee Since 2003	138	Hess Corporation (exploration and refining of oil and gas) (1998-2013).
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**Principal Occupation During at Least the Past 5 Years:**

Director of various companies; and **formerly**, Chairman of the Board, The Hertz Corporation (car rental) (1980-2000) and Chief Executive Officer (1977-1999); and Chairman of the Board, President and Chief Executive Officer, UAL Corporation (airlines) (June December 1987).

<b>Larry D. Thompson (1945)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee Since 2005	138	Cbeyond, Inc. (business communi- cations provider) (2010-2012), The  Southern Company (energy company) (2010-2012) and Graham Holdings
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Company (*formerly*, The Washington Post Company) (education and media organization).

### Principal Occupation During at Least the Past 5 Years:

Executive Vice President Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-present);

and **formerly**, John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2011-2012); Senior Vice President

Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

**Constantine D. Tseretopoulos** Trustee Since 1999 26 None

(1954 )

300 S.E. 2nd Street  
Fort Lauderdale, FL  
33301-1923

### Principal Occupation During at Least the Past 5 Years:

Physician, Chief of Staff, owner and operator of the Lyford Cay Hospital (1987-present); director of various nonprofit organizations; and

**formerly**, Cardiology Fellow, University of Maryland (1985-1987); and Internal Medicine Resident, Greater Baltimore Medical Center (1982-1985).

**Robert E. Wade (1946)** Trustee Since 2006 43 El Oro Ltd (investments).

300 S.E. 2nd Street  
Fort Lauderdale, FL  
33301-1923

### Principal Occupation During at Least the Past 5 Years:

Attorney at law engaged in private practice (1972-2008) and member of various boards.

## TEMPLETON EMERGING MARKETS FUND

## Interested Board Members and Officers

			Number of Portfolios in	
Name, Year of Birth and Address	Position	Length of Time Served	Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years

**\*\*Gregory E. Johnson (1961)** Trustee Since 2007 148 None

One Franklin Parkway  
San Mateo, CA 94403-1906

### Principal Occupation During at Least the Past 5 Years:

Chairman of the Board, Member - Office of the Chairman, Director, President and Chief Executive Officer, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 44 of the investment companies in Franklin Templeton Investments; and Chairman, Investment Company Institute.

**\*\*Rupert H. Johnson, Jr. (1940)** Chairman of the Board and Trustee since 2013, and Vice President since 1996 138 None

One Franklin Parkway  
San Mateo, CA 94403-1906  
the Board and Trustee since 2013, and Vice President since 1996

### Principal Occupation During at Least the Past 5 Years:

Vice Chairman, Member - Office of the Chairman and Director, Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton Investments.

**Alison E. Baur (1964)** Vice President Since 2012 Not Applicable Not Applicable

One Franklin Parkway  
San Mateo, CA 94403-1906

### Principal Occupation During at Least the Past 5 Years:

Deputy General Counsel, Franklin Templeton Investments; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments.

**Laura F. Ferguson (1962)** Chief Executive Officer Since 2009 Not Applicable Not Applicable

One Franklin Parkway  
San Mateo, CA 94403-1906  
Finance and Administration

### Principal Occupation During at Least the Past 5 Years:

Senior Vice President, Franklin Templeton Services, LLC; and officer of 46 of the investment companies in Franklin Templeton Investments.

**Aliya S. Gordon (1973)** Vice President Since 2009 Not Applicable Not Applicable



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One Franklin Parkway  
San Mateo, CA 94403-1906

### Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; officer of 46 of the investment companies in Franklin Templeton Investments; and **formerly**, Litigation Associate, Steefel, Levitt & Weiss, LLP (2000-2004).

<b>Steven J. Gray (1955)</b>	Vice President	Since 2009	Not Applicable	Not Applicable
One Franklin Parkway San Mateo, CA 94403-1906				

### Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; Vice President, Franklin Templeton Distributors, Inc.; and Franklin Alternative Strategies Advisers, LLC; and officer of 46 of the investment companies in Franklin Templeton Investments.

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## TEMPLETON EMERGING MARKETS FUND

**Interested Board Members and Officers** (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in	
			Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Selena L. Holmes (1965)</b> 100 Fountain Parkway St. Petersburg, FL 33716-1205	Vice President AML Compliance	Since 2012	Not Applicable	Not Applicable

**Principal Occupation During at Least the Past 5 Years:**

Director, Global Compliance Monitoring; Chief Compliance Officer, Franklin Alternative Strategies Advisers, LLC; Vice President, Franklin Templeton Companies, LLC; and officer of 46 of the investment companies in Franklin Templeton Investments.

<b>Mark Mobius (1936)</b> 17th Floor, The Chater House 8 Connaught Road Central Hong Kong	President and Chief Executive Officer Investment Management	President since 1987 and Chief Executive Officer Investment Management since 2002	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Portfolio Manager of various Templeton advisory affiliates; Executive Chairman, Templeton Emerging Markets Group; and officer and/or director, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of six of the investment companies in Franklin Templeton Investments.

<b>Kimberly H. Novotny (1972)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2013	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Associate General Counsel, Franklin Templeton Investments; Vice President and Secretary, Fiduciary Trust International of the South; Vice President, Templeton Investment Counsel, LLC; Assistant Secretary, Franklin Resources, Inc.; and officer of 46 of the investment companies in Franklin Templeton Investments.

<b>Mark H. Otani (1968)</b> One Franklin Parkway San Mateo, CA 94403-1906	Treasurer, Chief Financial Officer and Chief	Since 2009	Not Applicable	Not Applicable
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Accounting  
Officer

### Principal Occupation During at Least the Past 5 Years:

Director, Global Fund Accounting Operations, Franklin Templeton Investments; and officer of 14 of the investment companies in Franklin Templeton Investments.

<b>Robert C. Rosselot (1960)</b>	Chief	Since 2013	Not Applicable	Not Applicable
300 S.E. 2nd Street	Compliance			
Fort Lauderdale, FL 33301-1923	Officer			

### Principal Occupation During at Least the Past 5 Years:

Director, Global Compliance, Franklin Templeton Investments; Vice President, Franklin Templeton Companies, LLC; officer of 46 of the investment companies in Franklin Templeton Investments; and **formerly**, Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).

<b>Karen L. Skidmore (1952)</b>	Vice President	Since 2009	Not Applicable	Not Applicable
One Franklin Parkway				
San Mateo, CA 94403-1906				

### Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; and officer of 46 of the investment companies in Franklin Templeton Investments.

TEMPLETON EMERGING MARKETS FUND

# Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Craig S. Tyle (1960)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable

## Principal Occupation During at Least the Past 5 Years:

General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments.

<b>Lori A. Weber (1964)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Secretary and Vice President	Secretary since 2013 and Vice President since 2011	Not Applicable	Not Applicable
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## Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; Vice President, Fiduciary Trust International of the South; and officer of 46 of the investment companies in Franklin Templeton Investments.

\*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton Investments fund complex. These portfolios have a common investment manager or affiliated investment managers.

\*\*Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin

Resources, Inc. (Resources), which is the parent company of the Fund's investment manager. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund

under the federal securities laws due to his position as officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

## The Sarbanes-Oxley Act of 2002 and Rules adopted by the U.S. Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit

Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined

that there is at least one such financial expert on the Audit Committee and has designated each of Ann Torre Bates and David W. Niemiec as an audit committee

financial expert. The Board believes that Ms. Bates and Mr. Niemiec qualify as such an expert in view of their extensive business background and experience.

Ms. Bates has served as a member of the Fund Audit Committee since 2008. She currently serves as a director of Navient Corporation (May 2014), Ares Capital

Corporation and United Natural Foods, Inc. and was formerly a director of SLM Corporation from 1997 to 2014 and Allied Capital Corporation from 2003 to 2010,

Executive Vice President and Chief Financial Officer of NHP Incorporated and Vice President and Treasurer of US Airways, Inc. Mr. Niemiec has served as a

member of the Fund Audit Committee since 2005, currently serves as an Advisor to Saratoga Partners and was formerly its Managing Director from 1998 to 2001.

Mr. Niemiec was formerly a director of Emeritus Corporation from 1999 to 2010 and OSI Pharmaceuticals, Inc. from 2006 to 2010, Managing Director of SBC

Warburg Dillon Read from 1997 to 1998, and was Vice Chairman from 1991 to 1997 and Chief Financial Officer from 1982 to 1997 of Dillon, Read & Co. Inc. As

a result of such background and experience, the Board believes that Ms. Bates and Mr. Niemiec have each acquired an understanding of generally accepted

accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves,

and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the

Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Bates

and Mr. Niemiec are independent Board members as that term is defined under the applicable U.S. Securities and Exchange Commission Rules and Releases

or the listing standards applicable to the Fund.

TEMPLETON EMERGING MARKETS FUND

## Shareholder Information

### Board Review of Investment Management Agreement

At a meeting held May 15, 2014, the Board of Trustees (Board), including a majority of non-interested or independent Trustees, approved renewal of the investment management agreement for the Fund. In reaching this decision, the Board took into account information furnished throughout the year at regular Board meetings, as well as information prepared specifically in connection with the annual renewal review process. Information furnished and discussed throughout the year included investment performance reports on the Fund, information on its share price discount to net asset value, and other related financial information, as well as periodic reports on expenses, legal and compliance matters, pricing, brokerage commissions and execution and other services provided by the Investment Manager (Manager) and its affiliates. Information furnished specifically in connection with the renewal process included a report prepared by Lipper, Inc. (Lipper), an independent organization, as well as additional material, including a Fund profitability analysis prepared by management. The Lipper reports compared the Fund's investment performance and expenses with those of other funds deemed comparable to the Fund as selected by Lipper. The Fund profitability analysis discussed the profitability to Franklin Templeton Investments from its overall U.S. fund operations, as well as on an individual fund-by-fund basis. Additional material accompanying such profitability analysis included information on a fund-by-fund basis listing portfolio managers and other accounts they manage, as well as information on management fees charged by the Manager and its affiliates to U.S. funds and other accounts, including management's explanation of differences where relevant. Such material also included a memorandum prepared by management describing project initiatives and capital investments relating to the services provided to the Fund by the Franklin Templeton Investments organization, as well as a memorandum relating to economies of scale.

In considering such materials, the independent Trustees received assistance and advice from and met separately with independent counsel. In approving continuance of the investment management agreement for the Fund, the Board, including a majority of independent Trustees, determined that the existing management fee structure was fair and reasonable and that continuance of the investment management agreement was in the best interests of the Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's decision.

#### NATURE, EXTENT AND QUALITY OF SERVICES.

The Board was satisfied with the nature and quality of the overall services provided by the Manager and its affiliates to the Fund and its shareholders. In addition to investment performance and expenses discussed later, the Board's opinion was based, in part, upon periodic reports furnished it showing that the investment policies and restrictions for the Fund were consistently complied with as well as other reports periodically furnished the Board covering matters such as the compliance of portfolio managers and other management personnel with the code of ethics adopted throughout the Franklin Templeton fund complex, the adherence to fair value pricing procedures established by the Board, and the accuracy of net asset value calculations. Favorable consideration was given to management's continual efforts and expenditures in establishing back-up systems and recovery procedures to function in the event of a natural disaster, it being noted that such systems and procedures had functioned well during the Florida hurricanes and blackouts experienced in previous years, and that those operations in the New York/New Jersey area ran smoothly during the period of the 2012 Hurricane Sandy. Among other factors taken into account by the Board were the Manager's best execution trading policies, including a favorable report by an independent portfolio trading analytical firm, which also covered FOREX transactions. Consideration was also given to the experience of the Fund's portfolio management team, the number of accounts managed and general method of compensation. In this latter respect, the Board noted that a primary factor in management's determination of the level of a portfolio manager's bonus compensation was the relative investment performance of the funds he or she managed and that a portion of such bonus was required to be invested in a predesignated list of funds within such person's fund management area so as to be aligned with the interests of shareholders. Particular attention was given to management's conservative approach and diligent risk management procedures, including continual monitoring of counterparty credit risk and attention given to derivatives and other complex instruments including expanded collateralization requirements. The Board also took into account, among other things, the strong financial position of the Manager's parent company and its commitment to the fund business as evidenced by its subsidization of money market funds.

TEMPLETON EMERGING MARKETS FUND

SHAREHOLDER INFORMATION

**INVESTMENT PERFORMANCE.** The Board placed significant emphasis on the investment performance of the Fund in view of its importance to shareholders. While consideration was given to performance reports and discussions with portfolio managers at Board meetings during the year, particular attention in assessing performance was given to the Lipper reports furnished for the agreement renewal. The Lipper report for the Fund showed its investment performance for the one-year period ended February 28, 2014, as well as the previous 10 years ended that date in comparison to a performance universe consisting of the Fund and all other closed-end non-leveraged emerging markets funds as selected by Lipper. Such report considers total return on a fund net asset value basis without regard to market discounts or premiums to accurately reflect investment performance. On a comparative basis, the Lipper report showed the Fund's total return for the one-year period to be in the second-lowest performing quintile of the performance universe, but on an annualized basis to be in the middle performing quintile of such universe for the previous three-year period, and the second-highest performing quintile of such universe for each of the previous five- and 10-year periods. The Board discussed with management the reasons for the Fund's one-year underperformance, which was deemed largely attributable to the Fund's long-term value and low turnover investment approach being out of favor in current market conditions, but found the Fund's overall comparative investment performance as shown in the Lipper report to be acceptable.

**COMPARATIVE EXPENSES.** Consideration was given to a comparative analysis of the management fee and total expense ratio of the Fund compared with those of a group of other funds selected by Lipper as its appropriate Lipper expense group. Lipper expense data is based upon information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Lipper to be an appropriate measure of comparative expenses. In reviewing comparative costs, Lipper provides information on the Fund's investment contractual management fee rate in comparison with the investment contractual management fee rate that would have been charged by the other funds within the Lipper expense group assuming they were similar in size to the Fund, as well as the actual total expense ratio of the Fund in comparison with those of such other funds. The Lipper contractual investment management fee analysis considers administrative

fees to be part of management fees. The Lipper expense group was composed of six funds, including the Fund, and the results of such expense comparison showed the Fund's investment contractual management fee rate to be the second highest in such expense group, but within 13 basis points of the expense group median, and its actual total expense ratio to be below the expense group median. The Board found such comparative expenses to be acceptable.

**MANAGEMENT PROFITABILITY.** The Board also considered the level of profits realized by the Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board reviewed the Fund profitability analysis that addresses the overall profitability of Franklin Templeton's U.S. fund business, as well as its profits in providing management and other services to each of the individual funds during the 12-month period ended September 30, 2013, being the most recent fiscal year-end for Franklin Resources, Inc., the Manager's parent. In reviewing the analysis, the Board recognized that allocation methodologies are inherently subjective and various allocation methodologies may be reasonable while producing different results. In this respect, the Board noted that while management continually makes refinements to its methodologies in response to organizational and product related changes, the overall approach as defined by the primary drivers and activity measurements has remained consistent with that used in the Fund's profitability report presentations from prior years. Additionally, the Fund's independent registered public accounting firm had been engaged by the Manager to periodically review the reasonableness of the allocation methodologies to be used solely by the Fund's Board in reference to the profitability analysis. In reviewing and discussing such analysis, management discussed with the Board its belief that costs incurred in establishing the infrastructure necessary for the type of fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to the Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. In addition, the Board considered a third-party study comparing the profitability of the Manager's parent on an overall basis to other publicly held managers broken down to show profitability from management operations exclusive of distribution expenses, as well as profitability including distribution expenses. The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from fund operations, as well as potential benefits resulting from allocation of fund brokerage and the use of commission dollars to pay for research. Based

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upon its consideration of all these factors, the Board determined that the level of profits realized by the Manager and its affiliates from providing services to the Fund was not excessive in view of the nature, quality and extent of services provided.

**ECONOMIES OF SCALE.** The Board also considered whether the Manager realizes economies of scale as the Fund grows larger and the extent to which any such benefit is shared with the Fund and its shareholders. The Board believed that a manager's ability to realize economies of scale and the sharing of such benefit is a more relevant consideration in the case of an open-end fund whose size increases as a result of the continuous sale of its shares. A closed-end investment company such as the Fund does not continuously offer shares, and growth following its initial public offering will primarily result from market appreciation, which benefits its shareholders. The Fund's current investment management advisory fee schedule provides a rate of 1.25% of the first \$1 billion of Fund net assets; 1.20% on the next \$4 billion of Fund net assets; 1.15% on the next \$5 billion of Fund net assets; 1.10% on the next \$5 billion of Fund net assets; 1.05% on the next \$5 billion of Fund net assets; and 1.0% on Fund net assets in excess of \$20 billion. At the end of 2013, the Fund's net assets were approximately \$327 million, and to the extent economies of scale arise from future asset growth, the Board believes such fee schedule provides a sharing of benefits with the Fund and its shareholders.

## Proxy Voting Policies and Procedures

The Fund's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Fund uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Fund's complete Policies online at [franklintempleton.com](http://franklintempleton.com). Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Fund's proxy voting records are also made available online at [franklintempleton.com](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://sec.gov) and reflect the most recent 12-month period ended June 30.

## Quarterly Statement of Investments

The Fund files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at [sec.gov](http://sec.gov). The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

## Certifications

The Fund's Chief Executive Officer—Finance and Administration is required by the New York Stock Exchange's Listing Standards to file annually with the Exchange a certification that she is not aware of any violation by the Fund of the Exchange's Corporate Governance Standards applicable to the Fund. The Fund has filed such certification.

In addition, the Fund's Chief Executive Officer—Finance and Administration and Chief Financial Officer and Chief Accounting Officer are required by the rules of the U.S. Securities and Exchange Commission to provide certain certifications with respect to the Fund's Form N-CSR and Form N-CSRS (which include the Fund's annual and semiannual reports to shareholders) that are filed semiannually with the Commission. The Fund has filed such certifications with its Form N-CSRS for the six months ended February 28, 2014. Additionally, the Fund expects to file, on or about October 30, 2014, such certifications with its Form N-CSR for the 12 months ended August 31, 2014.



**Transfer Agent**

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Hearing Impaired phone number: (800) 231-5469

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**Fund Information**

(800) DIAL BEN<sup>®</sup> / 342-5236

Investors should be aware that the value of investments made for the Fund may go down as well as up. Like any investment in securities, the value of the Fund's portfolio will be subject to the risk of loss from market, currency, economic, political and other factors. The Fund and its investors are not protected from such losses by the investment manager. Therefore, investors who cannot accept this risk should not invest in shares of the Fund.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.

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**Item 2. Code of Ethics.**

(a) The Registrant has adopted a code of ethics that applies to its principal executive officers and principal financial and accounting officer.

(c) N/A

(d) N/A

(f) Pursuant to Item 12(a)(1), the Registrant is attaching as an exhibit a copy of its code of ethics that applies to its principal executive officers and principal financial and accounting officer.

**Item 3. Audit Committee Financial Expert.**

(a)(1) The Registrant has an a