

TEMPLETON EMERGING MARKETS FUND
Form N-CSR
November 03, 2016

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. 2nd 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: 8/31/16

Item 1. Reports to Stockholders.

Annual Report
August 31, 2016

Templeton Emerging Markets Fund

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.

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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, 2016.

Your Fund's Goal and Main Investments

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

Performance Overview

The Fund delivered cumulative total returns of +22.57% based on market price and +16.33% 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.

Economic and Market Overview

The global economy grew moderately during the 12 months under review amid a generally weak recovery in developed markets and slowing growth in emerging markets. Nonetheless, emerging market economies overall continued to grow faster than developed market economies. China's economy expanded at a less robust pace but appeared to stabilize in 2016's first half, aided by fiscal and monetary stimulus measures. India's economy grew strongly through most of the period but cooled in 2016's second quarter due to slower private consumption growth and declining fixed investment. Russia's economic contraction eased in 2016's first half as crude oil prices began to recover and industrial production improved. Although Brazil remained in recession, the pace of its quarterly economic contraction slowed in 2016's first half as investments grew in the second quarter. Among other emerging markets, Indonesia's and South Korea's economies showed signs of improvement, while Malaysia's and the Czech Republic's economies moderated.

Several emerging market central banks, including those of Mexico, Chile and South Africa, raised their benchmark interest rates to control inflation and support their currencies, while some, including those of South Korea, Hungary and

Indonesia, lowered their benchmark interest rates to promote economic growth. The Reserve Bank of India cut its benchmark interest rate to a five-year low and took steps to increase monetary liquidity. The Bank of Russia reduced its key interest rate in June, citing lower inflation expectations amid an economic recession. The People's Bank of China (PBOC) cut its benchmark interest rate and employed other monetary easing measures that included cutting the cash reserve requirement ratio for the country's banks and effectively devaluing the renminbi against the U.S. dollar.

The 12-month period began during heightened global financial market volatility triggered by the PBOC's unexpected currency devaluation in August 2015 that contributed to investor anxiety about China's moderating economic growth and commodity demand. After rallying in October 2015, emerging market stocks experienced some sell-offs through mid-February 2016 amid investor concerns about the direction of the U.S. Federal Reserve's (Fed's) monetary policy, a plunge in China's domestic equity market in January, a collapse in crude oil prices and moderating global economic growth. However, emerging market stocks generally trended higher beginning in late January as prices of many commodities rose, the PBOC implemented further monetary stimulus measures, Greece finalized a new debt deal with its creditors and Brazil impeached President Dilma Rousseff. Toward period-end, the U.K.'s referendum vote to leave the European Union, weaker commodity prices and the Fed's indication of a potential rate

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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 10.

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increase weighed on investor sentiment. However, emerging market stocks overall rebounded by period-end due to additional monetary easing measures by many central banks, notably the Bank of Japan and the Bank of England. In this environment, emerging market stocks, as measured by the MSCI Emerging Markets Index, generated a +12.25% total return, with all major regions posting positive returns.1

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 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.

Manager's Discussion

During the 12 months under review, key contributors to the Fund's absolute performance included investments in Compania de Minas Buenaventura (Buenaventura), Samsung Electronics and Astra International.

Buenaventura, Peru's largest precious metals company, is a major holder of mining rights in the country. It is engaged in the mining, processing, development and exploration of gold and silver primarily, as well as zinc, lead and copper. Buenaventura reported strong second quarter 2016 results, driven by improved production and lower costs. A rebound in metal prices further supported investor sentiment in the company's stock.

Samsung Electronics is a major global electronics manufacturer with leading positions in several products in terms of pricing and quality through its vertically integrated business model. The South Korea-based company reported solid corporate results in 2016's first two quarters that exceeded market expectations, arising from increased sales and successful cost-cutting measures.

Astra International is an Indonesian conglomerate with investments in the automotive, financial services, agribusiness,

TEMPLETON EMERGING MARKETS FUND

Top 10 Countries

8/31/16

	% of Total Net Assets
China	15.0 %
South Korea	14.4 %
Brazil	8.8 %
Taiwan	8.8 %
Russia	8.2 %
India	7.1 %
Thailand	6.2 %
Indonesia	4.8 %
South Africa	4.7 %
U.K.	4.3 %

mining and infrastructure industries. Its automotive division produces cars and motorcycles under license from global manufacturers, notably Toyota Motor, Isuzu Motors and Honda Motor. Improvement in the company's automobile and infrastructure divisions offset weakness in the financial services and heavy machinery divisions in 2016's first half.

In contrast, key stock detractors from the Fund's absolute performance included positions in Brilliance China Automotive Holdings, Hyundai Development Co., Engineering & Construction (Hyundai Development) and PetroChina.

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Brilliance China Automotive is a major Chinese automobile manufacturer that has a joint venture with German luxury automobile manufacturer BMW to produce and sell BMW 3-series and 5-series models in China. Reduced earnings reported in 2016's first quarter, resulting from a sales decline and higher-than-expected selling expenses, hurt the company's share price in early 2016. Market sentiment improved later in the period, however, as many investors expected that new product launches could drive sales and profitability in 2016's second half.

Hyundai Development is one of South Korea's leading residential property developers. With its strong IPARK brand name, the company is one of the largest participants in the country's residential construction business. The company benefited from a turnaround in 2014 and 2015's first half, but third quarter 2015 earnings results came in below market expectations, hurting its share price in late 2015. Although its stock price rebounded in the reporting period's latter part due to

1. Source: Morningstar.

The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

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TEMPLETON EMERGING MARKETS FUND

Top 10 Holdings

8/31/16

Company	% of Total
Sector/Industry, Country	Net Assets
Brilliance China Automotive Holdings Ltd.	6.1 %
<i>Automobiles, China</i>	
Samsung Electronics Co. Ltd.	5.8 %
<i>Technology Hardware, Storage & Peripherals, South Korea</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	5.3 %
<i>Semiconductors & Semiconductor Equipment, Taiwan</i>	
Unilever PLC	4.3 %
<i>Personal Products, U.K.</i>	
Naspers Ltd.	3.8 %
<i>Media, South Africa</i>	
LUKOIL PJSC	3.4 %
<i>Oil, Gas & Consumable Fuels, Russia</i>	
Compania de Minas Buenaventura SA	3.4 %
<i>Metals & Mining, Peru</i>	
Itau Unibanco Holding SA	3.0 %
<i>Banks, Brazil</i>	
Astra International Tbk PT	3.0 %
<i>Automobiles, Indonesia</i>	
Hyundai Development Co-Engineering & Construction	2.1 %
<i>Construction & Engineering, South Korea</i>	

strong operating earnings in 2016's second quarter, it remained below the October 2015 period high.

PetroChina is a leading Chinese energy company with a range of operations encompassing the exploration and production, transmission, refining and marketing of oil and gas. A decline in oil prices and investor concerns that a slowdown in China's economy could dampen oil demand trends hurt investor sentiment in the stock.

During the reporting period, we increased the Fund's investments in Taiwan, South Korea, Russia, India and South Africa as we identified companies in these countries with fundamentals we considered attractive. Additionally, we initiated exposures to several countries, notably Saudi Arabia² and Hungary. In sector terms, we increased investments largely in information technology (IT) and initiated exposures to health care and telecommunication services.³ Key purchases included new positions in the aforementioned Samsung Electronics; Taiwan Semiconductor Manufacturing (TSMC), the world's largest independent integrated circuit foundry; and Naspers, a South Africa-listed diversified global media group with interests in Internet services companies, pay television and print media.

Conversely, we conducted some sales to raise funds for income and capital gain distributions, as well as to seek to take advantage of opportunities we considered to be more attractively priced within our investment universe. We made some sales in Brazil and reduced holdings

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largely in Thailand, Pakistan and China, mainly through China H shares.⁴ In sector terms, we made some sales in consumer discretionary and reduced holdings largely in financials and energy.⁵ In addition to closing the Fund's position in the aforementioned PetroChina, key sales included trimming positions in Kasikornbank, a Thai commercial bank, and Dairy Farm International Holdings, a Hong Kong-based regional supermarket, drug store and convenience store operator.

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

Sincerely,

Mark Mobius Executive Chairman

Templeton Emerging Markets Group

2. Investments were made through participatory notes, which are equity access products structured as debt obligations and are issued or backed by banks and broker-dealers and designed to replicate equity market exposure in markets where direct investment is either impossible or difficult due to local investment restrictions.

3. The IT sector comprises communications equipment; electronic equipment, instruments and components; Internet software and services; IT services; semiconductors and semiconductor equipment; software; and technology hardware, storage and peripherals in the SOI. The health care sector comprises pharmaceuticals in the SOI. The telecommunications services sector comprises diversified telecommunication services and wireless telecommunication services in the SOI.

4. "China H" denotes shares of China-incorporated, Hong Kong Stock Exchange-listed companies with most businesses in China.

5. The consumer discretionary sector comprises auto components; automobiles; hotels, restaurants and leisure; Internet and direct marketing; media; multiline retail; specialty retail; and textiles, apparel and luxury goods in the SOI. The financials sector comprises banks, capital markets and diversified financial services in the SOI. The energy sector comprises energy equipment and services and oil, gas and consumable fuels in the SOI.

See www.franklintempletondatasources.com for additional data provider information.

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The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2016, 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.

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TEMPLETON EMERGING MARKETS FUND

Performance Summary as of August 31, 2016

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 gains distributions, if any, or any realized gains on the sale of Fund shares.

Share Prices

Symbol: EMF		8/31/16		8/31/15		Change
Net Asset Value (NAV)	\$	13.92	\$	13.34	+\$	0.58
Market Price (NYSE)	\$	12.56	\$	11.56	+\$	1.00

Distributions¹

(9/1/15 - 8/31/16)

Share Class		Dividend Income		Short-Term Capital Gain		Long-Term Capital Gain		Total
Single	\$	0.3125	\$	0.0073	\$	0.9578	\$	1.2776

Performance²

	Cumulative Total Return ³		Average Annual Total Return ³		Average Annual Total Return (9/30/16) ⁴	
	Based on	Based on	Based on	Based on	Based on	Based on
	NAV ⁵	market price ⁶	NAV ⁵	market price ⁶	NAV ⁵	market price ⁶
1-Year	+16.33 %	+ 22.57 %	+16.33 %	+ 22.57 %	+ 28.00 %	+ 29.18 %
5-Year	-14.11 %	-15.25 %	-3.00 %	-3.25 %	+ 1.23 %	+ 0.84 %
10-Year	+51.54 %	+ 54.32 %	+4.24 %	+ 4.43 %	+ 4.55 %	+ 4.36 %

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.

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TEMPLETON EMERGING MARKETS FUND PERFORMANCE SUMMARY

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 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 distribution amount is the sum of the dividend payments to shareholders for the period shown and includes only estimated tax-basis net investment income and capital gain.
2. The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through its current fiscal year-end. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.
3. Total return calculations represent the cumulative and average annual changes in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
4. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
5. Assumes reinvestment of distributions based on net asset value.
6. Assumes reinvestment of distributions based on the dividend reinvestment and cash purchase plan.

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TEMPLETON EMERGING MARKETS FUND

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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Financial Highlights

	Year Ended August 31,				
	2016	2015	2014	2013	2012
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$ 13.34	\$ 20.91	\$ 18.98	\$ 19.24	\$ 21.97
Income from investment operations:					
Net investment income ^a	0.19	0.21	0.29 ^b	0.26	0.28
Net realized and unrealized gains (losses)	1.67	(6.60)	3.33	(0.06)	(2.67)
Total from investment operations	1.86	(6.39)	3.62	0.20	(2.39)
Less distributions from:					
Net investment income	(0.31)	(0.31)	(0.44)	(0.29)	(0.28)
Net realized gains	(0.97)	(0.87)	(1.25)	(0.17)	(0.06)
Total distributions	(1.28)	(1.18)	(1.69)	(0.46)	(0.34)
Repurchase of shares			^c	^c	
Net asset value, end of year.	\$ 13.92	\$ 13.34	\$ 20.91	\$ 18.98	\$ 19.24
Market value, end of year ^d	\$ 12.56	\$ 11.56	\$ 19.13	\$ 17.27	\$ 17.50
Total return (based on market value per share)	22.57 %	(34.94)%	21.47 %	0.96 %	(13.34)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.39 %	1.37 %	1.36 %	1.37 %	1.37 %
Expenses net of waiver and payments by affiliates	1.38 %	1.37 % ^e	1.36 % ^e	1.37 %	1.37 %
Net investment income	1.49 %	1.19 %	1.49 % ^b	1.25 %	1.42 %
Supplemental data					
Net assets, end of year (000 s)	\$ 250,642	\$ 240,289	\$ 376,574	\$ 342,418	\$ 347,999
Portfolio turnover rate	42.16 %	18.92 %	12.42 %	6.21 %	2.10 %

^aBased on average daily shares outstanding.

^bNet investment income per share includes approximately \$0.04 per share related to income received in the form of special dividends in connection with certain Fund

holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.27%.

^cAmount rounds to less than \$0.01 per share.

^dBased on the last sale on the New York Stock Exchange.

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^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

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The accompanying notes are an integral part of these financial statements. | Annual Report 9

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Statement of Investments, August 31, 2016

	Industry	Shares	Value
Common Stocks 89.6%			
Argentina 0.3%			
MercadoLibre Inc	Internet Software & Services	4,200	\$ 722,400
Brazil 4.2%			
CETIP SA - Mercados Organizados	Capital Markets	121,500	1,644,613
Cia Hering	Specialty Retail	719,900	3,978,075
Lojas Americanas SA	Multiline Retail	395,760	1,712,514
M Dias Branco SA	Food Products	49,700	1,862,721
Mahle-Metal Leve SA	Auto Components	104,000	760,241
Totvs SA	Software	56,700	526,878
			10,485,042
Cambodia 0.2%			
NagaCorp Ltd	Hotels, Restaurants & Leisure	730,000	516,613
China 15.0%			
^a Alibaba Group Holding Ltd., ADR	Internet Software & Services	28,500	2,769,915
^a Baidu Inc., ADR.	Internet Software & Services	18,032	3,084,734
Brilliance China Automotive Holdings Ltd	Automobiles	13,392,900	15,313,274
China Petroleum and Chemical Corp., H.	Oil, Gas & Consumable Fuels	7,033,000	5,104,096
COSCO Shipping Ports Ltd	Transportation Infrastructure	423,400	458,459
Guangzhou Automobile Group Co. Ltd., H	Automobiles	378,034	520,442
NetEase Inc., ADR.	Internet Software & Services	15,700	3,327,929
Shenzhen Chiwan Wharf Holdings Ltd., B	Transportation Infrastructure	246,556	389,015
Tencent Holdings Ltd	Internet Software & Services	105,900	2,754,780
Uni-President China Holdings Ltd	Food Products	2,788,000	1,987,411
Win Hanverky Holdings Ltd	Textiles, Apparel & Luxury Goods	11,592,800	1,942,681
			37,652,736
Hong Kong 3.4%			
Dairy Farm International Holdings Ltd	Food & Staples Retailing	625,300	4,483,401
MGM China Holdings Ltd	Hotels, Restaurants & Leisure	782,800	1,204,828
Victory City International Holdings Ltd	Textiles, Apparel & Luxury Goods	17,217,906	721,329
VTech Holdings Ltd	Communications Equipment	182,100	