

TEMPLETON EMERGING MARKETS FUND
Form N-CSRS
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-CSRS

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: 2/28/14

Item 1. Reports to Stockholders.

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Top 10 Countries

Based on Equity Investments as of 2/28/14

	% of Total Net Assets
China	22.3 %
Thailand	14.6 %
Brazil	10.6 %
India	8.9 %
Hong Kong	8.3 %
Indonesia	7.4 %
Russia	7.2 %
South Korea	5.2 %
Turkey	4.0 %
Pakistan	2.8 %

Emerging markets performed well in the period's first half as tension surrounding Syria was defused, the U.S. Federal Reserve Board (Fed) delayed reducing its asset purchase program, and the Chinese government announced social, economic and financial reforms. However, emerging markets experienced heightened volatility later in the period as investors grew concerned about the Fed's reduction of its monthly asset purchases beginning in January 2014, China's moderating economic growth, sharp devaluation of several emerging market currencies and political unrest in Thailand, Turkey and Ukraine. Further pressuring emerging market stocks was the People's Bank of China's (PBOC's) liquidity tightening to curb lending by banks and non-bank institutions, although the PBOC provided temporary liquidity at times. The central banks of several emerging market countries, including Brazil, India, South Africa and Turkey, raised interest rates in response to rising inflation and weakening currencies. Despite mixed economic data globally, emerging market stocks rallied in February as many investors believed that the recent sell-off provided buying opportunities.

For the six months ended February 28, 2014, emerging market stocks, as measured by the MSCI Emerging Markets Index, posted a +4.88% total return in U.S. dollar terms, although several emerging market currencies weakened.^{1, 2} Asia outperformed, led by India, the Philippines, South Korea and Malaysia. Europe ended the period relatively flat, as gains in Greece, Poland and the Czech Republic offset losses in Turkey, Hungary and Russia. Latin America underperformed, as weakness in some commodities and local currencies contributed to stock declines in Colombia, Chile and Brazil.

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.

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.

Performance Overview

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Templeton Emerging Markets Fund delivered cumulative total returns of +4.51% based on market price and +1.60% based on net asset value for the six months under review.

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Manager's Discussion

During the six months under review, key contributors to the Fund's absolute performance included Hyundai Development, one of South Korea's leading residential property developers; Tata Consultancy Services, one of India's largest information technology (IT) consulting companies; and Brilliance China Automotive Holdings, one of China's major automobile manufacturers.

Hyundai Development's share price rose as the property developer provided an encouraging 2014 outlook in its fourth-quarter 2013 earnings report, including a reduction in unsold housing units and signs of improvement in South Korea's housing market. The country's stock market in general benefited from South Korea's improving economy and a more positive global economic view in the latter part of 2013.

Tata Consultancy Services, in our view, is a well-managed and attractively valued operator in the IT outsourcing industry. In addition to benefiting from the Indian equity market's strong performance, Tata Consultancy's shares were supported by continued IT outsourcing growth and favorable currency developments. We trimmed the Fund's position in the company to realize gains and raise cash as we sought to take advantage of opportunities we considered to be more attractive within our investment universe.

Brilliance China has a joint venture with German luxury car maker BMW for the production and sale of BMW 3-series and 5-series cars and X1 sport utility vehicles in China. Better-than-expected first-half 2013 earnings results released prior to the reporting period led the automaker's share price to reach an all-time high in October 2013. We trimmed the Fund's position in the company to reduce concentration in the Fund's largest holding, realize profits and raise cash for dividend and capital gains distributions.

In contrast, key detractors from the Fund's absolute performance included VTech Holdings, a Hong Kong-based consumer electronic products company; Akbank, one of Turkey's largest banks; and Petrobras (Petroleo Brasileiro), Brazil's national oil and gas company.

VTech is one of the world's largest manufacturers and distributors of cordless telephones, electronic learning products (ELP) and other telecommunication products. Although ELP demand remained strong, disappointing sales in Europe and increasing competition in certain product segments contributed to a share price decline. In our view, the company's stable business, new product launches, high dividend yield and strong cash flow could support the company's long-term growth.

Top 10 Holdings

2/28/14

Company	% of Total
Sector/Industry, Country	Net Assets
Brilliance China Automotive Holdings Ltd. 11.0%	
<i>Automobiles, China</i>	
Dairy Farm International Holdings Ltd.	4.6 %
<i>Food & Staples Retailing, Hong Kong</i>	
Astra International Tbk PT	4.1 %
<i>Automobiles, Indonesia</i>	
Tata Consultancy Services Ltd.	3.8 %
<i>IT Services, India</i>	
Vale SA	3.8 %
<i>Metals & Mining, Brazil</i>	
Kasikornbank PCL	3.8 %
<i>Banks, Thailand</i>	
Siam Commercial Bank PCL	3.1 %
<i>Banks, Thailand</i>	
Kiatnakin Bank PCL	3.1 %
<i>Banks, Thailand</i>	
PetroChina Co. Ltd.	3.1 %
<i>Oil, Gas & Consumable Fuels, China</i>	
MCB Bank Ltd.	2.8 %
<i>Banks, Pakistan</i>	

Akbank declined in value amid the Turkish equity market's general weakness resulting from political instability and concerns about slowing economic growth. Weaker-than-expected earnings results, lira depreciation and pressures on net interest margins stemming from higher interest rates further pressured the bank's share price. We maintained a positive view on Akbank at period-end based on our analysis that its strong fundamentals, attractive valuations and good asset quality positioned it to potentially benefit from Turkey's long-term economic development.

Petrobras's share price weakened along with those of many emerging market oil and gas companies, resulting partly from currency depreciation. Lower-than-expected fuel price increases and a lack of clarity in the new fuel pricing formula also contributed to the company's share price decline. The Brazilian government's potential efforts to curb inflation leading up to the October 2014 general elections could limit further product price increases. However, we continued to hold shares in Petrobras at period-end because of its extensive oil reserve base and expectations for significantly higher production growth in the coming years.

During the period, our continued search for stocks we considered to be attractively valued led us to increase the Fund's investments in Indonesia, Thailand and Peru. We purchased additional shares in Bank Danamon Indonesia, one of the country's leading banks, and Buenaventura (Compania de Minas Buenaventura), Peru's largest precious metals company. Additionally, we initiated a position in Siam Commercial Bank, one of Thailand's largest banks.

Conversely, we undertook 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. We conducted some of the biggest sales in Brazil, India and China via

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China H and Red Chip shares.³ In addition to trimming the Fund's positions in Brilliance China Automotive Holdings and Tata Consultancy Services, we also reduced the Fund's investment in Russia-based Gazprom, the world's largest natural gas producer.

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

Mark Mobius
Executive Chairman
Templeton Emerging Markets Group

The foregoing information reflects our analysis, opinions and portfolio holdings as of February 28, 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.

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.

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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 with significant exposure to China.

Performance Summary as of 2/28/14

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.

Price and Distribution Information

Symbol: EMF		Change		2/28/14		8/31/13
Net Asset Value (NAV)		-\$ 1.34	\$	17.64	\$	18.98
Market Price (NYSE)		-\$ 0.81	\$	16.46	\$	17.27
Distributions (9/1/13 2/28/14)						
Dividend Income	\$	0.4381				
Long-Term Capital Gain	\$	1.2518				
Total	\$	1.6899				

Performance

		6-Month		1-Year		5-Year		10-Year
Cumulative Total Return ¹								
Based on change in NAV ²	+	1.60 %		-13.84 %	+	135.92 %	+	169.44 %
Based on change in market price ³	+	4.51 %		-12.04 %	+	145.68 %	+	145.72 %
Average Annual Total Return ¹								
Based on change in NAV ²	+	1.60 %		-13.84 %	+	18.73 %	+	10.42 %
Based on change in market price ³	+	4.51 %		-12.04 %	+	19.69 %	+	9.41 %
Average Annual Total Return (3/31/14) ⁴								
Based on change in NAV ²				-7.27 %	+	16.60 %	+	10.95 %
Based on change in market price ³				-8.70 %	+	15.28 %	+	9.93 %

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.

Performance Summary *(continued)*

All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency volatility, economic instability and political developments of countries where the Fund invests. The Fund's investments in emerging market

countries are subject to all of the risks of foreign investing generally, and have additional 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, including: delays

in settling portfolio securities transactions; currency and capital controls; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; 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.

1. Total return calculations represent the cumulative and average annual changes in value of an investment over the periods indicated. Six-month return has not been annualized.
2. Assumes reinvestment of distributions based on net asset value.
3. Assumes reinvestment of distributions based on the dividend reinvestment and cash purchase plan.
4. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.

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

	Six Months Ended		Year Ended August 31,			
	February 28, 2014 (unaudited)	2013	2012	2011	2010	2009
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$ 18.98	\$ 19.24	\$ 21.97	\$ 19.65	\$ 15.68	\$ 19.11
Income from investment operations:						
Net investment income ^a	0.06	0.26	0.28	0.22	0.15	0.19
Net realized and unrealized gains (losses)	0.29	(0.06)	(2.67)	2.25	3.96	(2.18)
Total from investment operations	0.35	0.20	(2.39)	2.47	4.11	(1.99)
Repurchase of shares	b	b				
Less distributions from:						
Net investment income	(0.44)	(0.29)	(0.28)	(0.15)	(0.14)	(0.30)
Net realized gains	(1.25)	(0.17)	(0.06)			(1.14)
Total distributions	(1.69)	(0.46)	(0.34)	(0.15)	(0.14)	(1.44)
Net asset value, end of period	\$ 17.64	\$ 18.98	\$ 19.24	\$ 21.97	\$ 19.65	\$ 15.68
Market value, end of period ^c	\$ 16.46	\$ 17.27	\$ 17.50	\$ 20.57	\$ 18.79	\$ 15.02
Total return (based on market value per share) ^d	4.51 %	0.96 %	(13.34)%	10.17 %	26.00 %	(1.27)%
Ratios to average net assetse						
Expenses	1.37 %	1.37 %	1.37 %	1.46		