

TEMPLETON EMERGING MARKETS FUND
Form N-CSR
October 31, 2017

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: 8/31/17

Item 1. Reports to Stockholders.

Annual Report

August 31, 2017

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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Visit franklintempleton.com/investor/products/products/closed-end-funds for fund updates, to access your account, or to find helpful financial planning tools.

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Not part of the annual report

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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, 2017.

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 +33.10% based on market price and +33.40% based on net asset value for the 12 months under review. You can find the Fund's long-term performance data in the Performance Summary beginning on page 6.

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

Emerging market economies in general continued to grow faster than developed market economies during the 12 months under review. China's economy grew faster in the first half of 2017 compared to the prior-year period, driven by solid growth in industrial production, services, fixed-asset investment, retail sales, and imports and exports. India's economy grew at a slower pace during the period, with the June 2017 quarter pressured by slower consumer spending and export growth. In the second quarter, Russia's economy grew at the fastest annualized rate in nearly five years, driven by growth in wholesale and retail trade, mining, manufacturing, and construction. Brazil's economy grew in the first two quarters of 2017 compared to the prior-year periods, following the recession in 2015–2016. After two quarterly declines, South Africa's gross domestic product grew in 2017's second quarter, driven by agriculture, forestry and fishing growth. Among other emerging markets, South Korea's, Taiwan's and Hungary's economies continued to grow.

Geographic Composition

Based on Total Net Assets as of 8/31/17

Several central banks, including those of Mexico and Turkey, raised their benchmark interest rates to control inflation, while some, including those of South Africa and Chile, lowered their benchmark interest rates to promote economic growth. The Bank of Russia reduced its key interest rate several times, noting at its July meeting that it still has the capacity to reduce rates over the next two quarters. Brazil's central bank cut its benchmark interest rate several times

during the period to spur economic growth. India's central bank reduced its benchmark interest rate in August due to slower inflation growth, after keeping it unchanged throughout most of the period. China's central bank left its benchmark interest rate unchanged during the period.

Emerging market stocks rose significantly during the 12 months under review, as corporate earnings growth and encouraging economic data from China and other emerging market countries helped offset investor concerns about lower commodity prices and geopolitical tensions in the Korean peninsula and other regions. Further supporting stocks were emerging market currencies' overall strength against the US dollar, subsiding concerns about the potential for a protectionist US trade policy, and investment inflows into emerging market equity funds. In this environment, emerging market stocks, as

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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measured by the MSCI Emerging Markets Index, generated a +24.99% total return for the 12 months ended August 31, 2017.¹

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 Brilliance China Automotive Holdings, Samsung Electronics and Taiwan Semiconductor Manufacturing Co. (TSMC).

Brilliance China Automotive manufactures and sells automobiles to the Chinese domestic market, predominantly through its joint venture with German luxury car manufacturer BMW. The company reported solid revenue and earnings growth for the first half of 2017, driven by strong sales volume growth. Brilliance China's plans to establish a new joint venture with French automobile manufacturer Renault and positive management guidance also drove its share price performance. Expectations for a continuation of strong sales momentum, supported by new vehicle launches, resilient luxury car demand and the continued rise of China's upper middle class further supported investor sentiment in the stock.

Samsung Electronics is a major South Korea-based manufacturer of consumer electronics. It is one of the world's largest manufacturers of mobile phones, smartphones, tablets and televisions. The company is also a leading supplier of memory chips for high-end phones and is a key provider of OLED (organic light-emitting diodes) displays. Samsung Electronics reported strong first-half 2017 corporate results, with record-high operating profits in the second quarter, driven by the semiconductors division. Proposed share buybacks, the announcement of a cancellation of all existing Treasury shares

Top 10 Countries

8/31/17

	% of Total Net Assets
China	21.9%
South Korea	15.1%
Taiwan	11.4%
Russia	8.5%

Brazil	7.0%
South Africa	6.9%
India	5.5%
Thailand	4.3%
Indonesia	4.1%
U.K.	3.5%

and strong demand for its new smartphones also supported investor sentiment.

TSMC is the world's largest independent integrated circuit foundry. Based in Taiwan, it produces a wide variety of semiconductors on an outsourced basis for other companies in the technology hardware and equipment industry. Its products are used in computers and other consumer electronics, including iPhones. High expectations for the upcoming iPhone models drove investor sentiment in the stock despite reports of a decline in second-quarter 2017 revenues. The development of emerging memory technologies to reduce power consumption and process costs also led investors to adopt a positive view on the company.

In contrast, key detractors from the Fund's absolute performance included positions in IMAX, Hyundai Development Co. Engineering & Construction and Tata Motors.

IMAX is one of the world's premier entertainment technology companies, specializing in immersive motion picture technologies. The US-based company combines proprietary software, theater architecture and equipment to create high quality motion picture experiences. Its systems are used globally, including a notable market position in China. Disappointing corporate results over the first two quarters of 2017 pressured its shares. Revenues and gross profit margin declined in the second quarter compared to the prior-year period. First-quarter gross margin was also down from the prior-year period, as box-office figures in early 2016 were helped by a stronger movie slate. The company announced a

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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cost-cutting program and proposed further share buybacks during the reporting period.

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. Its share price was relatively volatile during the period as investors reacted to quarterly company earnings reports. Below-consensus fourth-quarter 2016 operating profits, mainly due to higher expenses, weighed on investor sentiment. However, solid gross profit margins across various business segments resulted in higher-than-expected first-quarter 2017 operating earnings, leading to a share-price rebound. Its shares ended the reporting year on a low note, however, after second-quarter earnings missed the market's optimistic expectations.

Tata Motors is one of India's largest automobile companies, producing both commercial and passenger vehicles. It manufactures and sells products under the Tata brand, and it is also the owner of Jaguar Land Rover (JLR). The group also provides financing services for the vehicles it sells. Volatile earnings at Tata Motors during the period weighed on investor sentiment. However, infrastructure improvements and spending initiatives boosted demand for construction vehicles, leading some investors to remain positive on the longer-term outlook for the stock. Most recently, Tata Motors reported weaker-than-expected second-quarter 2017 corporate results, mainly due to disappointing JLR results. Lower volumes and gross profit margins, as well as higher expenses in areas such as marketing and new product launches, impacted earnings at JLR.

It is important to recognize the effect of currency movements on the Fund's performance. In general, if the value of the US dollar goes up compared with a foreign currency, an investment traded in that foreign currency will go down in value because it will be worth fewer US dollars. This can have a negative effect on Fund performance. Conversely, when the US dollar weakens in relation to a foreign currency, an investment traded in that foreign currency will increase in value, which can contribute to Fund performance. For the 12 months ended August 31, 2017, the US dollar rose in value relative to many currencies in which the Fund's investments were traded. As a result, the Fund's performance was negatively affected by the portfolio's investment predominantly in securities with non-US currency exposure.

Top 10 Holdings

8/31/17

Company	% of Total
Sector/Industry, Country	Net Assets
Brilliance China Automotive Holdings Ltd. <i>Automobiles, China</i>	7.8%
Samsung Electronics Co. Ltd. <i>Technology Hardware, Storage & Peripherals, South Korea</i>	6.5%
Naspers Ltd. <i>Media, South Africa</i>	5.8%
Taiwan Semiconductor Manufacturing Co. Ltd. <i>Semiconductors & Semiconductor Equipment, Taiwan</i>	5.3%
Alibaba Group Holding Ltd.	3.7%

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<i>Internet Software & Services, China</i>	
Unilever PLC	3.5%
<i>Personal Products, U.K.</i>	
LUKOIL PJSC	3.0%
<i>Oil, Gas & Consumable Fuels, Russia</i>	
Compania de Minas Buenaventura SA	2.9%
<i>Metals & Mining, Peru</i>	
Tencent Holdings Ltd.	2.7%
<i>Internet Software & Services, China</i>	
Hon Hai Precision Industry Co. Ltd.	2.4%
<i>Electronic Equipment, Instruments & Components, Taiwan</i>	

During the period, our continued search for investments with fundamentals we considered attractive led us to increase the Fund's investments in Mexico, South Africa, Taiwan and South Korea. In sector terms, we made purchases in information technology (IT), health care, financials and utilities.² Key purchases included additional investments in Naspers, a South African media conglomerate with a portfolio of emerging market assets in the field of internet services and online advertising, and Alibaba Group Holding, China's biggest e-commerce company. We also initiated investment in Grupo Financiero Santander Mexico, one of Mexico's largest financial services companies.

Conversely, we conducted some sales in Brazil, Hong Kong, Thailand and India to raise funds for income distribution, realize gains and seek to take advantage of opportunities we considered to be more attractively priced. In sector terms, we made some sales in consumer discretionary and reduced

2. The IT sector comprises 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 financials sector comprises banks, capital markets, diversified financial services and insurance in the SOI. The utilities sector comprises gas utilities in the SOI.

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holdings in energy, consumer staples and industrials.³ Key sales included closing the Fund's position in Indian oil and gas company Oil & Natural Gas. We also reduced holdings in the aforementioned Brilliance China Automotive and in Dairy Farm International Holdings, a Hong Kong-based regional supermarket, drugstore 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,

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2017, 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.

Chetan Sehgal is an executive vice president and the Director of Global Emerging Markets/Small Cap Strategies for the Templeton Emerging Markets Group. In this capacity, he is responsible for strengthening the overall Global Emerging Markets and Small Cap strategies, providing guidance and thought leadership, coordinating appropriate resources and coverage, and leveraging the group's expertise to add value across products within the strategies. Prior to joining Franklin Templeton in 1995, Mr. Sehgal was a senior ratings analyst for the Credit Rating Information Services of India, Ltd.

Mr. Sehgal earned a B.E. mechanical (honors) from the University of Bombay and a post-graduate diploma in management from the Indian Institute of Management in Bangalore, where he specialized in finance and business policy and graduated as an institute scholar. Mr. Sehgal speaks English and Hindi and is a Chartered Financial Analyst (CFA) charterholder.

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3. The consumer discretionary sector comprises auto components; automobiles; hotels, restaurants and leisure; internet and direct marketing retail; media; multiline retail; specialty retail; and textiles, apparel and luxury goods in the SOI. The energy sector comprises energy equipment and services and oil, gas and consumable fuels in the SOI. The consumer staples sector comprises beverages, food and staples retailing, food products and personal products in the SOI. The industrials sector comprises construction and engineering, trading companies and distributors, and transportation infrastructure in the SOI.

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

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Performance Summary as of August 31, 2017

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. 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.

Performance as of 8/31/17¹

	Cumulative Total Return ²		Average Annual Total Return ²	
	Based on NAV ³	Based on market price ⁴	Based on NAV ³	Based on market price ⁴
1-Year	+33.40%	+33.10%	+33.40%	+33.10%
5-Year	+28.58%	+30.16%	+5.16%	+5.41%
10-Year	+37.72%	+45.03%	+3.25%	+3.79%

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.

Distributions (9/1/16 - 8/31/17)

**Net Investment
Income**

\$0.1961

See page 7 for Performance Summary footnotes.

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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 in eligible China A shares (Stock Connect Securities) listed and traded on the Shanghai Stock Exchange through the Shanghai-Hong Kong Stock Connect program, as well as eligible China A shares listed and traded on the Shenzhen Stock Exchange through the Shenzhen-Hong Kong Stock Connect program (collectively, Stock Connect). However, trading through Stock Connect is subject to a number of restrictions that may affect the Fund's investments and returns. For example, investors in Stock Connect Securities are generally subject to Chinese securities regulations and the listing rules of the respective Exchange, among other restrictions. In addition, Stock Connect Securities generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. While Stock Connect is not subject to individual investment quotas, daily and aggregate investment quotas apply to all Stock Connect participants, which may restrict or preclude the Fund's ability to invest in Stock Connect Securities. Trading in the Stock Connect program is subject to trading, clearance and settlement procedures that are untested in China, which could pose risks to the Fund. Finally, the withholding tax treatment of dividends and capital gains payable to overseas investors currently is unsettled. The application and interpretation of the laws and regulations of Hong Kong and China, and the rules, policies or guidelines published or applied by relevant regulators and exchanges in respect of the Stock Connect program, are uncertain, and they may have a detrimental effect on the Fund's investments and returns.

The Fund may also invest a portion of its assets in Russian securities. The US 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 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 8/31/17. Fund investment results reflect the fee

waiver; without this waiver, 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. Return for less than one year, if any, has not been annualized.

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

4. 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.

Changes to Portfolio Management Team

Effective April 3, 2017, Chetan Sehgal, CFA, director of Global Emerging Markets/Small Cap Strategies for Templeton Emerging Markets Group (TEMG), assumed the role of lead portfolio manager for Templeton Emerging Markets Fund, replacing its four co-lead portfolio managers, Dr. Mobius, Allan Lam, director of Asia Strategy, Dennis Lim, emerging markets strategist, and Tom Wu, deputy director of research. While they have relinquished their portfolio management roles on the Fund, Mr. Lam and Mr. Wu continue in their current roles with TEMG, and Dr. Mobius remains as executive chairman for TEMG, contributing investment ideas and research for the group. Mr. Lim retired from the firm.

Annual Report

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Financial Highlights

	2017	Year Ended August 31,		2014	2013
		2016	2015		
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$13.92	\$13.34	\$20.91	\$18.98	\$19.24
Income from investment operations:					
Net investment income ^a	0.16	0.19	0.21	0.29 ^b	0.26
Net realized and unrealized gains (losses)	4.39	1.67	(6.60)	3.33	(0.06)
Total from investment operations	4.55	1.86	(6.39)	3.62	0.20
Less distributions from:					
Net investment income	(0.20)	(0.31)	(0.31)	(0.44)	(0.29)
Net realized gains		(0.97)	(0.87)	(1.25)	(0.17)
Total distributions	(0.20)	(1.28)	(1.18)	(1.69)	(0.46)
Repurchase of shares	0.05			c	c
Net asset value, end of year.	\$18.32	\$13.92	\$13.34	\$20.91	\$18.98
Market value, end of year ^d	\$16.45	\$12.56	\$11.56	\$19.13	\$17.27
Total return (based on market value per share)	33.10%	22.57%	(34.94)%	21.47%	0.96%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.37%	1.39%	1.37%	1.36%	1.37%