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INVESTOR OPTIMISM IN EMERGING MARKETS ON THE RISE

- *55% of investors think now is a good time to invest in emerging markets, with 33% of those already investing expecting increased returns in 2018 vs. last year*
 - *42% believe emerging markets will continue to outperform developed markets*

London, 17th January 2018:

Over half (55%) of UK investors think that now is a good time to invest in emerging markets, a recent study by Templeton Emerging Markets Investment Trust (TEMIT)¹ has revealed.

The third instalment of a study², which examined the current attitudes, sentiment and perceptions towards emerging markets, found that not only are investors optimistic about emerging markets, a quarter (25%) have seen their view on the asset class become more positive over the last 12 months.

Of those investors whose views have become more positive, 42% cited the benefit of emerging markets being a long-term play to help grow their investments. Almost a third (30%) cited emerging markets' shift towards innovation, technology and consumption as a reason for their renewed optimism, believing this has resulted in high-growth investment opportunities. This was followed by 29% who felt that rising consumer spending is driving the growth of emerging markets and 29% who believe that emerging markets currently offer better returns than any other asset class.

Investor confidence in emerging markets is returning

A third (33%) of those who currently invest in emerging markets expect to make higher returns on their investments in the next 12 months, compared to the previous 12 months, and over half (55%) expect to make similar returns. Just 8% of investors expect to see lower returns.

Of those who expect higher or similar returns, 46% cite the reason that emerging markets offer undiscovered opportunities and a further 42% think that they will continue to outperform developed markets. 42% of investors also believe the rapid growth of emerging markets is a reason for higher returns, and 39% feel that investor confidence is returning to the asset class.

When asked about their outlook for emerging markets compared to other types of investments, such as US, UK or European equities, property and bonds, 46% of investors picked emerging market equities as the asset class they were most positive about, coming in just behind gold (49%).

Investment Type	% + VE
Gold	49%
Emerging market equities	46%
Commodities	41%
US equities	40%
UK property	39%
Eurozone equities	37%

Japanese equities	34%
Corporate bond emerging markets	32%
Corporate bond developed markets	30%
Government bond emerging markets	29%
Government bond developed markets	27%
Cash	20%

Chetan Sehgal, portfolio manager, TEMIT commented:

“We’ve seen a number of positive developments in emerging markets over the past 12 months. The Chinese economy remains on a fast growth trajectory, a number of countries such as Brazil, India and Argentina have undergone progressive political and economic reforms, and there has been solid performance across most emerging markets.

“It’s welcome news that investors are optimistic about the opportunities in emerging markets and recognise the transformation that is underway. In our view, emerging markets still offer some of the best undiscovered opportunities in the world. Rapid economic growth alongside demographic shifts, technological innovation and increased household spending are providing us with a range of opportunities. And whilst the global environment occasionally presents us with unforeseen risks and challenges, a collection of fundamentally driven ideas help us navigate these, even in the fast changing world of technology.”

-ENDS-

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Notes to Editors:

1. TEMIT is a closed-end investment trust with £2.3 billion of assets under management (as at 30 November 2017) managed by Franklin Templeton Investments. It is listed on the London Stock Exchange (TEM). **The price of shares in TEMIT and income from them can go down as well as up and you may not get back the full amount that you invested.** Past performance is not an indicator, nor a guarantee of future performance. Currency fluctuations will affect the value of overseas investments. When investing in a fund denominated in a currency other than sterling, performance may also be affected by currency fluctuations. In emerging markets, the risks can be greater than in developed markets. Please consult your professional adviser before deciding to invest

2. Research conducted on behalf of TEMIT by Opinium Plc. All figures, unless otherwise stated, are from Opinium Plc. Total sample size was 1,001 UK adults who invest at least £25,000 and do not take investment advice. Fieldwork was undertaken between 31st July to 4th August 2017. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

3. Franklin Resources, Inc. [NYSE:BEN] is a global investment management organization operating as Franklin Templeton Investments. Franklin Templeton Investments provides global and domestic investment management to retail, institutional and sovereign wealth clients in over 170 countries. Through specialized teams, the company has expertise across all asset classes—including equity, fixed income, alternative and custom solutions. The company’s more than 650 investment professionals are supported by its integrated, worldwide team of risk management professionals and global trading desk network. With offices in over 30 countries, the California-based company has 70 years of investment experience and over \$753 billion in assets under management as of November 30, 2017. For more information, please visit www.franklintempleton.co.uk.

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