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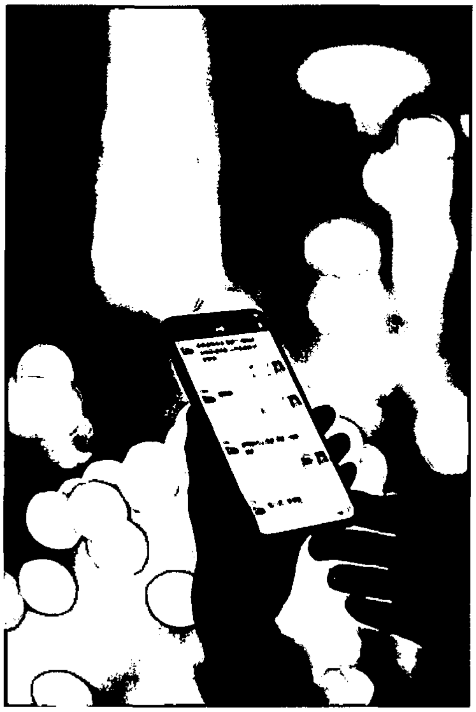
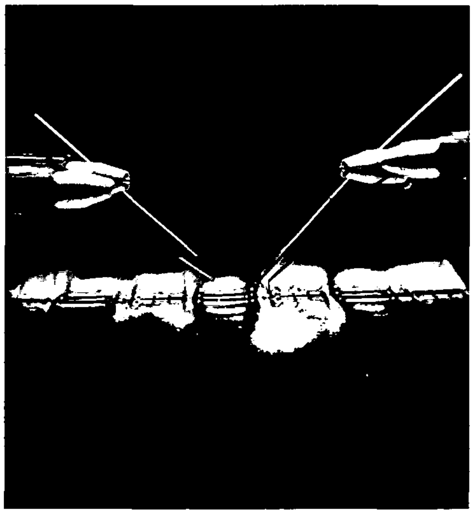
TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC





Annual Report and Audited Accounts
to 31 March 2020

FRANKLIN
TEMPLETON

Contents

Company Overview

Launched in June 1989, Templeton Emerging Markets Investment Trust PLC ("TEMIT" or the "Company") is an investment trust that invests principally in emerging markets companies with the aim of delivering capital growth to shareholders over the long term. While the majority of the Company's shareholders are based in the UK, shares are traded on both the London and New Zealand Stock Exchanges.

The Company is governed by a Board of Directors who are committed to ensuring that shareholders' best interests, taking into account the wider community of stakeholders, are at the forefront of all decisions. Under the guidance of the Chairman, the Board of Directors is responsible for the overall strategy of the Company and monitoring its performance.

TEMIT's research-driven investment approach and strong long-term performance has helped it to grow to be the largest emerging markets investment trust in the UK, with assets of £1.8 billion as at 31 March 2020.

Since launch to 31 March 2020, TEMIT's net asset value ("NAV") total return was +2,963.9% compared to the benchmark total return of +1,308.7%.

TEMIT at a glance

For the year to 31 March 2020

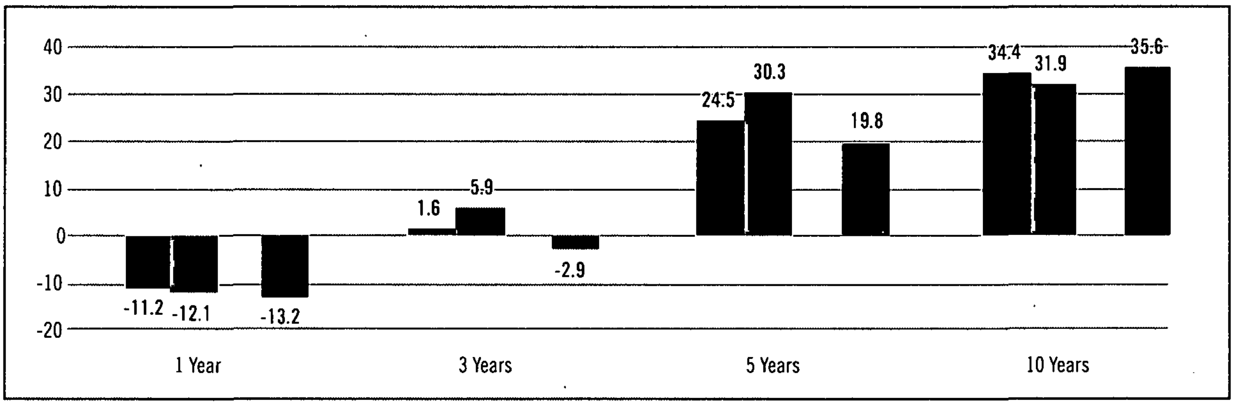
Total return for the year to 31 March 2020[a]

Net asset value	Share price	Benchmark[b]
−11.2%	**−12.1%**	**−13.2%**
(2019: 1.8%)	(2019: 6.0%)	(2019: 0.1%)

Dividends for the year to 31 March 2020[c]

Proposed total ordinary dividend	Special dividend
19.00p	**2.60p**
(2019: 16.00p)	(2019: n/a)

Cumulative total return to 31 March 2020 (%)



- Net asset value (cum-income)
- Share Price
- MSCI Emerging Markets Index

(a) A glossary of alternative performance measures is included on page 113.

(b) Source: MSCI. The Company's benchmark is the MSCI Emerging Markets Index, with net dividends reinvested.

(c) An annual ordinary dividend of 19.00 pence per share for the year ended 31 March 2020 has been proposed. This comprises the interim dividend of 5.00 pence per share paid by the Company on 15 January 2020 and the proposed final dividend of 14.00 pence per share. In addition, a special dividend of 2.60 pence per share was paid by the Company on 15 January 2020.

Strategic Report

The Directors present the Strategic Report for the year ended 31 March 2020, which incorporates the Chairman's Statement, and has been prepared in accordance with the Companies Act 2006.

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed in their duty to promote the success of the Company for shareholders' collective benefit and having regard for the interests of all stakeholders, by bringing together in one place key information about the Company's strategy, the risks that it faces, how it is performing and the outlook.

Financial Summary

2019-2020

	Notes	Year ended 31 March 2020	Year ended 31 March 2019	Capital return %	Total return %
Total net assets (£ million)	(a)	1,775.7	2,118.2		
Net asset value (pence per share)		732.3	842.5	(14.2)	(11.2)
Highest net asset value (pence per share)		971.4	868.9		
Lowest net asset value (pence per share)		705.6	740.0		
Share price (pence per share)		657.0	766.0	(15.5)	(12.1)
Highest end of day share price (pence per share)		876.0	769.0		
Lowest end of day share price (pence per share)		578.0	649.0		
MSCI Emerging Markets Index				(15.7)	(13.2)
Share price Discount to net asset value at year end	(a)	10.3%	9.1%		
Average share price discount to net asset value over the year		10.7%	12.0%		
Ordinary dividend (pence per share)	(b)	19.00	16.00		
Special dividend (pence per share)	(c)	2.60	–		
Revenue earnings (pence per share)	(d)	24.40	17.26		
Capital earnings (pence per share)	(d)	(116.75)	(10.48)		
Total earnings (pence per share)	(d)	(92.35)	6.78		
Net gearing	(a)	0.7%	2.4%		
Ongoing charges ratio	(a)	1.02%	1.02%		

Source: Franklin Templeton and FactSet.

(a) A glossary of alternative performance measures is included on page 113.

(b) An annual ordinary dividend of 19.00 pence per share for the year ended 31 March 2020 has been proposed. This comprises the interim dividend of 5.00 pence per share paid by the Company on 15 January 2020 and a proposed final dividend of 14.00 pence per share.

(c) Special dividend of 2.60 pence per share paid by the Company on 15 January 2020.

(d) The revenue, capital and total earnings per share figures are shown in the Statement of Comprehensive Income on page 77 and Note 7 of the Notes to the Financial Statements.

Ten Year Record

2010-2020

Year ended	Total net assets (£m)	NAV (pence per share)	Share price (pence per share)	Year-end discount (%)	Revenue earnings (pence per share)	Annual dividend (pence per share)	Ongoing charges ratio[a] (%)
31 Mar 2010[b]	2,046.4	620.3	577.0	7.0	2.88	3.75	1.29
31 Mar 2011	2,368.4	718.0	660.0	8.1	6.14	4.25	1.31
31 Mar 2012	2,098.6	636.3	588.5	7.5	7.91	5.75	1.31
31 Mar 2013	2,302.7	702.3	640.5	8.2	8.45	6.25	1.30
31 Mar 2014	1,913.6	591.8	527.0	10.9	9.14	7.25	1.30
31 Mar 2015	2,045.0	641.2	556.0	13.3	9.28	8.25	1.20
31 Mar 2016	1,562.3	524.2	453.9	13.4	7.05	8.25	1.22
31 Mar 2017	2,148.1	762.8	661.5	13.3	6.59	8.25	1.20
31 Mar 2018	2,300.8	846.0	743.0	12.2	15.90	15.00	1.12
31 Mar 2019	2,118.2	842.5	766.0	9.1	17.26	16.00	1.02
31 Mar 2020	1,775.7	732.3	657.0	10.3	24.40	19.00[c]	1.02

Ten year growth record
(rebased to 100.0 at 31 March 2010)

2010-2020

Year ended	NAV	NAV total return[a]	Share price	Share price total return[a]	MSCI Emerging Markets Index total return	Revenue earnings per share – undiluted	Dividend per share
31 Mar 2010[b]	100.0	100.0	100.0	100.0	100.0	100.0	100.0
31 Mar 2011	115.8	116.3	114.4	115.2	112.4	213.2	113.3
31 Mar 2012	102.6	103.8	102.0	103.4	103.2	274.7	153.3
31 Mar 2013	113.2	115.3	111.0	113.8	111.1	293.4	166.7
31 Mar 2014	95.4	98.5	91.3	94.7	100.1	317.4	193.3
31 Mar 2015	103.4	107.9	96.4	101.2	113.3	322.2	220.0
31 Mar 2016	84.5	89.5	78.7	83.9	103.3	244.8	220.0
31 Mar 2017	123.0	132.2	114.6	124.5	139.7	228.8	220.0
31 Mar 2018	136.4	148.6	128.8	141.6	156.1	552.1	400.0
31 Mar 2019	135.8	151.2	132.8	150.1	156.2	599.3	426.7
31 Mar 2020	118.1	134.4	113.9	131.9	135.6	847.2	506.7

Source: Franklin Templeton and FactSet.

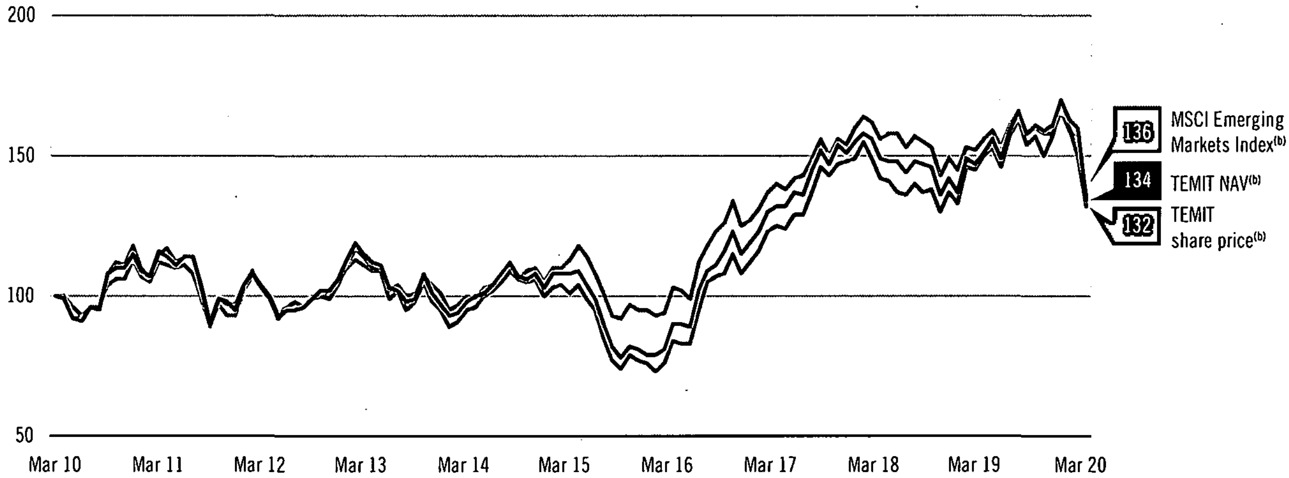
(a) A glossary of alternative performance measures is included on page 113.

(b) 11 months to 31 March 2010.

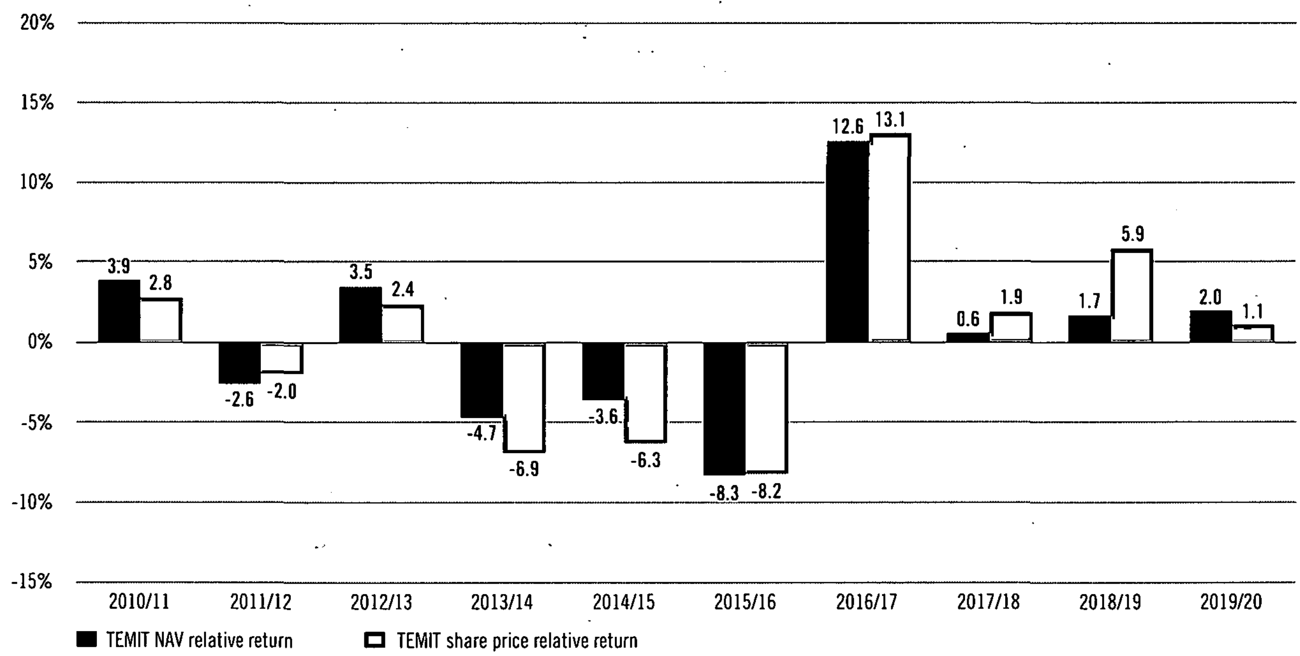
(c) An annual ordinary dividend of 19.00 pence per share for the year ended 31 March 2020 has been proposed. This comprises the interim dividend of 5.00 pence per share paid by the Company on 15 January 2020 and a final dividend of 14.00 pence per share. It excludes the special dividend of 2.60 pence per share paid by the Company on 15 January 2020.

Ten Year Record (continued)

2010–2020 NAV, share price and benchmark total return[(a)]



Annual NAV and share price total return relative to the benchmark total return(%)[(c)]



(a) This graph shows the value of £100 invested on 31 March 2010.

(b) Rebased to 100 at 31 March 2010.

(c) Periods are TEMIT reporting periods to 31 March.

Chairman's Statement

Market overview and investment performance

Returns for the year under review were dominated by the outbreak of the COVID-19 pandemic in the early months of 2020.

For the first nine months of the accounting year returns were positive, if at times volatile, and by the end of the nine months to the end of December 2019 our Investment Manager had achieved a NAV total return of 12.6%, which was over 6% ahead of the benchmark. This, of course, all changed in the first quarter of 2020, with March being particularly challenging. The NAV total return for the year was -11.2%, which compares with a fall of 13.2% by the benchmark.

Since the year end markets have recovered and the NAV return in the current financial year to the time of writing (21 May 2020) is 12.5%, which compares with a return of 11.5% by the benchmark.

Management arrangements

As the scale of the pandemic became apparent our Investment Manager implemented its group-wide business continuity plan, with our Portfolio Managers and the majority of staff in supporting functions working from home. As part of a global organisation with offices located around the world our Portfolio Managers were well placed to deal with remote working. They were already used to operating from multiple offices and liaising with team members regularly working remotely as they travelled to visit investee companies. While the scale of the effort behind the scenes at Franklin Templeton has been substantial, I am pleased to report that from the Board's perspective communication has remained good and the transition to a different way of working has been seamless.

Revenue, earnings and dividend

Total revenue earnings for the accounting year were 24.40 pence per share, including 2.60 pence per share received as a special dividend from Brilliance China Automotive. Excluding the amount received from Brilliance China Automotive, earnings were 21.80 pence per share, compared with 17.26 pence last year. An interim dividend of 5.00 pence and an additional special dividend of 2.60 pence per share, being the amount received from Brilliance China Automotive, were paid on 15 January 2020. The Board recommends a final dividend of 14.00 pence per share for approval at the Annual General Meeting ("AGM"), making total ordinary dividends for the year 19.00 pence and total dividends including the special dividend 21.60 pence.

Shareholders should note that the vast majority of the Company's revenues were received before the full effect of the COVID-19 pandemic became apparent. Further, as we have regularly stated in the past, the Company's investment strategy and the Investment Manager's approach to investment are focused on generating capital returns and we do not target a particular level of income. Nevertheless, the Board recognises that dividends are appreciated by many shareholders and, noting the Company's substantial revenue reserves, it is our hope at least to maintain the level of ordinary dividends for the foreseeable future.

After the end of the financial year end in April 2020 we were informed by the UK tax authorities that TEMIT was entitled to a substantial repayment amounting to 11.0 pence per share and relating to Corporation Tax which was incorrectly levied some years ago, along with associated interest. This repayment will be accounted for in the 2020/21 financial year.

Borrowing

The previous £220 million multi-currency revolving credit agreement with Scotiabank matured on 31 January 2020 and was replaced with two new debt facilities with the same bank. The previous multi-currency revolving credit facility was amended and restated with effect from 31 January 2020, for a term expiring on 31 January 2023 and with a limit on borrowings of £120 million. Interest on borrowings under this facility will be based on market rates at the time of each drawdown. In addition, the Company agreed a £100 million fixed rate loan for a five year term, maturing on 31 January 2025 at an annual interest rate of 2.089%. The £100 million fixed term loan is denominated in pounds sterling. Drawings under the £120 million revolving credit facility may be in pounds sterling, US dollars or Chinese renminbi ("CNH"). The maximum amount which may be drawn down in CNH is 45% of the combined limit of the fixed rate facility and of the revolving credit facility.

Chairman's Statement (continued)

The Board reviewed the effects of borrowing with the aim of increasing investment returns. We concluded that it may be in shareholders' interests to extend the facility at a time when the outlook for emerging markets remains positive notwithstanding the challenges of the COVID-19 outbreak and when interest rates were low. The £100 million fixed rate borrowing will be in place for five years, while the Investment Manager has the discretion to make drawdowns under the revolving credit facility as investment opportunities arise, subject to overall supervision by the Board.

While the fixed rate borrowing was drawn down on 31 January and will remain in place for five years, the Investment Manager took the view in light of the level of volatility at the time not to draw any of the revolving credit facility.

The Company's investment policy which allows borrowing of up to 10% of net assets is unchanged.

The discount

As reported in the Half Yearly Report, during the first half of our accounting year the discount was relatively stable. However, the COVID-19 outbreak had a severe effect on volatility in the first quarter of 2020 and this put pressure on the discount as well as the net asset value. The Board and Investment Manager continued to focus on the discount and, following the pattern of recent years, share buybacks were used on the majority of days in the period under review with the aim of reducing the volatility of the discount. I am able to report that, while the discount ended the accounting year a little wider than at the start of the year, it has not widened by as much as might be expected in such difficult markets. The discount started the year under review at 9.1%, was as wide as 19.9% in the midst of the COVID-19 outbreak but finished the accounting year at 10.3%.

AIFM fees

The current annual management fee is 1% of net assets up to £1 billion and 0.85% of net assets above that level. With effect from 1 July 2020, the fee rate will remain at 1% of net assets up to £1 billion but will be reduced to 0.80% of net assets above that level.

Investor communications

Investor communications remain a key part of our strategy both to keep investors informed and to encourage new investment to help to control the discount.

Our website www.temit.co.uk displays the latest news, price and performance information, portfolio details, updates from the Investment Manager and a blog discussing topical issues in emerging markets. I encourage all shareholders to register on our website and make use of the facilities and materials available to help keep you informed about the Company. If you have a Twitter account, you can also follow us via our Twitter handle @TEMIT. During the COVID-19 outbreak we have continued to provide information to a wide variety of commentators and our Portfolio Manager Andrew Ness held our first public webinar on 26 March. A transcript is available on our website.

While the Investment Manager will, in most cases, be best placed to handle enquiries, I remain at your disposal to receive any questions or comments, as is the Senior Independent Director or any of the other Directors, all of whom may be reached via our brokers whose contact details are enclosed at the end of this Annual Report.

The Board

Gregory Johnson will step down from the Board at this year's AGM, having represented Franklin Templeton on the Board of TEMIT since 2007. He is Executive Chairman of the Board of Franklin Resources, inc. and until February of this year was also its Chief Executive Officer. The Board is grateful to him for his invaluable contribution to the TEMIT Board. As well as bringing to the TEMIT Board the benefit of his many years of experience in the investment management industry, he has always ensured that TEMIT has a high profile within Franklin Templeton and that the service which TEMIT receives from Franklin Resources is of a high standard.

Chairman's Statement (continued)

Promoting the long term success of the Company

New regulations require Directors to explain more fully how they have discharged their duties under the Companies Act 2006 in promoting the success of their companies for the benefit of "members as a whole". We have set out a detailed review starting on page 11 of this report.

Proposed changes to the Company's Articles of Association

At this year's Annual General Meeting we are proposing a number of changes to the Company's Articles of Association, having last updated the Articles ten years ago. The principal changes are to facilitate remote attendance at meetings, including so-called "hybrid" meetings at which shareholders can attend a meeting and ask questions from another location rather than at the meeting venue and are the result of the experiences of other companies in holding general meetings during the COVID-19 outbreak. We have also introduced an upper limit on total directors' fees of £400,000 per year. This change does not affect current remuneration levels, which are described in the Directors' Remuneration Report. The other changes are minor and technical in nature, and all of the changes are designed to bring the Articles up to date and into line with currently accepted best practice.

Outlook

At the time of writing, most countries around the world are only in the earliest stages of lifting the restrictions which were put into place to manage the spread of COVID-19. Asia, where the pandemic started, is the first region to relax some controls and China and South Korea in particular are seeking to return to a more normal way of working.

Economic damage has been substantial and the true scale of this will only be apparent in years to come. Markets have recovered from the lows experienced earlier this year but we should not be complacent as there will inevitably be further periods of high volatility in share prices. Our Investment Manager has always taken a long term view of portfolio investments and sought to screen out the effects of market noise in its evaluations of companies. Clearly, the potential effects of the pandemic will require a lot of continuing analysis of the prospects of individual companies but we have the advantage of a large team of portfolio managers and analysts based on the ground all around the world. Notwithstanding the risk of further unpredictable falls in share prices in the short term, the Board remains confident in the ability of the Investment Manager to deliver above average investment returns in the longer term.

Annual General Meeting

The Board is monitoring closely developments in relation to the COVID-19 situation. The health of the Company's shareholders, as well as staff who would normally attend the meeting, is of paramount importance. The Board would normally welcome the Annual General Meeting as an opportunity to present to you on the Company's strategy and performance, and listen and respond to your questions in person. However, due to the situation at the time of this report (including restrictions on travel and social contact), this year the Board is asking that shareholders do not attend the Meeting. The Board encourages shareholders to submit their proxies as early as possible, to enable your vote to be counted, and to follow all government guidance and requirements. In light of the evolving situation, it may in any case be necessary to change the arrangements for this year's Meeting after the date of this Notice. We encourage shareholders to monitor the Company's website, regulatory news and other published notifications for any further updates in relation to the Meeting. More details of the Meeting can be found on pages 100 to 108 of this report.

Paul Manduca
Chairman

4 June 2020

Strategy and Business Model

Company objective, purpose and culture

TEMIT's purpose is to provide both private and institutional investors with the opportunity for capital appreciation via a professionally managed vehicle focused on listed equity investment in emerging markets.

The objective of TEMIT is to provide long-term capital appreciation for private and institutional investors seeking exposure to global emerging markets, supported by a culture of both strong customer service and corporate governance.

Investment policy

The Company seeks long-term capital appreciation through investment in companies listed in emerging markets or companies which earn a significant amount of their revenues in emerging markets but are listed on stock exchanges in developed countries.

It is intended that the Company will normally invest in equity instruments. However, the Investment Manager may invest in equity-related investments (such as convertibles) where it believes it is advantageous to do so. The portfolio may frequently be overweight or underweight in certain investments compared with the MSCI Emerging Markets Index and may be concentrated in a more limited number of sectors, geographical areas or countries than the benchmark. Investments may also be made in companies outside the benchmark that meet the investment criteria. The Company may also invest a significant proportion of its assets in the securities of one issuer, securities domiciled in a particular country, or securities within one industry. No more than 10% of the Company's assets will be invested in the securities of any one issuer at the time of investment.

The Board has agreed that TEMIT may borrow up to 10% of its net assets.

Distribution policy

The distribution policy has been approved by the Board and is published on the Company's website.

The Company will ensure that its total annual dividends will be paid out of the profits available for distribution under the provisions of the relevant laws and regulations and will be at least sufficient to enable it to qualify as an investment trust under the UK Income and Corporation Taxes Act. If the Company has received an exceptional level of income in any accounting year, the Board may elect to pay a special dividend. The primary focus of the investment policy is on generating capital returns, the Company does not target a particular level of income and there is no guarantee that dividend levels will be maintained from one year to the next.

The Company will normally pay two dividends per year, an interim dividend declared at the time that the half yearly results are announced, and a final dividend declared at the time that the annual results are announced. The final dividend will be subject to shareholder approval at the Annual General Meeting each year.

Dividends will be paid by cheque or by direct transfer to a shareholder's bank account. For UK shareholders holding shares in their own name on the Company's main register, the dividend payments can be used to purchase further shares in the Company under the Dividend Reinvestment Plan.

The Company may also distribute capital by means of share buybacks when the Board believes that it is in the best interests of shareholders to do so. The share buy back programme will be subject to shareholder approval at each Annual General Meeting.

Business model

The Company has no employees and all of its Directors are non-executive. The Company delegates its day-to-day activities to third parties.

At least quarterly, the Board reviews with Franklin Templeton International Services S.à r.l. ("FTIS", "AIFM" or the "Manager") and Franklin Templeton Emerging Markets Equity ("FTEME" or the "Investment

Strategy and Business Model (continued)

Manager"), a wide range of risk factors that may impact the Company. Further analysis of these risks is described on pages 14 to 17. A full risk and internal controls review is held every September at the Audit Committee meeting.

Due to the nature of the Company's business, investment risk is a key focus and is reviewed on an ongoing basis by the Investment Manager as part of every investment decision. Further information on this process is detailed on page 24.

The Board is responsible for all aspects of the Company's affairs, including the setting of parameters for the monitoring of the investment strategy and the review of investment performance and policy. It also has responsibility for all strategic policy issues, namely dividend, gearing, share issuance and buybacks, share price and discount/premium monitoring, corporate governance matters and engagement with all of the Company's stakeholders.

Strategy

In setting the Company's overall strategy, the Directors have taken due note of the requirements of Section 172 of the Companies Act, 2006. This section sets out a duty to promote the overall success of the company, while taking account of the interests of its various stakeholders. Further details are provided on pages 11 and 12. The Company seeks to achieve its objective by following a strategy focused on the following:

Performance

At the heart of the strategy is the appointment and retention of capable investment management professionals, who will identify value and achieve superior growth for shareholders. The Investment Manager, under the leadership of Chetan Sehgal, continues to apply the same core investment philosophy that has driven TEMIT's performance since the Company's launch. The investment team aims to achieve long-term capital appreciation for shareholders by investing in companies that they believe offer long-term sustainable growth and good value, combined with strong management and sound governance. See pages 21 to 24 for details of the investment process.

Liquidity

The shares issued by the Company are traded on the London and New Zealand Stock Exchanges. The Company has engaged Winterflood Securities as Financial Adviser and Stockbroker, and to act as a market maker in the shares of the Company.

Gearing

On 31 January 2020, the Company entered into a five year £100 million loan at a fixed rate of 2.089% with Scotiabank Europe PLC, and a three-year £120 million unsecured multi-currency revolving loan facility with The Bank of Nova Scotia, London Branch. The £100 million fixed term loan is denominated in pounds sterling. Drawings under the £120 million revolving credit facility may be in sterling, US dollars or Chinese renminbi ("CNH"). The total amount which may be drawn down in CNH is 45% of the combined limit of the fixed rate loan and of the revolving loan facility. The fixed rate loan was drawn down on 31 January 2020 and will remain in place until 31 January 2025. The Investment Manager has been granted discretion by the Board to draw down the revolving loan facility as investment opportunities arise, subject to overall supervision by the Board, and subject to an overall gearing limit of 10% of NAV.

The Company's net gearing position was 0.7% (net of cash in the portfolio) at the year-end (2019: 2.4%). The Directors' Report on page 49 includes further commentary on the gearing facility.

The Board continues to monitor the level of gearing and considers gearing of up to 10% to be appropriate.

Strategy and Business Model (continued)

Stability

The Company has powers to buy back its shares as a discount control mechanism when it is in the best interests of the Company's shareholders and in 2019 introduced a Conditional Tender Offer. The share price and discount are discussed under Key Performance Indicators on page 13.

Affirmation of shareholder mandate

In accordance with the Company's Articles of Association, the Board must seek shareholders' approval every five years for TEMIT to continue as an investment trust. This allows shareholders the opportunity to decide on the long-term future of the Company. The last continuation vote took place at the 2019 AGM, when 99.95% of the votes cast were registered as votes in favour. The next continuation vote will take place at the 2024 AGM. The Board has agreed that it will hold a performance-related conditional tender offer (the "Conditional Tender Offer"). There will be no tender offer in the event that the Company's net asset value total return continues to exceed the benchmark total return (MSCI Emerging Markets Index total return) over the five year period from 31 March 2019 to 31 March 2024. However, if over the five year period the Company's net asset value total return fails to exceed the benchmark total return the Board will put forward proposals to shareholders to undertake a tender offer for up to 25 per cent of the issued share capital of the Company at the discretion of the Board. Any such tender offer will be at a price equal to the then prevailing net asset value less two per cent (less the costs of the tender offer). Any tender offer will also be conditional on shareholders approving the continuation vote in 2024 and would take place following the Company's 2024 AGM.

Communication

We ensure that investors are informed regularly about the performance of TEMIT and emerging markets through clear communication and updates.

TEMIT seeks to keep you updated on performance and investment strategy through our regular annual and half yearly reports, along with monthly factsheets. These are available on our website (www.temit.co.uk) which also contains portfolio holdings information, updates from the Investment Manager and other important documents that will help shareholders understand how their investment is managed. We also communicate via @TEMIT on Twitter and continue to develop our presence on social media.

TEMIT has an active public relations programme. Our Investment Manager provides comments to journalists and occasionally publishes articles on issues relevant to investing in emerging markets.

The Investment Manager regularly meets professional investors and analysts and at each AGM makes a presentation with the opportunity for all shareholders to ask questions. In March of this year and in reaction to the COVID-19 lock down we made available our first public webinar. As shareholders will not be able to attend in person, this year's AGM presentation will be made available on our website.

The Chairman regularly meets major shareholders to discuss investment performance and developments in corporate governance. Shareholders are welcome to contact the Chairman at any time.

The Board is fully committed to TEMIT's marketing programme. We have a substantial annual marketing budget and expenditure by TEMIT is matched by a contribution to costs from the Manager.

Service providers

The Board conducts regular reviews of the Company's primary service providers, as discussed on pages 50 and 51, to ensure that the services provided are of the quality expected by TEMIT. The Directors also ensure that the Company's primary service providers have adopted an appropriate framework of controls, monitoring and reporting to enable the Directors to evaluate risk.

Strategy and Business Model (continued)

Promoting the success of the Company

New regulations (The Companies (Miscellaneous Reporting) Regulations 2018) require directors to explain more fully how they have discharged their duties under section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of "members as a whole" and having regard for all stakeholders.

The Board considers the main stakeholders in the Company to be its shareholders and its service providers detailed on pages 50 and 51, the principal one of which is its Manager. A summary of the key areas of engagement undertaken by the Board with its main stakeholders in the year under review and how Directors have acted upon this to promote the long-term success of the Company are set out in the following table.

Area of Engagement	Consideration	Engagement	Outcome
Discount management	To smooth the volatility in the discount.	The Board monitors closely the discount and discusses discount strategy with the Investment Manager and the Company's stockbroker on an ongoing basis.	TEMIT continues to adopt an active buy back policy and in last year's Annual Report announced a Conditional Tender Offer. Details of this can be found on page 10.
		The Board also meets with the Manager to discuss the Company's marketing strategy to ensure effective communication with existing shareholders and to consider strategies to create additional demand for the Company's shares.	Further details on the current discount and discount management are detailed on page 6.
Company objective	Delivering on the Company's objective to shareholders over the long term.	The Company's objective and investment policy are set out on page 8. The Company's performance against its objective is regularly reviewed by the Board, taking account of views expressed by shareholders.	The Investment Manager's report starting on page 20 gives full commentary on the Company's portfolio as well as on the approach and considerations undertaken by the Investment Manager for stock selection within the portfolio.
		The Company holds a continuation vote every five years to allow shareholders to decide on the long-term future of the Company.	A continuation vote took place at the 2019 AGM, with 99.95% of votes cast in favour.

Strategy and Business Model (continued)

Area of Engagement	Consideration	Engagement	Outcome
Dividend	The Board recognises the importance of regular dividend income to many shareholders.	The Board reviews regularly the level of dividends, taking account of the income generated by the Company's portfolio and the availability of reserves. In considering the sustainability of the dividend and of the Company, the Board reviews the models supporting the going concern assessment and viability statement. In this review it factored in the higher than normal cash distribution in the current year. However, future dividends have been modelled in line with the distribution policy.	Dividend payments are discussed in the Chairman's Statement. In the year under review the Board decided to pay a special dividend.
Communication with shareholders	The Board understands the importance of communication with its shareholders.	Working closely with the Manager the Board ensures that there is a variety of regular communication with shareholders.	Full details of all Board and Manager communication is included on page 10. Shareholders are invited to submit questions for the Board to address at the Company's Annual General Meeting.
Engagement with service providers	The Board encourages regular open communication with its Manager. The Board acknowledges the importance of ensuring that the Company's service providers are providing a suitable level of service, that the service level is sustainable and that they are fairly remunerated for their service.	The Board holds quarterly meetings with the Manager where it reviews and discuss performance reports and changes in the portfolio composition. The Board undertakes an annual review of the performance of its service providers. This review also includes the level of fees paid.	Alignment between the Board and Manager on investment strategy. As announced in the Chairman's Statement the level of fees paid to the Manager will reduce effective 1 July 2020.

Strategy and Business Model (continued)

Key Performance Indicators[(a)]

The Board considers the following to be the key performance indicators ("KPI") for the Company:

- Net asset value total return over various periods, compared to its benchmark;
- Share price and discount;
- Dividend and revenue earnings; and
- Ongoing charges ratio.

The Ten Year Record of the KPIs is shown on pages 3 and 4.

Net asset value performance

Net asset value performance data is presented within the Company Overview on page 1 along with the Ten Year Record on pages 3 and 4.

The Chairman's Statement on pages 5 to 7 and the Investment Manager's Report on pages 20 to 42 include further commentary on the Company's performance.

Share price and discount

Details of the Company's share price and discount are presented within the Financial Summary on page 2. On 21 May 2020, the latest date for which information was available, the discount had widened to 12.7%.

The Company has powers to buy back its shares as a discount control mechanism when it is in the best interests of the Company's shareholders. The Company was authorised at its AGM on 11 July 2019 to buy back up to 14.99% of the Company's issued share capital on that date. The present authority expires on the conclusion of the AGM on 9 July 2020. The Directors are seeking to renew this authority at the 2020 AGM, as further detailed in the Directors' Report on page 55. On a daily basis, the Board ensures that the share price discount to NAV is actively monitored. Discount management is reviewed regularly by the Board to ensure that it remains effective in the light of prevailing market conditions. The Board introduced in 2019 a Conditional Tender Offer, which is described under "Affirmation of shareholder mandate" on page 10. The introduction of the Conditional Tender Offer will not affect the Board's current approach to discount management. The Board will continue to exercise the Company's right to buy back shares when it believes this to be in shareholders' interests and with the aim of reducing volatility in the discount.

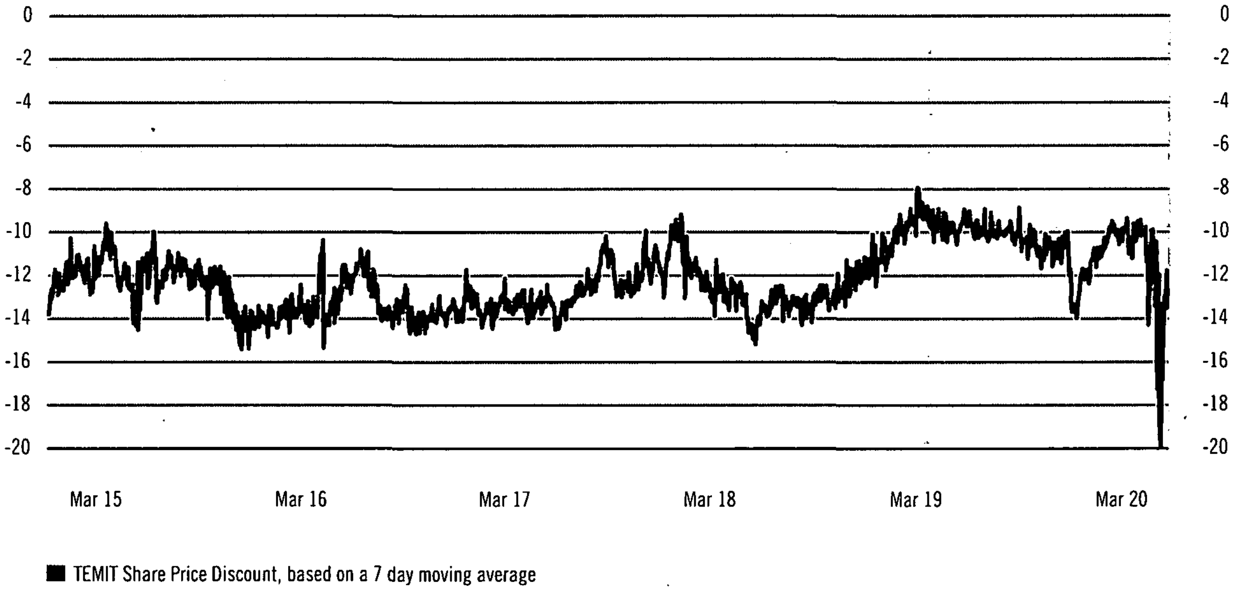
Details of share buybacks in the year can be found on pages 6, 49 and 89.

From 1 April 2020 to 21 May 2020, 1,202,017 shares were bought back and cancelled for a total consideration of £8,344,000.

(a) A glossary of alternative performance measures is included on page 113.

Strategy and Business Model (continued)

Share price discount to NAV



Dividend and revenue earnings

Total income earned in the year was £75.1 million (2019: £59.7 million) which translates into net revenue earnings of 24.40 pence per share (2019: 17.26 pence per share), an increase of 41.4% over the prior year.

The Company paid an interim dividend of 5.00 pence per share and a special dividend of 2.60 pence per share, both on 15 January 2020. The Board is proposing a final dividend of 14.00 pence per share, making total ordinary dividends for the year of 19.00 pence per share and total dividends including the special dividend of 21.60 pence per share.

Ongoing charges ratio[a] ("OCR")

The OCR remained constant at 1.02% for the year ended 31 March 2020, compared to the prior year.

Costs associated with the purchase and sale of investments are taken to capital and are not included in the OCR. Transaction costs are disclosed in Note 8 of the Notes to the Financial Statements on page 88.

Principal risks

The Board has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. These are summarised in the table below. Further explanation of the monitoring of risk and uncertainties is covered within the Report of the Audit Committee on pages 65 and 66. Information on the risks that TEMIT is subject to, including additional financial and valuation risks, are also detailed in Note 15 of the Notes to the Financial Statements.

[a] A glossary of alternative performance measures is included on page 113.

Strategy and Business Model (continued)

Risk	Mitigation
Pandemic The spread of infectious illnesses or other public health issues and their aftermaths, such as the outbreak of COVID-19, first detected in China in December 2019 and later spreading globally, could have a significant adverse impact on the Company's operations (including the ability to find and execute suitable investments) and therefore, the Company's potential returns. The outbreak, as well as the restrictive measures implemented to control such outbreaks, could adversely affect the economies of many nations or the entire global economy, the financial condition of individual issuers or companies (including those that are held by, or are counterparties or service providers to, the Company) and capital markets in ways that cannot necessarily be foreseen, and such impact could be significant and long term.	The Board has reviewed and discussed the situation with the Investment Manager, including a review of the portfolio, risk management and business continuity. The risks associated with a pandemic affect all areas of the Company's investments as well as operations. Mitigation strategies apply as detailed within the specific areas of risk. A global network of analysts and operations and a flexible technology setup ("Work from home") at the Investment Manager ensure operational business continuity and continuous analyst coverage. The Board has also received updates on its key service providers' business continuity plans.
Cyber Failure or breach of information technology systems of the Company's service providers may entail risk of financial loss, disruption to operations or damage to the reputation of the Company.	The Company benefits from Franklin Templeton's technology framework designed to mitigate the risk of a cyber security breach. For key third-party providers, the Audit Committee receives regular independent certifications of their control's environment.
Investment and concentration The portfolio will diverge significantly from the MSCI Emerging Markets Index and may be concentrated in a more limited number of sectors, geographical areas or countries. This is consistent with the stated investment approach of long-term value investment in companies demonstrating sustainable earnings power at a discount to their strategic worth. Where possible, investment will generally be made directly in the stock markets of emerging countries.	The Board reviews regularly the portfolio composition / asset allocation and discusses related developments with the Investment Manager. The Investment Compliance team of the Investment Manager monitors concentration limits and highlights any concerns to portfolio management for remedial action.
Market and geo-political Market risk arises from volatility in the prices of the Company's investments, from the risk of volatility in global markets arising from macroeconomic and geopolitical circumstances and conditions, as well as from the borrowing utilised by TEMIT. Many of the companies in which TEMIT invests are, by reason of the locations in which they operate, exposed to the risk of political or economic change. In addition, exchange controls, tax or other regulations introduced in any country in which TEMIT invests may affect its income and the value and marketability of its investments. Emerging markets can be subject to greater price volatility than developed markets.	The Board reviews regularly and discusses with the Investment Manager the portfolio, the Company's investment performance and the execution of the investment policy against the long-term objectives of the Company. The Manager's independent risk team performs systematic risk analysis, including country and industry specific risk monitoring, as well as stress testing on the portfolio's resilience to geo-political shocks. The Board also reviews regularly risk management reports from the risk team.

Strategy and Business Model (continued)

Risk	*Mitigation*
Foreign currency Currency movements may affect TEMIT's performance. In general, if the value of sterling increases compared with a foreign currency, an investment traded in that foreign currency will decrease in value because it will be worth less in sterling terms. This can have a negative effect on the Company's performance.	The Board monitors currency risk as part of the regular portfolio and risk management oversight. TEMIT does not hedge currency risk.
Portfolio liquidity The Company's portfolio may include securities with reduced liquidity. This may impair the ability to sell assets which could limit the Investment Manager's ability to make significant changes to the portfolio.	The closed ended structure of TEMIT reduces the impact to shareholders of potential illiquidity in the portfolio. The Board receives and reviews updates regularly on portfolio liquidity. The diversified nature of the portfolio and limited investments in stocks with lower liquidity result in a balanced portfolio structure.
Counterparty and credit Certain transactions that the Company enters into expose it to the risk that the counterparty will not deliver an investment (purchase) or cash (in relation to a sale or declared dividend) after the Company has fulfilled its responsibilities.	The Board receives and reviews the approved counterparty list of the Investment Manager on an annual basis and receives and reviews regular reports on counterparty risk from the Manager's independent risk team.
Operational and custody Like many other investment trust companies, TEMIT has no employees. The Company therefore relies upon the services provided by third parties and is dependent upon the control systems of the Investment Manager and of the Company's other service providers. The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depends on the effective operation of these systems.	The Manager's systems are regularly tested and monitored and an internal controls report, which includes an assessment of risks together with an overview of procedures to mitigate such risks, is prepared by the Manager and reviewed by the Audit Committee annually. J.P. Morgan Europe Limited is the Company's depositary. Its responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and borrowing requirements. The depositary is liable for any loss of financial instruments held in custody and will ensure that the custodian and any sub-custodians segregate the assets of the Company. The depositary oversees the custody function performed by JPMorgan Chase Bank. The custodian provides a report on its key controls and safeguards (SOC 1/ SSAE 16/ISAE 3402) that is independently reported on by its auditor, PwC. The Board reviews regular operational risk management reporting provided by the Investment Manager.
Key personnel The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of the Investment Manager and its ability to attract and retain suitable staff.	The Manager endeavours to ensure that the principal members of its management teams are suitably incentivised, participate in strategic leader programmes and monitor key succession planning metrics. The Board discusses this risk regularly with the Manager.

Risk	Mitigation
Regulatory The Company is an Alternative Investment Fund ("AIF") under the European Union's Alternative Investment Fund Managers Directive and is listed on both the London and New Zealand stock exchanges. The Company operates in an increasingly complex regulatory environment and faces a number of regulatory risks. Breaches of regulations could lead to a number of detrimental outcomes and reputational damage.	The Board ensures that the Company complies with all applicable laws and regulation and its internal risk and control framework reduces the likelihood of breaches happening. As appropriate the Board is assisted by the Manager in doing this.

Emerging risks

The key emerging risk faced by the Company is considered to be the ramifications of the COVID-19 pandemic. While the onset of the pandemic has set many economies into decline, it is far from clear at this stage what the full societal and economic impact from the pandemic will be. The medical and epidemiological implications of COVID-19 are yet to be fully understood; neither an effective treatment nor a vaccine are likely to be available in the short term. While many local economies are gradually reopening and business activity is resuming, a return to full capacity is unlikely to happen anytime soon. A second wave of infections or ill-judged governmental responses could result in even worse economic effects. Changing consumer behaviour, additional administrative burdens and new regulations could significantly alter and negatively affect business operations in the medium to long term, with unknown consequences for affected industries and countries.

Brexit

TEMIT is a company registered in Scotland.

TEMIT is regulated as an AIF under UK law, with its Alternative Investment Fund Manager ("AIFM") being FTIS, a Luxembourg company. In light of the UK Temporary Permissions Regime that allows up to a three-year extension of current "passporting" for the AIFM into the UK, we expect that the UK FCA will continue to recognise FTIS as TEMIT's AIFM at least until the end of 2022. The Manager has, however, developed plans which can be implemented if and when the regulatory position changes.

TEMIT invests most of its assets outside the EU and the vast majority of shareholders are based in the UK, New Zealand and the United States. In the Board's opinion the only material adverse effect of the Brexit process on TEMIT to date has been an increase in the volatility of the exchange rate of the pound sterling, which affects the value of TEMIT's assets in the hands of UK-based shareholders.

While Brexit has created a degree of uncertainty, in light of the nature of TEMIT's business and the regulatory arrangements described above, the Board has decided that Brexit is not one of the Principal Risks facing the Company. Nevertheless, the Board and AIFM continue to monitor developments closely.

Environmental, social and governance matters

As an investment trust the Company has no significant direct, environmental, social, community or employee responsibilities. Its policy is focused on making sure that its assets are properly managed and invested within guidelines approved by the Board. The Board receives regular reports on the policies and controls in place.

The Investment Manager, Franklin Templeton, embeds Environmental, Social and Governance ("ESG") considerations, best practice and analytics in its investment processes.

Recognising the importance of ESG considerations to shareholders, the Investment Manager became a signatory of the United Nations Principles for Responsible Investing ("PRI") in 2013. As a signatory, the

Strategy and Business Model (continued)

Investment Manager reports annually on its progress and in 2019 (the latest statistics available) ranked ahead of the peer median score in all categories. A link to the PRI Transparency Report and policies relating to responsible investing are available on the Company's website – www.temit.co.uk.

The Investment Manager comments on the integral nature of ESG within the investment process and how it engages with companies to promote ESG best practices on pages 22 and 23 of this report. It is assisted by Franklin Templeton's independent ESG specialists and risk managers.

TEMIT has no greenhouse gas emissions to report from the operations of the Company, as all of its activities are outsourced to third parties, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. On 26 March 2015, the Modern Slavery Act 2015 came into force. TEMIT has no employees and is not an organisation that provides goods or services as defined in the Act and thus the Company considers that the Act does not apply. In any event, the Company's own supply chain consists predominantly of professional services advisers.

Diversity

The Board supports the principle of diversity. The selection policy of the Board is to appoint the best qualified person for the job, by considering factors such as diversity of gender and ethnicity, thought, experience and qualification. The Board currently comprises six Directors, five male and one female.

The Investment Manager has a culture which embraces individual differences and the wealth of perspectives brought by global diversity. As a global company, Franklin Templeton believe that it benefits from the unique skills and experiences of an inclusive workforce made up of employees who span different generations, genders, preferences, capabilities and cultural identification. It also believes that an inclusive culture can drive innovation and allows the firm to deliver better client outcomes. This culture aided Franklin Templeton's inclusion, for the fourth consecutive year, in the 2020 Bloomberg Gender-Equality Index ("GEI"), which recognises diverse and equitable workplaces. Franklin Templeton sponsor thousands of volunteer activities each year through its global Involved programme which helps to provide better outcomes for local communities. In the UK, it is an active sponsor/supporter of several organisations that promote inclusion and social mobility such as the Diversity Project, Stonewall and Career Ready.

Viability Statement

The Board considers viability as part of its continuing programme of monitoring risk. In preparing the Viability Statement, in accordance with the AIC Corporate Governance Code Principle N, and Provision 33, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision.

The Board has considered the Company's business and investment cycles and is of the view that five years is a suitable time horizon to consider the continuing viability of the Company, balancing the uncertainties of investing in listed emerging markets securities against having due regard to viability over the longer term.

In assessing the Company's viability, the Board has performed a robust assessment of controls over the principal risks. The Board considers, on an ongoing basis, each of the principal and emerging risks as noted above and set out in Note 15 of the Notes to the Financial Statements. The Board evaluated a number of scenarios of possible future circumstances including a material increase in expenses and a continued significant and prolonged fall in equity markets as a result of the COVID-19 pandemic. The Board also considered the latest assessment of the portfolio's liquidity. Further details regarding the impact of COVID-19 on the Company are detailed within the Chairman's Statement on pages 5 to 7 and the principal risks section on page 14. The Board monitors income and expense projections for the Company, with the majority of the expenses being predictable and modest in comparison with the assets of the Company. The Company sees no

Strategy and Business Model (continued)

issues with meeting the obligations of the gearing facilities. A significant proportion of the Company's expenses are in ad valorem investment management fees, which would naturally reduce if the market value of the Company's assets were to fall. The Board has also taken into consideration the operational resilience of its service providers in light of COVID-19.

Taking into account the above, and with careful consideration given to the current market situation, the Board has concluded that there is a reasonable expectation that, assuming there will be a successful continuation vote at the 2024 AGM, the Company will be able to continue to operate and meet its liabilities as they fall due over the next five years.

Future strategy

The Company was founded, and continues to be managed, on the basis of a long-term investment strategy that seeks to generate superior returns from investments, principally in the shares of carefully selected companies in emerging markets.

The Company's results will be affected by many factors including political decisions, economic factors, the performance of investee companies and the ability of the Investment Manager to choose investments successfully as well as the current challenges as the world deals with the effects of the COVID-19 pandemic.

The Board and the Investment Manager continue to believe in investment with a long-term horizon in companies that are undervalued by stock markets but which are fundamentally strong and growing. It is recognised that, at times, extraneous political, economic and company-specific and other factors will affect the performance of investments, but the Company will continue to take a long-term view in the belief that patience will be rewarded.

By order of the Board
Paul Manduca
4 June 2020

The Investment Manager

TEMIT's Investment Manager is the Franklin Templeton Emerging Markets Equity ("FTEME") team. FTEME has managed the portfolio since TEMIT's inception and are pioneers in emerging markets equity investing. They bring more than 30 years of experience and local knowledge from over 80 investment professionals, based in 16 countries around the world.

The team has a collaborative investment process where all analysts and portfolio managers are jointly tasked to contribute to investment returns. They meet regularly, both formally and informally, to debate and exchange ideas, investment themes and enrich their understanding of the markets by drawing on local insights to build a global perspective and context to their thinking. They also benefit from the broader resources available throughout Franklin Templeton.

The portfolio managers for TEMIT, Chetan Sehgal (lead) and Andrew Ness are senior executives in FTEME.

Portfolio Managers

Chetan Sehgal, CFA

Chetan is the lead portfolio manager of TEMIT, based in Singapore.

As part of his broader responsibilities within FTEME, Chetan is also the director of portfolio management. In this capacity, he is responsible for 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.

Chetan joined Franklin Templeton in 1995 from the Credit Rating Information Services of India, Ltd where he was a senior analyst.

Chetan holds a B.E. Mechanical (Hons) from the University of Bombay and a post-graduate diploma in management from the Indian Institute of Management in Bangalore, where he specialised in finance and business policy and graduated as an institute scholar. Chetan speaks English and Hindi and is a Chartered Financial Analyst ("CFA") charterholder.

Andrew Ness, ASIP

Based in Edinburgh, UK, Andrew Ness is a portfolio manager of TEMIT.

Prior to joining Franklin Templeton in September 2018, Andrew was a portfolio manager at Martin Currie, an Edinburgh based asset manager. He began his career at Murray Johnstone in 1994 and worked with Deutsche Asset Management in both London and New York before joining Scottish Widows Investment Partnership in 2007.

Andrew holds a B.A. (Hons) in Economics and an MSc in business economics from the University of Strathclyde in the UK. He is an Associate Member of the UK Society of Investment Professionals and a member of the CFA Institute.

Investment Process

Investment philosophy and approach

The investment team aims to capture the growth potential of emerging markets economies by employing a bottom-up stock selection process based on in-depth company research. Through this long-term approach, they focus on identifying companies with sustainable earnings power at a discount to intrinsic worth.

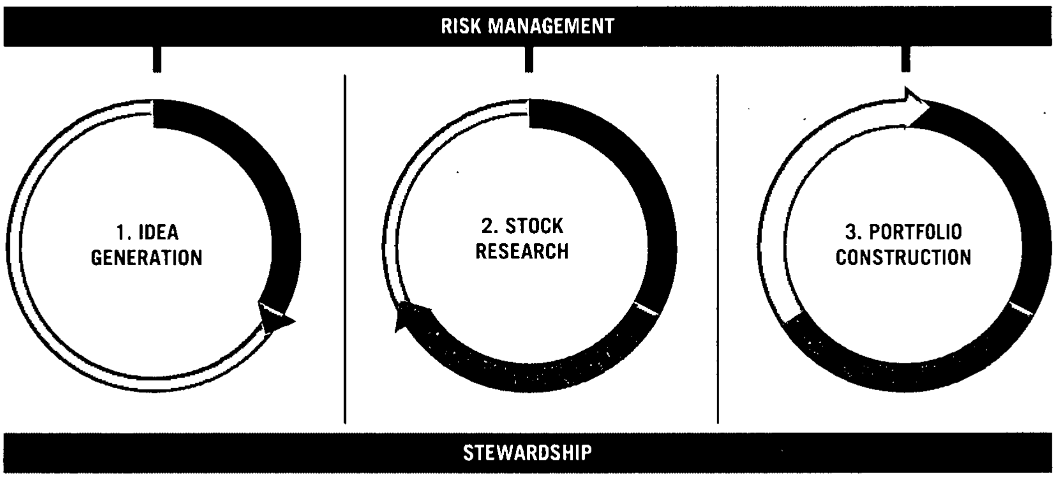
The team's information advantage lies in its extensive locally-based emerging markets resources, providing valuable local access to companies and expertise. This, combined with an investment approach that is robust, scalable, and continuously refined, allows the team to provide investors with access to the most attractive investment opportunities within emerging markets.

TEMIT's performance in different market environments

Given TEMIT's long-term approach and focus on identifying sustainable businesses that are mispriced by the market, the portfolio is most likely to produce superior returns in market environments that reward patience, and where company fundamentals are the primary driver of stock returns.

Investment process

The team's investment approach is bottom-up, fundamental research-driven with the focus on identifying companies demonstrating sustainable earnings power at a discount to intrinsic worth. In order to achieve this, the team has developed a rigorous and transparent investment process, as illustrated below, where risk management and stewardship are embedded at every stage of the process.



1. Idea generation

The key source of idea generation is the team of over 80 country and sector analysts and portfolio managers located around the globe. Their local presence means that they are best placed to uncover potential investments that meet the specific stock criteria used to identify sustainable earnings power. In addition, they can incorporate a deep understanding of the economic, political and cultural environment in their analysis.

Following identification of a potential investment for the portfolio, the analyst, Director of Research or Portfolio Managers will jointly agree whether a deeper analysis is warranted.

Investment Process (continued)

2. Stock research

In carrying out deep fundamental analysis on a stock, the team will look for the following characteristics:

Sustainability — the ability to sustain stable or growing economic profits over time. This is typically driven by a combination of a sound business model, earnings growth consistency, a sustainable competitive advantage such as strong growth opportunities, barriers to entry, and management with a strong strategic focus, among other factors.

At this stage of the investment process, there is also an analysis of a company's Environmental, Social and Governance practices, and how they might impact the business model.

FTEME's analysts conduct around 2,000-2,500 company interactions per year, meeting with company management, touring facilities, and meeting suppliers, clients and competitors—all with the aim of ascertaining the value of the company. As part of their bottom-up analysis of individual companies, our analysts routinely evaluate material ESG issues such as product safety, raw material sourcing, waste disposal, water management, labour relations, health and safety practices, community relations and numerous factors related to governance.

Whilst certain emerging markets' regulations pertaining to corruption, corporate governance, the environment and social issues—and their enforcement—may be still evolving, trends indicate that as a country develops, these safeguards become both more comprehensive and more stringently enforced. Thus, companies with strong records of governance today (which can impact management of environmental and social issues) may be better prepared for the future. A company with inadequate environmental policies not only reflects badly on existing corporate governance, it may also bode poorly for the future competitiveness of that company.

This analysis and its conclusions are incorporated into the research note that forms the basis of the fundamental research analysis and is stored and shared on a proprietary research platform.

Earnings Power — the team defines earnings power as the ability to generate sustainable economic profit into the future, including in areas that could be beyond the current scope of operations. A key element of determining earnings power is therefore assessing a company's asset quality, financial strength, and management quality.

Discount to intrinsic worth — the intrinsic worth of a company is determined through modelling the current business characteristics and changes in the business profile over time.

Company engagement

The team believes that, as co-owners of the businesses in which FTEME invests, they are responsible for engaging with companies, on behalf of shareholders, to drive better outcomes. As such, the team communicates regularly with companies to identify and promote management practices that are conducive to long-term earnings growth and sustainability. When potential corporate governance concerns arise, the team works directly with the companies in which they invest to advise and help strengthen governance. The FTEME team provides guidance to companies facing management difficulties to help them improve managerial controls and align interests, enhancing shareholder value.

When deemed necessary, to protect shareholder value, the FTEME team may escalate their engagement activities to include collaboration with other investors, public pressure via the media, and even the legal system, if appropriate.

- One such example, we initiated a legal challenge to stop the takeover of an investee company when it became clear the proposed takeover did not represent value for minority shareholders. Working in collaboration with another asset manager that was also a significant shareholder, our challenge was successful, and the courts mandated the company improve its financial reporting. This revealed a more accurate and more promising picture of the business, enabling us to successfully negotiate with the acquiring company to more than double their original offer. Ultimately, we were able to navigate these governance challenges to sell our stake at a healthy profit, allowing us to exit the position while enhancing value for our shareholders.

- When investing in partially state-owned companies the FTEME team have at times approached government representatives with potential concerns regarding the quality of management. In one such instance, this has resulted in the team identifying a suitable candidate to serve on an investee company's board where this individual provided leadership and critical guidance through a period of tremendous growth.

The above points are just a few examples of the Investment Manager's proactive approach to monitoring corporate governance practices. The investment team also scrutinises other issues, including the relationship between a company and its auditor, as well as related-party transactions, as these matters can uncover potential poor corporate governance practices.

In the past 12 months, TEMIT voted against company management recommendations over 160 times.

In addition to the comprehensive research perspectives discussed above, the Investment Manager's longstanding and global presence keeps the team at the forefront of major issues in the emerging markets, ESG issues amongst them.

3. Portfolio construction

The Portfolio Managers aim to build a portfolio of around 70 to 100 companies that have been identified as strong investment opportunities.

Every potential company holding is considered in the context of TEMIT's full portfolio, including the marginal risk and return of adding the company to the portfolio.

To ensure diversification and to manage risk effectively, the size of each holding is carefully managed. This serves to diversify the portfolio across a wide number of investment opportunities—allowing each to contribute to the performance of the portfolio in a meaningful way—while also limiting the potential downside impact of any single security. In addition, individual stock weightings are determined by the liquidity in the stock and the respective market. While the FTEME team is comfortable investing in less liquid companies that meet TEMIT's investment criteria, the team also seeks to ensure that there is sufficient liquidity to exit the investment if the investment case changes and fundamentals deteriorate.

While the portfolio will include some overlap with the MSCI Emerging Markets Index, the Portfolio Managers do not intend to replicate the Index and the portfolio may vary considerably. TEMIT may include some companies and countries that are not included in the MSCI Emerging Markets Index. Risk considerations are embedded throughout the team's fundamental research and they are careful to ensure that the portfolio is not exposed to any unintentional risks and aim to prevent excessive exposure to any single company, industry sector, country, investment theme or to excessive volatility.

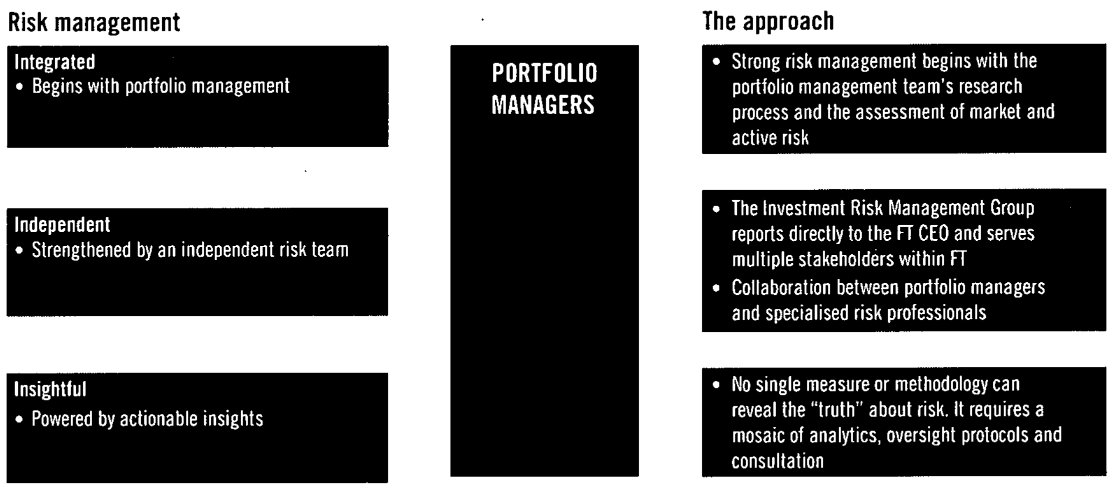
All holdings are regularly reviewed to ensure that analysts' recommendations are up-to-date and accurately reflect any changes in company fundamentals. The team's ongoing fundamental research and disciplined approach drive all buy and sell decisions.

Investment Process (continued)

Investment risk management

Investment in emerging markets equities inevitably involves risk in a volatile asset class, and portfolios constructed from the "bottom up" may be exposed to risks that become evident when viewed from the "top down". FTEME is one of a number of Investment Management groups within Franklin Templeton ("FT"). FT uses a comprehensive approach to managing risks within its managed portfolios and this approach is inherent in all aspects of the investment process. Investment risks are to be identified and intentional. Risk is to be optimised, not minimised.

Risk management is led first and foremost by experienced portfolio managers. It is integrated within each step of FTEME's fundamental, research-driven process, and includes formalised collaboration with FT's independent Investment Risk Management Group. The group consists of over 90 investment risk and performance professionals in 20 global locations. The group is responsible for the independent preparation and monitoring of risk management information and for the reporting of any exceptions to senior management and the Board of the Company. A monthly executive risk summary report is reviewed by FT's Executive Investment Risk Committee as an input to the senior management reporting process. The group also provides regular performance analysis versus the benchmark and peers to identify absolute and relative performance trends or outliers. Exposure and attribution analysis is another key measure to support the integration of investment risk insight into each step of the investment process.



Building from this philosophy and within the boundaries of the overall investment strategy or potential regulatory restrictions, the Investment Manager and Investment Risk Management Group will agree upon guidelines that reflect TEMIT's risk profile.

As part of the ongoing risk management, potential performance in stressed markets or under anticipated scenarios are assessed and discussed. Using their specific expertise and with an independent view, the Investment Risk Management Group can provide risk-related information to the Investment Manager that can provide valuable insight for consideration in the portfolio construction process.

For additional information with respect to the AIFM risk management framework, please read the Investor Disclosure Document on the website.

Portfolio Report

Market overview

A flight to safety driven by the COVID-19 pandemic and the oil price war led to an indiscriminate sell-off across most asset classes late in the reporting period. Earlier gains were erased, leading emerging markets to end the reporting period in negative territory. The MSCI Emerging Markets Index returned -13.2% in the year under review, while TEMIT delivered a net asset value total return of -11.2% (all figures in sterling). Full details of TEMIT's performance can be found on page 1.

The US-China trade conflict dominated headlines early in the reporting period as several rounds of retaliatory actions raised investor concerns. Markets, however, received some good news in October, with the US and China reaching agreement on a partial trade deal. Amidst rising growth and trade concerns, the US Federal Reserve ("Fed") cut its key interest rate for the first time in a decade in July, followed by two more rate cuts in September and October, before signalling a pause. The rate cuts helped to alleviate upward pressure on the US dollar, helping emerging market currencies while also facilitating greater flexibility in emerging market monetary policy.

Investor optimism following the signing of the US-China "phase one" agreement in mid-January, however, was overshadowed by fears over the COVID-19 outbreak, which started in China, but also spread to other parts of the world with new centres of the outbreak emerging in Europe and the US. The COVID-19 outbreak was declared a pandemic by the World Health Organization on 11 March. The collapse in OPEC+[a] negotiations in early March and Saudi Arabia's subsequent, aggressive undercutting of its official oil prices sparked a price war, compounding the impact of slowing demand amidst a decline in global economic growth due to the global spread of COVID-19. Oil prices fell sharply, with the WTI[b] and Brent[c] losing about two-thirds of their value in the first three months of 2020. Though OPEC+ and other oil producers agreed to cut oil supply after the reporting period ended, demand contraction could continue to put pressure on prices. Efforts to curb the spread of COVID-19 led to severe mobility restrictions in many countries and in some cases a complete lockdown, heightening fears of a global recession as economies came to a standstill. Liquidity in global financial markets dried up with many equity markets entering bear market territory. Unprecedented fiscal and monetary stimulus globally, however, helped to stabilise markets in late-March. The US Fed cut rates to near zero in March, facilitating greater flexibility in emerging markets monetary policy, which saw most countries also cutting rates.

China remained TEMIT's largest market exposure but the TEMIT portfolio remained underweight relative to the benchmark. Equity prices in China edged down by less than 1% in sterling terms over the year, making it the second-best performing market in the benchmark. Chinese stocks remained under pressure in the earlier part of the reporting period, weighed down by the US-China trade dispute and concerns of slowing growth in the country. Although an agreement on a partial trade deal saw equities rebound, the outbreak of COVID-19 and subsequent lockdown in parts of China raised fears. Business activity and consumption were significantly impacted as people curtailed their movements as a preventive measure. Sectors such as travel, leisure, retail and some elements of discretionary consumption were severely impacted. Chinese equity markets, however, were resilient, as the Chinese authorities' aggressive steps to contain the spread of the virus yielded positive results. Supportive action from policymakers including monetary easing, fiscal measures and additional liquidity also helped ease investor concerns. Although there have been concerns of a second wave via imported cases from outside of China, the measures in place have, at the time of writing, been able to limit local transmission. This has allowed the government to shift its focus from containment toward economic normalisation, with restrictions gradually being relaxed and production capacity getting back online (about 80-90% at the time of writing). While Chinese economic data reported over the first quarter was some of the

[a] OPEC+ is an alliance of oil producers, including members and non-members of the Organization of the Petroleum Exporting Countries.

[b] West Texas Intermediate – a benchmark market price for crude (unrefined) oil.

[c] Brent Crude – a benchmark market price for crude (unrefined) oil.

worst in decades, we expect to see the start of a recovery in the second quarter as the situation in the country continues to normalise and the impact of the authorities' monetary policies filters through the economy. As a net oil importer, low oil prices will also benefit the economy, acting as a direct stimulus to consumers, most businesses and the central government. We expect a rebound in domestic activity over the second half of 2020, driven by pent-up demand and government stimulus, with risks to this outlook primarily driven by halting activity in developed markets. Overall, China's market has been relatively resilient. While we continue to monitor the situation, we currently believe that the long-term growth outlook for China and Chinese equities remains unchanged.

South Korea was TEMIT's second-largest market position at the end of March and overweight versus the benchmark. The equity market remained range bound over most of 2019 as the US-China trade dispute, tensions between South Korea and Japan and North Korea's missile launches balanced a switch from hawkish to more neutral monetary policy, a record 2020 expansionary budget and improving sentiment in the global memory chips market. In early 2020, the optimism of a trade deal between the US and China was quickly overshadowed by the COVID-19 outbreak. South Korea became the first country outside of China to record more than 1,000 cases in late-February, heightening concerns of the possibility of another outbreak epicentre. Decisive and prompt actions, however, helped largely to contain the outbreak with new daily cases starting to taper off in March. As a key supplier to the global supply chain, investors grew concerned about supply side shocks. While large-scale production suspensions were not reported, some production lines were halted for safety reasons. Supply disruptions from China also had an impact. The tourism and retail sectors were, however, more severely affected. To cushion the economy, the authorities cut the benchmark interest rate to a record low and announced relief packages for households and businesses. While GDP most likely contracted in the first quarter of 2020, we believe that there could be a recovery in the latter part of 2020, supported by the government's stimulus measures, once COVID-19 is contained.

Taiwan was the only market in the MSCI Emerging Markets Index to record a positive return over the reporting period. Equities gained in 2019 on an improving global outlook for memory chips and easing US-China trade friction, which boosted market sentiment towards companies within the global technology supply chain and which favoured the Taiwanese market where technology-related stocks account for a substantial portion. The Taiwanese economy saw limited impact from COVID-19 as the island saw fewer cases than its counterparts and moved quickly to tackle the situation. While the share prices of information technology companies declined from their highs in January, the sector has been more defensive compared to those of companies related to consumers, tourism and energy that have been more severely impacted by the pandemic and oil price war. TEMIT's exposure to Taiwan was largely attributable to Taiwan Semiconductor Manufacturing Company ("TSMC"), one of the portfolio's largest holdings and the largest stock contributor to TEMIT's performance relative to the benchmark. TSMC is one of the world's leading semiconductor makers and counts major technology companies amongst its clients.

Another market that fared better than its emerging market peers was **Russia**. Equity prices remained on an upward trend over the reporting period, returning 45% in sterling terms at its peak in January. Heightened global uncertainty resulting from the COVID-19 outbreak, however, turned market sentiment. Multiple actions including closing its borders to China and isolating early suspected cases initially helped to curb the spread of the virus but a spike in new cases led the government to adopt more stringent measures in March. The energy-dependent market, however, fell sharply in March as the oil price war described above added to demand concerns, leading oil prices to fall to their lowest level in close to two decades. To support the economy, policy makers reduced interest rates and announced a range of measures to support households and businesses affected by COVID-19. The Russian market ended the reporting period down by 9% in sterling terms but supported by one of the highest dividend yields in the emerging market universe. Undemanding equity valuations in Russia also remained a draw for investors, while improving corporate governance standards provided investors with some assurance. Moreover, the country has little sovereign debt, twin surpluses in both current account and fiscal balance, as well as a National Wealth Fund which was created

Portfolio Report (continued)

during periods of higher oil prices with the purpose of supporting the economy during a low oil price environment, an extremely enviable position to be in. While we have seen weakness in our Russian holdings, we believe that Russia is well prepared for a low oil price environment, with most oil companies' free cash flow positive even at US$20 oil price levels.

Driven by the country's promising economic reform agenda, **Brazilian** equities were up by 20% in sterling terms by the end of 2019. A low inflationary and interest rate environment further supported equity flows. However, a 50% decline in the first three months of 2020 made Brazil one of the worst performing emerging markets for the reporting period, in sterling terms. A considerable part of the decline came from depreciation in the Brazilian real, which fell to a historic low in March. Lower carry appeal resulting from record-low interest rates, concerns over the economic impact of COVID-19 and a sharp decline in oil prices weighed on the currency. The government announced measures to support the population and economy, while the central bank lowered its key interest rate to a record-low of 3.75% to help to mitigate the effects of the outbreak. We expect lower interest rates in Brazil to drive a reallocation of assets from cash to equities as investors seek better returns. Taking a longer-term view, we believe that the social security reform may help to stimulate investment and credit, which could help to improve economic activity and reduce Brazil's fiscal deficit. We are also of the opinion that the central bank has sufficient foreign exchange reserves to support the currency. While the short-term situation in Brazil remains uncertain regarding the COVID-19 outbreak, we remain positive on Brazil over the long term, selectively adding to our exposure during the reporting period, which remains overweight compared to the benchmark.

The **Indian** market remained range-bound over most of the reporting period as optimism over Prime Minister Narendra Modi's reform agenda including a meaningful reduction in corporate tax rates was offset by a continuing economic slowdown and financial sector problems. Late in the reporting period, however, Indian equities were not spared by the global flight to safety, as stock markets around the world recorded sharp declines driven by the COVID-19 pandemic. Indian equities declined by more than 20% in March alone. A crisis in a private-sector bank (not held in the portfolio), which subsequently resulted in a bail-out, further weighed on financial stocks. Efforts to contain the local transmission of COVID-19 led the government to impose a 21-day nationwide lockdown, raising concerns that the economic disruption would result in a growth shock in one of the fastest growing major economies globally. Policy makers, however, announced fiscal stimulus measures including relief for those affected by the economic disruption, reduced interest rates as well as a comprehensive package to ensure financial stability. Although the extent and duration of the virus's impact on the economy remains unknown, looking ahead, we believe that the country should benefit from the implementation of structural reforms, low interest rates and low corporate tax rates. Further, as global economies work towards diversifying their supply chains, we could see India benefit from increased foreign investment. As a net oil importer, low oil prices should also support India's fiscal position. Although India remains one of the larger positions in TEMIT, we remain underweight relative to the benchmark. A key holding in India is one of the country's largest private-sector banks, ICICI Bank. Although we expect to see some impact on the bank's loans and margins as a result of the economic disruptions caused by COVID-19 in the interim, we believe that ICICI Bank is well-capitalised with a strong deposit base and should be able to withstand the short-term impact.

Going into this oil crisis, TEMIT was neutral in the energy sector, our preferred exposure in terms of oil sensitivity was in Russia and Russian stocks, and we had no exposure to other oil-sensitive markets like Colombia, Saudi Arabia, Qatar, and the United Arab Emirates. Our preference for Russia was driven by the Russian stocks' sound fundamentals and attractive valuations. Evaluating the portfolio, we reduced exposure to oil companies that were more highly levered. The negative near-term impact upon energy companies, as well as the secondary effect on economic growth in oil-exporting countries, could be considerable. Nevertheless, the oil price crash earlier in the last decade resulted in a sustained period of company (and fiscal) deleveraging, paired with improved cost control as well as encouraging greater caution towards the sector. From a macro perspective, there are also many emerging markets – and specifically in the Asian region – that are net oil and gas importers. Lower oil prices should ultimately support downward pressure on inflation. That will help policy makers to have more flexibility, for example, in monetary easing to cushion growth particularly in countries like India, China, and the Philippines. A lower oil price, therefore, is not necessarily all bad news for emerging markets. Longer-term, we are likely to see a supply response with higher cost producers including US shale companies effectively having to shut down production. Coupled with an eventual recovery in demand, this should ultimately lead to higher oil prices in the future.

Investment Strategy, Portfolio Changes and Performance

The following sections show how different investment factors (stocks, sectors and geographies) accounted for the Company's performance over the period. We continue to emphasise our investment process that selects companies based on their individual attributes and ability to generate risk-adjusted returns for investors, rather than taking a high-level view of sectors, countries or geographic regions to determine our investment allocations.

Our investment style is centred on finding companies with sustainable earnings power and whose shares trade at a discount relative to their intrinsic worth and to other investment opportunities in the market. We also pay close attention to risks.

We continue to utilise our research-based, active approach to help us find companies which have high standards of corporate governance, respect their shareholder base and understand the local intricacies that may determine consumer trends and habits. Utilising our large team of analysts, we aim to maintain close contact with the boards and senior management of existing and potential investments and believe in engaging constructively with our investee companies.

All of these factors require us to conduct detailed analyses of potential returns versus risks with a time horizon of typically five years or more.

As active investors, we have continued to engage with companies and sought to understand both the short- and long-term impact of COVID-19 and the subsequent behavioural changes of companies. We believe this helps to ensure that our portfolios are positioned accordingly. We continue to stress the importance of being selective and undertaking due diligence in making investment decisions.

In our view, our well-resourced, locally based team remains a key competitive advantage, and it has certainly been helpful having a team on the ground in Hong Kong and Shanghai, to help our decision making during the months following the outbreak of COVID-19 in Wuhan. Our teams were able to hold a significant number of calls with companies and industry specialists.

Across the portfolio, we were and remain positioned in long-term themes including consumption premiumisation, digitalisation, healthcare and technology, with stocks reflecting our philosophy. We see leverage as a risk and continue to avoid companies with weak balance sheets.

While the immediate outlook is uncertain, this approach should help us to navigate the coming months and over time we expect the long-term fundamentals of our holdings to remain intact.

Portfolio Report (continued)

Performance attribution analysis %

Year to 31 March	2020	2019	2018	2017	2016
Net asset value total return[a]	(11.2)	1.8	12.4	47.8	(17.1)
Expenses incurred	1.0	1.0	1.1	1.2	1.2
Gross total return[a]	(10.2)	2.8	13.5	49.0	(15.9)
Benchmark total return[a]	(13.2)	0.1	11.8	35.2	(8.8)
Excess return[a]	3.0	2.7	1.7	13.8	(7.1)
Stock selection	(2.1)	1.8	1.3	13.7	(11.4)
Sector allocation	3.1	(0.6)	(0.3)	0.1	2.0
Currency	1.6	1.0	0.4	0.2	1.5
Residual[a]	0.4	0.5	0.3	(0.2)	0.8
Total Investment Manager contribution	3.0	2.7	1.7	13.8	(7.1)

Source: FactSet and Franklin Templeton.

[a] A glossary of alternative performance measures is included on page 113.

Contributors and detractors by security

Top contributors to relative performance by security (%)[a]

Top contributors	Country	Sector	Share price total return	Relative contribution to portfolio
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	25.6	1.1
NAVER	South Korea	Communication Services	34.6	1.0
Tencent	China/Hong Kong	Communication Services	12.2	0.9
Samsung Electronics	South Korea	Information Technology	7.8	0.7
Sunny Optical Technology	China/Hong Kong	Information Technology	60.3	0.5
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	(2.6)	0.5
Naspers	South Africa	Consumer Discretionary	(3.0)	0.5
China Resources Cement Holdings	China/Hong Kong	Materials	30.8	0.5
Gazprom, ADR	Russia	Energy	11.7	0.4
Unilever[b]	United Kingdom	Consumer Staples	(4.8)	0.3

[a] For the period 31 March 2019 to 31 March 2020.

[b] Security not included in the MSCI Emerging Markets Index.

Taiwan Semiconductor Manufacturing ("TSMC") is one of the world's leading semiconductor makers and counts major technology companies amongst its primary clients. The chip maker posted solid revenue and earnings growth in the third and fourth quarters of 2019 due to the rollout of premium smartphones and high-performance computing applications. As a supplier to smartphone maker Apple, TSMC also benefited

Portfolio Report (continued)

from better-than-expected sales of the latest iPhone. The company's share price reached a new high in January 2020 before falling slightly as investors grew concerned about the impact of the COVID-19 outbreak on global demand. While we could see some impact on revenue in the short-term, a recovery driven by pent up demand is likely once COVID-19 is contained. In the longer term, we believe that 5G development also remains a growth opportunity for the company.

NAVER is South Korea's largest internet search engine. Shares in NAVER rose after it announced a merger of its subsidiary Line Corporation, the largest messenger app in Japan, with Yahoo Japan, a SoftBank subsidiary, on synergy expectations from business integration and growth in artificial intelligence, e-commerce, fintech and O2O (online to offline) businesses. NAVER's plan to spin off its digital payment unit, NAVER Pay, to form a financial services company, which is expected to offer a range of services, including loans and insurance, was also viewed favourably by investors. A roadmap for the monetisation of NAVER Webtoon, its webtoon (a type of digital comic that originated in South Korea) publishing portal, further drove investor confidence in the stock. While COVID-19 is expected negatively to impact NAVER's advertising business in the short term, we believe that that firm's fundamentals remain intact and NAVER's key businesses could see solid growth on increased online activity.

Tencent is one of the largest internet services companies in China. The company provides online gaming, social network, fintech, cloud and other entertainment related services. Investor concern surrounding the US-China trade dispute and mixed second- and third-quarter 2019 corporate results weighed on sentiment in the stock in first half of the reporting period. Shares subsequently rose, however, on expectations of solid growth in the mobile gaming and financial technology businesses. Tencent reported solid fourth-quarter corporate results with double-digit revenue and earnings growth driven by strong performances in its online gaming and advertising, Fintech and cloud operations. Although we expect COVID-19 to have a short-term negative impact on Tencent's advertising, payments and cloud services as a result of a decline in business activities, solid growth in its online gaming and video and social networking activities should help to mitigate the impact. As the economic situation normalises, we expect Tencent to continue to benefit from growth in its online entertainment, cloud computing and fintech businesses.

Top detractors to relative performance by security (%)[a]

Top detractors	Country	Sector	Share price total return	Relative contribution to portfolio
Banco Bradesco, ADR	Brazil	Financials	(50.5)	(0.7)
Banco Santander Mexico, ADR[b]	Mexico	Financials	(47.6)	(0.7)
Itaú Unibanco, ADR	Brazil	Financials	(43.5)	(0.6)
Massmart[b]	South Africa	Consumer Staples	(71.0)	(0.6)
Glenmark Pharmaceuticals	India	Health Care	(69.3)	(0.5)
IMAX[b]	United States	Communication Services	(58.1)	(0.4)
Kasikornbank	Thailand	Financials	(50.5)	(0.4)
Astra International	Indonesia	Consumer Discretionary	(49.8)	(0.4)
Cognizant Technology Solutions[b]	United States	Information Technology	(31.8)	(0.4)
Bajaj Holdings & Investments[b]	India	Financials	(48.2)	(0.4)

[a] For the period 31 March 2019 to 31 March 2020.

[b] Security not included in the MSCI Emerging Markets Index.

Portfolio Report (continued)

While the market has been swift in discounting earnings for banks in general, we believe that the risk of systemic banking crises in Brazil and Mexico is low given reasonably strong capitalisation, robust regulatory oversight and current policy support, and less credit expansion as compared to developed markets – for example the Brazilian banks, **Banco Bradesco** and **Itaú Unibanco** have been de-risking their balance sheets for the last 5-6 years due to the recession there. Expectations that the economy could fall into a technical recession in 2020 as a result of the lockdown and economic impact from COVID-19, weighed on sentiment with shares in both banks declining significantly in line with the wider equity market. Although we expected to see some short-term impact on asset quality and revenue generation, taking a longer-term view we maintain a positive view on both banks and believe that they are well positioned to recover once the COVID-19 outbreak is contained and domestic economic activity improves. Both banks reported solid 2019 corporate results, are fundamentally sound and trade at attractive valuations with high dividend yields. We used the market fall as an opportunity to increase our positions in both banks.

Shares in one of the largest banks in Mexico, **Banco Santander Mexico** jumped in April following a tender offer via a share swap from the Spanish-listed parent. Over the reporting period, Banco Santander Mexico's share price largely tracked shares of its Spanish parent Banco Santander, which increased its stake in the Mexican bank to over 90% following the completion of a tender offer in September 2019. Shares fell substantially in the last two months of the reporting period as investors grew increasingly concerned about the COVID-19 pandemic. While the bank's 2019 earnings growth exceeded management guidance, we expect to see some negative impact on 2020 earnings from social distancing efforts to limit the spread of the virus and lower oil prices both weigh on economic activity in Mexico. Taking a longer-term view, we continue to favour the bank due to its strong market position, healthy balance sheet and attractive valuations.

Top contributors and detractors to relative performance by sector (%)[a]

Top contributors	MSCI Emerging Markets Index sector total return	Relative contribution to portfolio	Top detractors	MSCI Emerging Markets Index sector total return	Relative contribution to portfolio
Communication Services	(3.3)	1.8	Financials	(23.6)	(1.3)
Information Technology	9.2	1.5	Consumer Staples	(11.2)	(0.8)
Materials	(27.4)	1.3	Health Care	(3.7)	(0.7)
Energy	(32.1)	0.5	Industrials	(22.5)	(0.1)
Utilities[b]	(19.6)	0.2			
Real Estate	(17.3)	0.1			
Consumer Discretionary	(3.6)	0.1			

[a] For the period 31 March 2019 to 31 March 2020.

[b] No companies held by TEMIT in this sector.

Favourable stock selection and overweight positions in the **communication services** and **information technology** sectors added to TEMIT's performance relative to the benchmark index in the review period. Selection and an underweight position to the **materials** sector, which underperformed its counterparts, also had a positive impact. Technology-related sectors remained resilient during the crisis period with e-commerce, internet and software companies benefiting from an increase in online activities. Major semiconductor companies in Taiwan and South Korea also reported limited supply disruption, while it is likely that pent up demand will lead to a rebound in sales as the COVID-19 situation improves. The materials

Portfolio Report (continued)

sector underperformed its peers as demand shocks and a decline in commodity prices weighed on businesses in the sector.

Conversely, the **financials, consumer staples** and **health care** sectors negatively impacted relative returns. Financials remain a key area of secular growth given the low levels of credit penetration across emerging markets, and TEMIT's holdings are primarily dominant, incumbent banks with strong capitalisation levels and robust deposit franchises, which should emerge stronger post crisis. Stock selection was largely responsible for the detraction in consumer staples and health care. We reduced our holdings in the consumer staples sector during the reporting period and maintained an underweight position in health care relative to the benchmark.

Top contributors and detractors to relative performance by country (%)[(a)]

Top contributors	MSCI Emerging Markets Index country total return	Relative contribution to portfolio	Top detractors	MSCI Emerging Markets Index country total return	Relative contribution to portfolio
South Africa	(33.8)	1.1	United States	(0.7)	(0.8)
South Korea	(12.1)	1.0	Mexico	(28.2)	(0.5)
China/Hong Kong	(0.9)	0.5	Thailand	(28.8)	(0.5)
Taiwan	7.5	0.4	Indonesia	(33.1)	(0.2)
Saudi Arabia[(b)]	(26.0)	0.4	Pakistan	(35.1)	(0.1)
Chile[(b)]	(43.7)	0.3	India	(27.3)	(0.1)
United Kingdom	10.1	0.3	Kenya[(c)]	—	(0.1)
Poland[(b)]	(36.0)	0.2	Czech Republic	(33.7)	(0.1)
Hungary	(27.8)	0.2			
Philippines	(26.5)	0.2			

(a) For the period 31 March 2019 to 31 March 2020.

(b) No companies held by TEMIT in this country.

(c) No companies included in the MSCI Emerging Markets Index in this country.

Our selection of stocks in **South Africa, South Korea** and **China,** were amongst the leading contributors to TEMIT's returns relative to the benchmark index. Naspers, which tended to track the share price movements of its underlying holdings that includes Tencent and Mail.Ru, was largely accountable for TEMIT's exposure in South Africa. We reduced exposure to Naspers in favour of increasing holdings directly in Tencent, following the spin-off of its international assets (via Prosus). We added to holdings in China and South Korea during the reporting period. A key purchase was Samsung Life Insurance, the largest life insurance company in South Korea, given its attractive valuations, strong prospects of its key holding, Samsung Electronics and our expectation of an improvement in shareholder returns. We accordingly used the market fall in 2020 as an opportunity to add to our position. In contrast, relative performance was hurt by stock selection in the **United States, Mexico** and **Thailand**. TEMIT's holding in Cognizant Technology Solutions, a US-listed technology services provider that derives most of its earnings from services produced in India, was the key detractor in the United States. We reduced our position in the stock ahead of the market crisis but still

Portfolio Report (continued)

maintain a sizeable position on expectations of a turnaround. We also reduced our holdings in Thailand in favour other more attractive opportunities. We maintain an underweight exposure to Mexico relative to the benchmark.

Portfolio changes by sector

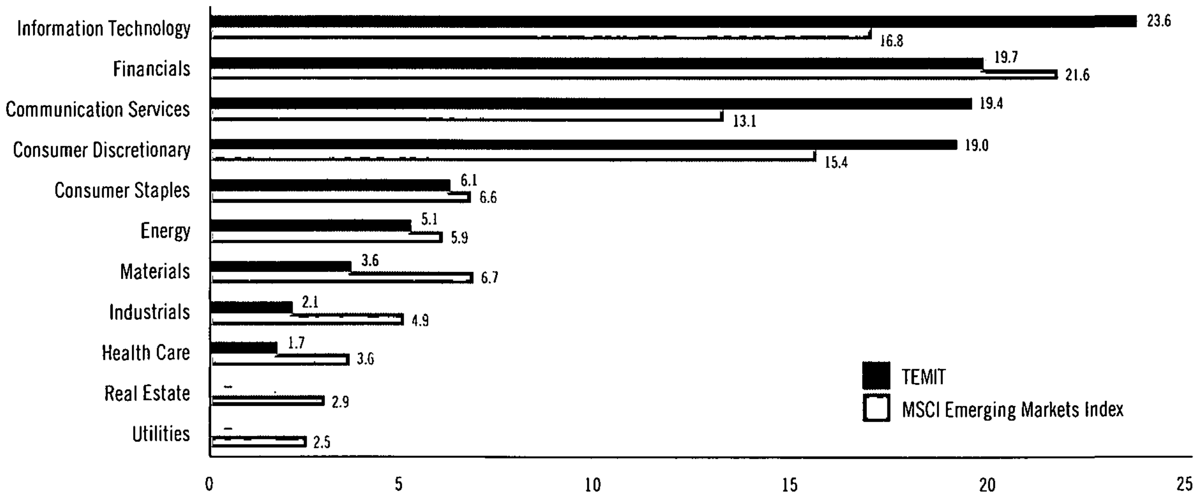
Sector	31 March 2019 market value £m	Purchases £m	Sales £m	Market movement £m	31 March 2020 market value £m	Total return in sterling TEMIT %	Total return in sterling MSCI Emerging Markets Index %
Information Technology	419	52	(82)	29	418	9.7	9.2
Financials	585	99	(169)	(167)	348	(29.0)	(23.6)
Communication Services	227	126	(21)	13	345	5.6	(3.3)
Consumer Discretionary	448	57	(140)	(28)	337	(7.3)	(3.6)
Consumer Staples	152	17	(37)	(26)	106	(22.8)	(11.2)
Energy	163	21	(53)	(39)	92	(29.2)	(32.1)
Materials	66	48	(29)	(19)	66	(10.6)	(27.4)
Industrials	52	18	(10)	(22)	38	(34.3)	(22.5)
Health Care	42	2	(2)	(12)	30	(29.2)	(3.7)
Real Estate	8	–	(8)	–	–	6.6	(17.3)
Net liabilities[a]	(44)	–	–	39[b]	(5)	–	–
Total	**2,118**	**440**	**(551)**	**(232)**	**1,775**		

[a] The Company's net liabilities are the total of net current assets/liabilities plus non-current liabilities per the Statement of Financial Position on page 78.

[b] The movement relates to changes in cash, receivables, payables, the loan facility and capital gains tax provision.

Sector asset allocation
As at 31 March 2020

Sector weightings vs benchmark (%)



Portfolio Report (continued)

Portfolio changes by country

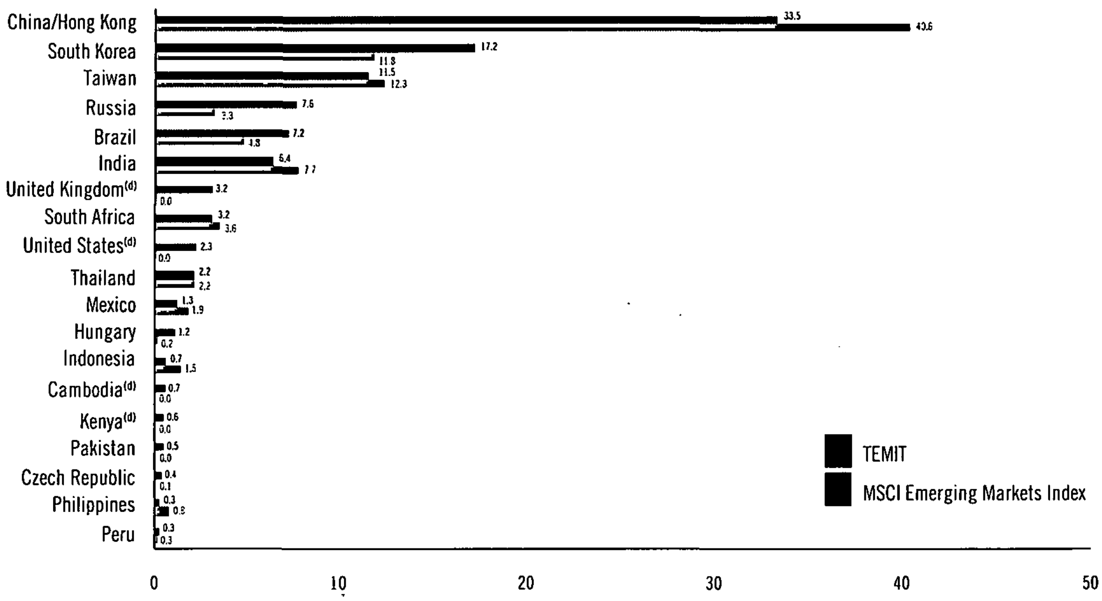
Country	31 March 2019 market value £m	Purchases £m	Sales £m	Market movement £m	31 March 2020 market value £m	Total return in sterling: TEMIT %	Total return in sterling: MSCI Emerging Markets Index %
China/Hong Kong	512	205	(166)	43	594	3.7	(0.9)
South Korea	289	93	(48)	(28)	306	(6.0)	(12.1)
Taiwan	206	9	(31)	20	204	15.0	7.5
Russia	189	–	(28)	(26)	135	(14.5)	(9.0)
Brazil	181	87	(73)	(67)	128	(35.1)	(39.2)
India	162	10	(7)	(50)	115	(28.9)	(27.3)
Other	623	36	(198)	(163)	298	–	–
Net liabilities[(a)]	(44)	–	–	39[(b)]	(5)		
Total	**2,118**	**440**	**(551)**	**(232)**	**1,775**		

(a) The Company's net liabilities are the total of net current assets/liabilities plus non-current liabilities per the Statement of Financial Position on page 78.

(b) The movement relates to changes in cash, receivables, payables, the loan facility and capital gains tax provision.

Geographic asset allocation as at 31 March 2020

Country weightings vs benchmark (%)[(c)]



(c) Other countries in the benchmark are Chile, Colombia, Egypt, Greece, Malaysia, Poland, Qatar, Turkey, Saudi Arabia and the United Arab Emirates.

(d) No companies included in the MSCI Emerging Markets Index in this country.

Portfolio Report (continued)

Portfolio investments by fair value as at 31 March 2020

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net assets
Tencent	China/Hong Kong	Communication Services	IH	167,891	9.5
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	PS	162,050	9.1
Samsung Electronics	South Korea	Information Technology	PS	152,175	8.6
Alibaba, ADR[b]	China/Hong Kong	Consumer Discretionary	IH	143,113	8.1
NAVER	South Korea	Communication Services	IH	67,051	3.8
ICICI Bank	India	Financials	NT	59,267	3.3
Unilever[c]	United Kingdom	Consumer Staples	PS	56,842	3.2
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	PS	53,702	3.0
Naspers	South Africa	Consumer Discretionary	PS	49,496	2.8
LUKOIL, ADR[b]	Russia	Energy	NT	40,601	2.3
TOP 10 LARGEST INVESTMENTS				**952,188**	**53.7**
Itaú Unibanco, ADR[b]	Brazil	Financials	IH	36,843	2.1
LG	South Korea	Industrials	IH	35,842	2.0
Cognizant Technology Solutions[c]	United States	Information Technology	IH	33,451	1.9
Sberbank of Russia, ADR[b]	Russia	Financials	NT	33,094	1.9
Banco Bradesco, ADR[b][d]	Brazil	Financials	IH	32,458	1.8
Yandex	Russia	Communication Services	PS	30,979	1.7
China Mobile	China/Hong Kong	Communication Services	IH	30,416	1.7
China Merchants Bank[e]	China/Hong Kong	Financials	IH	29,082	1.6
China Resources Cement Holdings	China/Hong Kong	Materials	IH	28,234	1.6
Hon Hai Precision Industry	Taiwan	Information Technology	IH	21,937	1.2
TOP 20 LARGEST INVESTMENTS				**1,264,524**	**71.2**

[a] Trading activity during the year: (NH) New Holding, (IH) Increased Holding, (PS) Partial Sale and (NT) No Trading.
[b] US listed American Depositary Receipt.
[c] This company, listed on a stock exchange in a developed market, has significant exposure to operations from emerging markets.
[d] Preferred shares.
[e] Company is listed on the Hong Kong and Shanghai Stock Exchanges.

Portfolio Report (continued)

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net assets
Gedeon Richter	Hungary	Health Care	IH	21,192	1.2
Samsung Life Insurance	South Korea	Financials	NH	20,378	1.1
CNOOC	China/Hong Kong	Energy	NT	19,782	1.1
Banco Santander Mexico, ADR[b]	Mexico	Financials	NT	19,465	1.1
Vale	Brazil	Materials	NH	18,478	1.0
Infosys Technologies	India	Information Technology	NT	17,881	1.0
Baidu, ADR[b]	China/Hong Kong	Communication Services	IH	17,782	1.0
Ping An Insurance Group	China/Hong Kong	Financials	PS	17,391	1.0
Gazprom, ADR[b]	Russia	Energy	PS	16,242	0.9
Sunny Optical Technology	China/Hong Kong	Information Technology	NH	15,252	0.9
TOP 30 LARGEST INVESTMENTS				**1,448,367**	**81.5**
POSCO	South Korea	Materials	IH	14,663	0.8
Prosus[f]	China/Hong Kong	Consumer Discretionary	IH	13,753	0.8
Kasikornbank	Thailand	Financials	IH	13,467	0.8
NagaCorp	Cambodia	Consumer Discretionary	PS	12,843	0.7
Astra International	Indonesia	Consumer Discretionary	PS	12,477	0.7
Lojas Americanas	Brazil	Consumer Discretionary	PS	12,366	0.7
Kiatnakin Bank	Thailand	Financials	NT	12,361	0.7
Ping An Bank	China/Hong Kong	Financials	PS	12,056	0.7
B3[g]	Brazil	Financials	PS	11,982	0.7
H&H Group	China/Hong Kong	Consumer Staples	IH	11,149	0.6
TOP 40 LARGEST INVESTMENTS				**1,575,484**	**88.7**

(a) Trading activity during the year: (NH) New Holding, (IH) Increased Holding, (PS) Partial Sale and (NT) No Trading.

(b) US listed American Depositary Receipt.

(f) This company is listed in the Netherlands. The classification of China/Hong Kong is due to most of its revenue coming from its holding in Tencent.

(g) Company changed its name from BM&F Bovespa during the year.

Portfolio Report (continued)

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net assets
Mail.Ru, GDR[h]	Russia	Communication Services	PS	11,062	0.6
Fila Korea	South Korea	Consumer Discretionary	NH	10,959	0.6
Bajaj Holdings & Investments	India	Financials	IH	10,922	0.6
NetEase, ADR[b]	China/Hong Kong	Communication Services	PS	9,768	0.6
MGM China	China/Hong Kong	Consumer Discretionary	IH	7,806	0.4
IMAX[c]	United States	Communication Services	PS	7,797	0.4
MCB Bank	Pakistan	Financials	PS	7,703	0.4
Coal India	India	Energy	IH	7,500	0.4
Thai Beverages	Thailand	Consumer Staples	PS	6,900	0.4
Moneta Money Bank	Czech Republic	Financials	NT	6,752	0.4
TOP 50 LARGEST INVESTMENTS				**1,662,653**	**93.5**
Uni-President China	China/Hong Kong	Consumer Staples	PS	6,516	0.4
Massmart	South Africa	Consumer Staples	IH	6,357	0.4
Tata Consumer Products	India	Consumer Staples	NT	6,245	0.4
Glenmark Pharmaceuticals	India	Health Care	IH	5,967	0.3
BDO Unibank	Philippines	Financials	NT	5,682	0.3
Intercorp Financial Services	Peru	Financials	NT	5,549	0.3
East African Breweries	Kenya	Consumer Staples	NT	5,316	0.3
Catcher Technology	Taiwan	Information Technology	PS	5,200	0.3
B2W Digital	Brazil	Consumer Discretionary	PS	5,067	0.3
M. Dias Branco	Brazil	Consumer Staples	NT	4,752	0.3
TOP 60 LARGEST INVESTMENTS				**1,719,304**	**96.8**

[a] Trading activity during the year: (NH) New Holding, (IH) Increased Holding, (PS) Partial Sale and (NT) No Trading.

[b] US listed American Depositary Receipt.

[c] This company, listed on a stock exchange in a developed market, has significant exposure to operations from emerging markets.

[h] UK listed Global Depositary Receipt.

Portfolio Report (continued)

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net assets
Siam Commercial Bank	Thailand	Financials	NT	4,579	0.3
Largan Precision	Taiwan	Information Technology	PS	4,525	0.3
FIT Hon Teng	Taiwan	Information Technology	IH	4,519	0.3
Petroleo Brasileiro, ADR[b]	Brazil	Energy	NH	4,385	0.2
PChome Online	Taiwan	Consumer Discretionary	NT	4,182	0.2
Tata Chemicals	India	Materials	IH	4,146	0.2
Equity Group	Kenya	Financials	PS	3,916	0.2
BAIC Motor	China/Hong Kong	Consumer Discretionary	NT	3,257	0.2
Nemak	Mexico	Consumer Discretionary	IH	3,118	0.2
TMK, GDR[h]	Russia	Energy	NT	3,116	0.2
TOP 70 LARGEST INVESTMENTS				**1,759,047**	**99.1**
Biocon	India	Health Care	PS	3,076	0.2
Hankook Tire	South Korea	Consumer Discretionary	NT	2,877	0.2
COSCO SHIPPING Ports	China/Hong Kong	Industrials	NT	2,587	0.1
KCB Group	Kenya	Financials	PS	2,343	0.1
KT Skylife	South Korea	Communication Services	NT	2,252	0.1
Weifu High-Technology	China/Hong Kong	Consumer Discretionary	PS	2,130	0.1
Dairy Farm	China/Hong Kong	Consumer Staples	PS	2,050	0.1
CTBC Financial Holding	Taiwan	Financials	PS	1,556	0.1
TOTVS	Brazil	Information Technology	PS	1,179	0.1
United Bank	Pakistan	Financials	NT	945	0.1
TOP 80 LARGEST INVESTMENTS				**1,780,042**	**100.3**

[a] Trading activity during the year: (NH) New Holding, (IH) Increased Holding, (PS) Partial Sale and (NT) No Trading.
[b] US listed American Depositary Receipt.
[h] UK listed Global Depositary Receipt.

Portfolio Report (continued)

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net assets
Univanich Palm Oil	Thailand	Consumer Staples	PS	211	0.0
TOTAL INVESTMENTS				**1,780,253**	**100.3**
NET LIABILITIES				**(4,603)**	**(0.3)**
TOTAL NET ASSETS				**1,775,650**	**100.0**

[a] Trading activity during the year: (NH) New Holding, (IH) Increased Holding, (PS) Partial Sale and (NT) No Trading.

Portfolio Report (continued)

Portfolio summary
As at 31 March 2020

All figures are in %

	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Total Equities	Net liabilities[a]	31 March 2020 Total	31 March 2019 Total
Argentina	–	–	–	–	–	–	–	–	–	–	–	–	–	0.2
Brazil	–	1.0	0.3	0.2	4.6	–	–	0.1	1.0	–	7.2	–	7.2	8.6
Cambodia	–	0.7	–	–	–	–	–	–	–	–	0.7	–	0.7	1.3
China/Hong Kong	12.8	12.6	1.1	1.1	3.4	–	0.1	0.8	1.6	–	33.5	–	33.5	24.3
Czech Republic	–	–	–	–	0.4	–	–	–	–	–	0.4	–	0.4	0.5
Hungary	–	–	–	–	–	1.2	–	–	–	–	1.2	–	1.2	0.9
India	–	–	0.4	0.4	3.9	0.5	–	1.0	0.2	–	6.4	–	6.4	7.7
Indonesia	–	0.7	–	–	–	–	–	–	–	–	0.7	–	0.7	3.5
Kenya	–	–	0.3	–	0.3	–	–	–	–	–	0.6	–	0.6	0.9
Mexico	–	0.2	–	–	1.1	–	–	–	–	–	1.3	–	1.3	2.4
Nigeria	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0
Pakistan	–	–	–	–	0.5	–	–	–	–	–	0.5	–	0.5	0.8
Peru	–	–	–	–	0.3	–	–	–	–	–	0.3	–	0.3	1.2
Philippines	–	–	–	–	0.3	–	–	–	–	–	0.3	–	0.3	0.5
Russia	2.3	–	–	3.4	1.9	–	–	–	–	–	7.6	–	7.6	8.9
South Africa	–	2.8	0.4	–	–	–	–	–	–	–	3.2	–	3.2	7.0
South Korea	3.9	0.8	–	–	1.1	–	2.0	8.6	0.8	–	17.2	–	17.2	13.7
Taiwan	–	0.2	–	–	0.1	–	–	11.2	–	–	11.5	–	11.5	9.6
Thailand	–	–	0.4	–	1.8	–	–	–	–	–	2.2	–	2.2	4.2
United Kingdom	–	–	3.2	–	–	–	–	–	–	–	3.2	–	3.2	3.2
United States	0.4	–	–	–	–	–	–	1.9	–	–	2.3	–	2.3	2.7
Net liabilities[a]	–	–	–	–	–	–	–	–	–	–	–	(0.3)	(0.3)	(2.1)
31 March 2020 Total	**19.4**	**19.0**	**6.1**	**5.1**	**19.7**	**1.7**	**2.1**	**23.6**	**3.6**	**–**	**100.3**	**(0.3)**	**100.0**	**–**
31 March 2019 Total	**10.6**	**21.1**	**7.3**	**7.7**	**27.6**	**2.0**	**2.5**	**19.8**	**3.1**	**0.4**	**102.1**	**(2.1)**	**–**	**100.0**

[a] The Company's net liabilities are the total of net current assets/liabilities plus non-current liabilities per the Statement of Financial Position on page 78.

Portfolio Report (continued)

Market capitalisation breakdown[a] (%)	Less than £1.5bn	£1.5bn to £5bn	£5bn to £25bn	Greater than £25bn	Net liabilities[b]
31 March 2020	8.2	10.4	22.7	59.0	(0.3)
31 March 2019	8.2	19.1	15.9	58.9	(2.1)

Split between markets[c] (%)	31 March 2020	31 March 2019
Emerging markets	93.5	93.8
Developed markets[d]	5.5	5.9
Frontier markets	1.3	2.4
Net liabilities[b]	(0.3)	(2.1)

[a] A glossary of alternative performance measure is included on page 113.

[b] The Company's net liabilities are the total of net current assets/liabilities plus non-current liabilities per the Statement of Financial Position on page 78.

[c] Geographic split between "Emerging markets", "Frontier markets" and "Developed markets" are as per MSCI index classifications.

[d] Developed markets exposure represented by companies listed in the United Kingdom and United States.

Source: FactSet Research System, Inc.

Market outlook

With the immediate outlook for the global economy remaining highly uncertain and making it difficult to assess the negative impact on growth and corporate earnings in the short-term, we believe that our focus on long-term sustainable earnings power should help us to navigate the coming months and, over time, we expect the long-term fundamentals of our holdings to remain intact. More specifically, we have invested in companies that are both (a) exposed to areas of structural growth and (b) have scope to gain a higher share of the total addressable market and have competitive advantage, whether that is their free cash flow generation capability, their existing market share where they dominate their respective industry, or technological leadership. So, we believe that we are focused on the right types of businesses for this environment.

The resilience and geographical divergence of emerging markets should also not be overlooked. Structural themes remain unchanged with information technology and consumers playing key roles. While we have seen weak consumer sentiment impacting discretionary purchases and travel; companies in e-commerce, internet and software companies are benefiting from an increase in online activities, and a recovery is likely in semiconductors because demand and supply have been delayed but not denied, and technology evolution continues. However, we do expect a slower recovery in consumer discretionary expenditure.

Across our portfolio, we are positioned in long-term themes including consumption premiumisation, digitalisation, healthcare and technology. COVID-19 is in the short term accelerating the adoption of products or behaviours that these long-term themes benefit from. We are also searching for companies that could benefit from any permanent behavioural changes in society, and we think that technology is more and more likely to be strongly embraced, so we will see further penetration in areas such as online entertainment, e-commerce, as well as more use of e-learning and cloud computing.

Across emerging markets, there are signs of foreign exchange weakness and capital flight given the current risk-off scenario. Twin-deficit countries (those that have both a trade (current account) deficit and a budget deficit) are more vulnerable in terms of weathering economic downturns. However, overall emerging markets are in a low inflation environment and policy flexibility remains. For corporates, we expect to see significant

Portfolio Report (continued)

downgrades for 2020 earnings across most countries and sectors. Valuations look more appealing although we expect significant volatility in earnings forecasts over the coming months.

A key risk in the short term is cash flow and therefore credit risk within emerging markets as well as globally. More broadly, the degree and duration of demand destruction and whether various stimulus policies are successful remain to be seen. The impact on supply chains of key technology, healthcare and industrial products and the degree to which end customers are willing to pay more for greater security of supply are key questions.

We are also aware of the longer-term implications for emerging markets. There is the risk of unintended consequences from the further stimulus efforts needed to help economies, given that globally both monetary and fiscal policies were highly accommodative going into this crisis, and existing imbalances post the global financial crisis could be exacerbated. We could also see potential acceleration of supply chain diversification and possibly more concerted shifts toward localisation.

With over 30 years in managing emerging market strategies, we are no strangers to crisis and are experienced in investing through highly volatile periods including the Asian and Global Financial Crises, which we believe have helped us to remain calm and focused in the current crisis. We recognise that this period will pass; history has shown us that economies and markets will eventually stabilise and recover. Valuation and sustainable earnings remain key.

Chetan Sehgal
Lead Portfolio Manager

4 June 2020

Report of the Directors and Governance

Directors' Report

The Board is responsible for framing and executing the Company's strategy and for monitoring risks closely. The Board endeavours to run the Company in a manner which is responsible, honest, transparent and fully accountable. In the Board's view, good governance means managing the Company's business well and engaging effectively with investors and other stakeholders. The Board considers the practice of good governance to be an integral part of the way it manages the Company and it is committed to maintaining the highest standards of financial reporting, transparency and business integrity.

The Directors submit their Annual Report, together with the Financial Statements of the Company, for the year ended 31 March 2020.

Board of Directors

Paul Manduca (Chairman of Board & Chairman of Management Engagement Committee: 20 November 2015, Chairman of Nomination and Remuneration Committee: 22 February 2016) Date of appointment: 1 August 2015	Paul has had a long and successful career in asset management, both as a fund manager and as chief executive of fund management groups. Paul will continue to draw on his extensive experience in leadership roles and his knowledge of the international markets and industry sectors, and his technical knowledge. *Other Current Appointments:* • Prudential Plc (Chairman) Paul is an independent Director.
David Graham Date of appointment: 1 September 2016	David is a Chartered Accountant whose career was in investment management, firstly as an Asian fund manager with Lazard and then building businesses across Asia Pacific, Europe, Middle East and Africa for BlackRock and predecessor firms (Merrill Lynch Investment Managers and Mercury Asset Management). David has worked in Hong Kong, Tokyo and Sydney and has been a Representative Director in domestic, joint venture, fund management companies in India, China, Thailand and Taiwan. David contributes technical knowledge of accounting and financial reporting, and, in particular, extensive knowledge of Asian markets. *Other Current Appointments:* • JPMorgan China Growth & Income plc (Independent Non-Executive Director) • Fidelity Japan Trust (Independent Non-Executive Director) • DSP India Investment Fund (Independent Non-Executive Director) • DSP India Fund (Independent Non-Executive Director) David is an independent Director.

Beatrice Hollond (Senior Independent Director: 12 July 2018) Date of appointment: 1 April 2014	Beatrice had a long career in the investment industry, starting as UK equity analyst at Morgan Grenfell, before spending 16 years at Credit Suisse Asset Management. Beatrice has experience as a fund manager, as well as 13 years' experience as a non-executive Director in the investment trust sector. Beatrice contributes experience across a number of sectors and in particular listed company experience and the financial services industry, including asset management. *Other Current Appointments:* • M&G Group Limited (Independent Non-Executive Director) • Brown Advisory: US (Board member and Chair of RemCo); UK (Chairman of International Advisory Board) • Telecom Plus PLC (Independent Non-Executive Director) • Foreign & Colonial Investment Trust PLC (Chair) Beatrice is an independent Director.
Simon Jeffreys (Chairman of the Audit Committee: 13 July 2017) Date of appointment: 15 July 2016	Simon has extensive experience in audit and he has a wide-ranging understanding of the business and draws on previous experience across internal audit, finance and compliance, as well as technical knowledge, relevant to his role. He was a senior audit partner in PricewaterhouseCoopers for most of his professional career, where he was the global leader of the firm's investment management and real estate practice. Simon was the Chief Administrative Officer for Fidelity International, and then the Chief Operating Officer of The Wellcome Trust. *Other Current Appointments:* • Aon UK Ltd (Chairman and Chair of the Audit Committee from 2009 to 2015) • St James Place plc (Chair of Audit Committee and member of the Remuneration, Nomination and Risk Committees) • SimCorp A/S (Chair of Audit Committee) • Crown Prosecution Service (Chair of Audit Committee) • Henderson International Income Investment Trust (Chairman) Simon is an independent Director.
Gregory Johnson Date of appointment: 12 December 2007	Gregory joined Franklin Resources in 1986 and has held numerous roles within the company. Gregory is bringing his extensive experience and his knowledge of the Manager's core businesses, international markets and industry sectors, to provide effective leadership in the Manager's group. *Other Current Appointments:* • Franklin Resources, Inc. (Executive Chairman) • Templeton Worldwide, Inc. • Templeton International, Inc. (Chief Executive Officer and President of this investment advisory firm) • serves as a trustee, director or officer on a number of Franklin Resources subsidiaries and fund boards. Gregory is not considered to be an independent Director. He will not stand for re-election.

Charlie Ricketts Date of appointment: 12 July 2018	With over 30 years' experience in the investment trust sector, Charlie brings a wealth of experience to the Board. He was Head of Investment Funds at Cenkos Securities for 8 years and prior to that was Managing Director, Head of Investment Companies at UBS Investment Bank. Since stepping down from Cenkos in 2014 he has pursued several business and charitable interests. Charlie has a wide-ranging understanding of the business and draws on previous experience across Finance, corporate communication and risk management, as well as technical knowledge. *Other Current Appointments:* • Asia Dragon Trust plc (Non-Executive Director) Charlie is an independent Director.

Details of the fees earned by each Director can be found on page 59. The Directors' interest in the Company's shares are noted on page 60.

Directors are appointed until the following Annual General Meeting when it is required that they be appointed by shareholders. Thereafter, a Director's appointment is subject to the performance evaluation carried out each year and the approval of shareholders at each Annual General Meeting, in accordance with corporate governance best practice. When making a recommendation, the Board takes into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees.

The Board recommendation for the re-election of Gregory Johnson from the Company's AGM held on 11 July 2019 was passed with 74.93% of the votes cast and after the meeting the Board decided to engage with shareholders who voted against this resolution and to discuss their concerns. The Company provided an update following the engagement with shareholders on 7 January 2020 and announced that the primary feedback received is that some shareholders have a general policy of voting against the re-election of any non-independent directors of investment trusts.

The Board has access to independent professional advice at the Company's expense where it judges it necessary to discharge its responsibilities properly.

The terms and conditions of the Directors' appointments are set out in their Letters of Appointment, which are available for inspection on request at the registered office of the Company and at the AGM. The terms of appointment provide that a Director will be subject to re-election at each AGM. A Director may be removed from office following three months' notice. The Board has agreed that the independent Directors should stand down after nine years from their appointment other than in exceptional circumstances.

Board changes and succession planning

Gregory Johnson has announced that he will retire at the conclusion of the 2020 AGM. The Board empowered the Nomination and Remuneration Committee to manage the succession planning and to make recommendations to the Board for a new appointment.

Meetings and committees

The Board delegates certain responsibilities and functions to committees. Four Directors are members of all committees. The non-independent Director does not join any committee meetings). The Chairman is not a member of the Audit Committee, but sometimes he attends the Audit Committee by invitation.

Directors' Report (continued)

The table below details the number of Board and Committee meetings attended by each Director. During the year, there were four Board meetings, three Audit Committee meetings, two Management Engagement Committee meeting, and three Nomination and Remuneration Committee meetings.

	Board	Management Engagement Committee	Nomination and Remuneration Committee	Audit Committee
Paul Manduca	4/4	2/2	3/3	2/3[a]
David Graham	4/4	2/2	3/3	3/3
Beatrice Hollond	4/4	2/2	3/3	3/3
Simon Jeffreys	4/4	2/2	3/3	3/3
Gregory Johnson	4/4	N/A	N/A	N/A
Charlie Ricketts	4/4	2/2	3/3	3/3

[a] The Chairman of the Board attended two out of three meetings of the Audit Committee by invitation, when the Half Yearly Report drafting and special dividend proposal were discussed.

The **Audit Committee** is chaired by Simon Jeffreys. The formal Report of the Audit Committee is on pages 62 to 67.

The **Management Engagement Committee** is chaired by the Chairman of the Board. The role of the Committee is to review the performance of, and the contractual arrangements with, the Manager. The Management Engagement Committee held two meetings during the year and undertook a formal review of TEMIT's portfolio management and risk management. The review considered investment strategy, investment process, performance and risk, and was carried out through meetings between the Management Engagement Committee and members of the investment and risk management teams of the Manager. As a result of the evaluation process performed by the Management Engagement Committee, the Board confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole. However, considering best market practice the Management Engagement Committee proposed a decrease in the management fee as described on page 6.

The **Nomination and Remuneration Committee** is chaired by the Chairman of the Board. The Nomination and Remuneration Committee held three formal meetings during the year. The role of the Committee is to review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that seem appropriate, to consider the rotation and renewal of the Board, approve the candidate specification for all Board appointments, approve the process by which suitable candidates are identified and short-listed, and to nominate candidates for consideration by the full Board, whose responsibility it is to make appointments. The Committee also considers the effectiveness of individual Directors and makes recommendations to the Board in respect of re-elections. The Committee keeps under review the balance of skills, independence, knowledge of the Company and experience and length of service of the Directors. The Board empowered the Nomination and Remuneration Committee to manage the succession planning and to make recommendations to the Board for a new appointment. Female candidates will be encouraged to apply, and progress will be actively monitored in relation to diversity. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. An external search consultant will be used to assist with the selection of candidates for all new appointments.

The Committee periodically reviews the level of fees paid to the Chairman, the Chairman of the Audit Committee and other Directors' relative to other comparable companies and in the light of the Directors' responsibilities.

Directors' Report (continued)

A copy of the terms of reference for the Audit Committee, Management Engagement Committee and Nomination and Remuneration Committee are available to shareholders on the TEMIT website (www.temit. co.uk) or upon request via Client Dealer Services using the contact details provided on the inside back cover of this report.

The Board

The primary focus of the Directors at regular Board meetings is the consideration of investment performance and outlook, market activity, discount management mechanisms including share buybacks, gearing, marketing, shareholder register analysis, investor relations, peer group information, top risks and investment risk reporting, regulatory updates, corporate governance and industry issues.

Further details of the Directors' responsibilities can be found in the Statement of Directors' Responsibilities on page 68.

In addition to the primary focus of the Board, the following important matters were considered at Board meetings during the year:

- Review of three-year marketing plan and contribution to marketing costs from the Manager;
- Agreement reached with the Manager on a revised management fee;
- Approval of special dividend;
- Revised borrowing arrangements;
- Implementation of stock lending;
- Consideration of the conditional tender offer; and
- Pandemic risk affecting the Company's investments and business operations.

Board evaluation

The Board undertakes an annual evaluation of its own performance and that of its Committees and individual Directors including the Chairman. The Board has also considered the independence of each Director, including the Chairman.

In the last year, the Chairman led the evaluation process which included the completion of questionnaires and discussions between the Chairman and each Director. The experience, balance of skills, diversity, time commitment, tenure, openness and debate spirit and knowledge of the Board were considered as well as Board effectiveness, role and structure. Regular reviews of the Directors' training needs are carried out by the Chairman by means of the evaluation process described above. An evaluation of the Chairman by his fellow Directors was facilitated by Beatrice Hollond, the Senior Independent Director, who met with the Chairman to discuss how the Chairman leads the Board. The Directors consider that the Chairman facilitates constructive Board relations and the effective contribution of all Directors, ensures that Directors receive accurate, timely and clear information and is responsible for the Board's overall effectiveness in directing the Company.

The Chairman confirms that, following performance evaluation, each Director's performance continues to be effective, demonstrating commitment to their role and each independent Director is recommended for re-election at the AGM. Gregory Johnson will not stand for re-election. The Chairman also confirms that each Committee's performance continues to be effective in fulfilling its responsibilities and duties.

Formal performance evaluations will continue to take place at least annually with the appointment of an external facilitator every three years. The next appointment of an external facilitator is due to be made in 2021.

Directors' Report (continued)

Conflicts of interest

The Company's Articles give the Directors authority to identify, manage and approve conflicts and potential conflicts with the Company's interests. The Board discusses on a periodical basis the potential conflicts of interest resulting from significant shareholdings, as well as any other directorships of investment funds managed by the FTIS or by the Investment Manager, shared directorships of any commercial company with other Directors, potential significant shareholdings held by Directors in the group of the Investment Manager and any current or historic employment by the group of the Investment Manager and connections to the Company or to the group of the Investment Manager. Any additional external appointments of Directors are undertaken only with prior approval of the Board.

There are safeguards which apply when Directors decide whether to authorise a conflict or potential conflict and these have been operated effectively. Firstly, only Directors who have no interest in the matter being considered can participate in making the relevant decision, and secondly, in taking the decision the Directors must act in a way that they consider, in good faith, will be most likely to promote the Company's success. The Directors can impose limits or conditions when giving authorisation if they think that this is appropriate.

The Company maintains a register of Directors' conflicts of interest which has been disclosed to, and approved by, the other Directors. The list of interests of each Director is reviewed at every Board meeting. New interests are considered carefully, taking into account the circumstances surrounding them and, if considered appropriate, are approved.

Gregory Johnson is not present when the performance of the Manager and Investment Manager are considered.

Indemnification and insurance

The Company has entered into deeds of indemnity with each of the Directors. These are qualifying third-party indemnity provisions and are in force as at the date of this report. This information is disclosed in accordance with Sections 236(2) and 236(3) of the 2006 Act. The Company maintains appropriate insurance cover in respect of legal action against the Directors.

The Company

Principal activity and investment company status

The Company is a public limited company in terms of the Companies Act 2006 and is an investment company under Section 833 of the Companies Act 2006.

The Company has been accepted as an approved investment trust by HM Revenue & Customs for accounting periods commencing on or after 1 April 2012, subject to continuing to meet the eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of The Investment Trust (Approved Company) (Tax) Regulations 2011. The Directors are satisfied that the Company intends to direct its affairs to ensure its continued approval as an investment trust.

The Company is an AIF under the European Union's Alternative Investment Fund Managers Directive.

Results and dividends

The capital loss for the year was £286.7 million (2019: loss of £27.3 million) and the revenue profit was £59.9 million (2019: £44.9 million).

The full results for the Company are disclosed in the Statement of Comprehensive Income on page 77.

Directors' Report (continued)

The Directors propose a final ordinary dividend of 14.00 pence per share. Including the interim dividend of 5.00 pence per share, this represents an annual ordinary dividend of 19.00 pence per share (2019: 16.00 pence per share) and, if approved by shareholders at the AGM on 9 July 2020, the final dividend will be payable on 17 July 2020 to shareholders on the register at close of business on 12 June 2020. In addition, the Company paid a special dividend of 2.60 pence per share on 15 January 2020.

Gearing

As part of the Company's investment objective and policy, the Company may borrow up to 10% of its net assets. On 31 January 2020, the Company entered into a five year £100 million loan at a fixed rate of 2.089% with Scotiabank Europe PLC, and a three-year £120 million unsecured multi-currency revolving loan facility with The Bank of Nova Scotia, London Branch. The £100 million fixed term loan is denominated in pounds sterling. Drawings under the £120 million revolving loan facility may be in pounds sterling, US dollars or Chinese renminbi ("CNH"). The total amount which may be drawn down in CNH is 45% of the combined limit of the fixed rate facility and of the revolving credit facility. The fixed rate loan was drawn down on 31 January 2020 and will remain in place until 31 January 2025. The Investment Manager has been granted discretion by the Board to draw down the revolving loan facility as investment opportunities arise, subject to overall supervision by the Board, and subject to an overall gearing limit of 10% of NAV.

At the year end, the revolving loan facility has not been utilised (2019: £117.0 million and USD 10.0 million (£7.7 million)). The £100 million fixed term loan was fully drawn. The Company has no other debt.

Financial

Share capital

Changes in the share capital of the Company are set out in Note 12 of the Notes to the Financial Statements.

Share buybacks

The Board is again seeking shareholder permission to continue its programme of share buybacks as outlined on page 55. A key point in the Investment Manager's mandate is to take a long-term view of investments and one of the advantages of a closed end fund is that the portfolio structure is not disrupted by large inflows or outflows of cash. However, the Board and the Investment Manager recognise that the returns experienced by shareholders are in the form of movements in the share price, which are not directly linked to NAV movements, and the shares may trade at varying discounts or premiums to NAV. Many shareholders, both professional and private investors, have expressed a view that a high level of volatility in the discount is undesirable. A less volatile discount, and hence share price, is seen as important to investors. For this reason, TEMIT uses share buybacks selectively with the intention of limiting volatility and where it is in the interests of shareholders. Details of the share buybacks are included in the following table. The reason for the acquisitions made during the financial year was discount management to the benefit of shareholders. The Directors had no interest in the share buybacks. All shares bought back in the year were cancelled, with none being placed in treasury. As at 31 March 2020, the Company held 20,765,179 shares in treasury (2019: 20,765,179 shares).

Directors' Report (continued)

	2020	2019
Shares bought back and cancelled during the year	8,932,031	5,737,604
Proportion of share capital bought back and cancelled	3.6%	2.1%
Shares bought back and placed into treasury during the year	–	14,808,568
Proportion of share capital bought back and placed into treasury	–	5.5%
Total share capital bought back	8,932,031	20,546,172
Total cost of share buybacks	£69.9m	£147.5m
The benefit to NAV	£8.3m	£21.1m
The percentage benefit to NAV	0.4%	1.0%

Auditor

Ernst & Young LLP was appointed in 2019 as the Company's auditor. Ernst & Young LLP has expressed a willingness to continue in office as auditor and a resolution proposing its reappointment will be submitted at the AGM. Further details on the assessment of the auditor can be found within the Report of the Audit Committee on pages 64 and 65.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant information of which the Company's auditor was unaware and that each Director had taken all steps that they ought to have taken as a Director to make themselves apprised of any relevant audit information and to establish that the Company's auditor was notified of that information. This confirmation is given, and should be interpreted in accordance with, the provisions of Section 418 of the Companies Act 2006.

Substantial shareholdings

As at 21 May 2020 and 31 March 2020, the Company had been notified that the following were interested in 3% or more of the issued share capital of the Company.

Name	Number of shares	21 May 2020 %	Number of shares	31 March 2020 %
City of London Investment Management Company Limited	38,927,829	16.1	38,970,518	16.1
Lazard Asset Management LLC Group	22,551,799	9.3	23,064,534	9.5
Investec Wealth & Investment Limited	15,246,469	6.3	15,942,817	6.6
Quilter Investors	10,056,988	4.2	19,861,118	8.2
Rathbone Brothers PLC	9,914,163	4.1	10,206,200	4.2

Principal service providers

Alternative Investment Fund Manager, Secretary and Administrator

FTIS is the Alternative Investment Fund Manager, Secretary and Administrator with the role of investment management delegated to Templeton Asset Management Ltd ("TAML") and Franklin Templeton Investment Management Limited ("FTIML"). Portfolio managers from TAML and FTIML form part of the wider Franklin Templeton Emerging Markets Equity group ("FTEME").

Directors' Report (continued)

The main secretarial duties involve compliance with statutory and regulatory obligations which the Company must observe. All Directors have access to the advice of the Secretary, who is responsible for advising the Board on all governance matters. The appointment of the Secretary was discussed and approved by the Board in 2014 during the implementation of Alternative Investment Fund Manager Directive ("AIFMD") and the secretarial activity is reviewed on a yearly basis.

The current annual fee rate for the services provided by FTIS, including investment management, risk management, secretarial and administration services, is 1% of net assets up to £1 billion and 0.85% of net assets above £1 billion. With effect from 1 July 2020, the annual AIFM fee will be reduced to 1% of net assets up to £1 billion and 0.80% of net assets above £1 billion. The agreement between the Company and FTIS may be terminated by either party, given one year's notice, but in certain circumstances the Company may be required to pay compensation to FTIS of an amount up to one year's fee in lieu of notice.

No compensation is payable if at least one year's notice of termination is given.

Details of the Remuneration Policy of the AIFM and amounts attributable to the Company are available to existing shareholders upon request at the registered office of the Company.

The Board considers the arrangements for the provision of investment management services to the Company on an ongoing basis, and a formal review is conducted annually by the Management Engagement Committee, which consists solely of Directors independent of Franklin Templeton. Gregory Johnson is not present when the Manager's and Investment Manager's performance is reviewed. When assessing the performance of the Manager and Investment Manager, the Board believes that it is appropriate to make this assessment over a medium to long-term timeframe, which is in accordance with the long-term approach taken to investment. In the opinion of the Directors, the continuing appointment of FTIS is in the best interests of the shareholders as a whole.

Depositary and Custodian

J.P Morgan Europe Limited performs the role of depositary and JPMorgan Chase Bank performs the role of custodian. The agreements in place may be terminated by either party giving the other 90 days' notice.

A detailed list of service providers, along with addresses, can be found in the General Information section on page 110.

Corporate governance

The Company is committed to high standards of corporate governance. The Board is accountable to the shareholders for good governance and this statement describes how governance principles have been applied.

Association of Investment Companies Code of Corporate Governance (the "AIC Code")

The Board has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance (AIC Code). The AIC Code addresses the Principles and Provisions set out in the 2018 UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company as an investment Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides the relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code which also meets the obligations under the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules).

Directors' Report (continued)

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

A statement explaining TEMIT's compliance with the AIC Code principles can be found at www.temit.co.uk.

Additional information for New Zealand shareholders

As a result of a requirement for Overseas Issuers listed on the New Zealand Stock Exchange, the following should be noted by New Zealand shareholders:

- The corporate governance rules and principles in TEMIT's home exchange jurisdiction of the United Kingdom may materially differ from the New Zealand Stock Exchange ("NZX") corporate governance rules and the principles of the NZX Corporate Governance Code;
- Investors may find more information about the corporate governance and principles of TEMIT's home exchange in the United Kingdom in the above Corporate Governance statement and online at www.frc.org.uk/corporate/ukcgcode.cfm; and
- The Company relies on the Financial Markets Conduct (Overseas FMC Reporting Entities) Exemption Notice 2016, issued by the New Zealand Financial Markets Authority, which exempts it from certain financial reporting obligations under the Financial Markets Conduct Act 2013.

Schedule of Reserved Matters

The Board has formally adopted a Schedule of Reserved Matters, which details the matters which the Board has agreed are specifically reserved for their collective decision. These matters include, inter alia, approval of the Half Yearly and Annual Financial Statements, the approval of interim and special dividends, recommendation of the final dividend, approval of any preliminary results announcements of the Company, approval of any proposed changes to the Company's investment objective and/or policy, appointment or removal of the Company's Manager or Investment Manager, gearing, Board membership and Board committee membership and any major changes to the investment objective, philosophy or policy of the Company, other than any such changes delegated to the Investment Manager under the Investment Management Agreement.

The day to day investment management of the portfolio of the Company is delegated to the Investment Manager, who manages the portfolio in accordance with the investment objectives of the Company as set by the Board.

Environmental, social and governance

Details of the Company's approach to environmental, social and governance issues can be found on pages 17 and 18.

Activities in the field of research and development

The Company does not undertake activities in the field of research and development.

Disclosures in Strategic Report

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2016, to include in the Strategic Report likely future developments in the Company's business as well as any important events affecting the Company which have occurred since the end of the financial year, an indication of the financial

Directors' Report (continued)

risk management objectives and policies information relating to the Company's greenhouse gas emissions, diversity, and the Modern Slavery Act 2015.

Engagement with suppliers and customers

Reference is made to the Section 172 statement on pages 11 and 12.

Articles of Association

The Company may change its Articles of Association by special resolution of the Company.

Institutional shareholder voting and engagement

As an institutional investor, the Company recognises its responsibility that the companies in which it invests should aspire to appropriate levels of corporate governance. As a matter of policy, the Company aims to utilise its votes in shares held in the relevant underlying portfolio companies at the general meetings of those companies.

The Directors discussed with the Investment Manager the approach to the Stewardship Code ("the Code"). The Company and the Investment Manager generally support the Principles of the Code as outlined below.

On-going monitoring of investee companies and dialogue with management are fundamental to the Investment Manager's investment approach. The strategy on intervention with investee companies is dealt with on a case-by-case basis and is usually a judgement made by the Investment Manager based on the research done on each investee company for the investment decision making process. In all cases, the Investment Manager holds regular review meetings with the senior management of investee companies.

At the same time, there may be instances in which "activism" is not consistent with the Investment Manager's fiduciary duty. For example, in the process of company research and monitoring, a significant problem or risk may be identified, and the Investment Manager may decide that it is better to sell a position than to seek to undertake a lengthy engagement with management.

The Investment Manager has adopted proxy voting policies and procedures which cover voting guidelines, processing and maintenance of proxy records and conflicts of interest.

Summary information on the exercise of proxies is reviewed quarterly by the Board. Voting records for the Company detailing the proxies voted for investee companies are not currently published. The Company considers that there is limited demand for such detailed disclosure and therefore the administrative burden and expense is not justified.

Risk management objectives and policy

The Company invests in equities and other investments for the long term to achieve its objective, as stated on page 8. This creates potential exposure to the risks as stated on pages 14 to 17. Further details on the AIFMD risk disclosures can be found on the Company's website.

Internal control

Details of the Company's system of internal controls can be found on page 65.

Directors' Report (continued)

Annual General Meeting

The AGM will be held on Thursday 9 July 2020 at Cannon Place, 78 Cannon Street, London, EC4N 6HL. The health of the Company's shareholders, as well as all attendees to Annual General Meeting is very important. Due to the current pandemic situation and the restrictions on travel and social contact, this year the Board is asking that shareholders do not attend the Annual General Meeting. The Board encourages shareholders to submit their proxies as early as possible, to enable all votes to be counted, and to follow all government guidance and to submit questions prior to the Annual General Meeting. In light of the evolving situation, it may in any case be necessary to change the arrangements for this year's Annual General Meeting after the date of this Notice. The answers to questions raised by shareholders will be provided on our website together with the Investment Manager's presentation.

Ordinary business

It is proposed to receive and adopt the Directors' and Auditor's Report and Financial Statements for the year ended 31 March 2020. The formal business of the Meeting will begin with a resolution to lay before shareholders the 2020 Annual Report. The 2020 Annual Report is available to view on the Company's website www.temit.co.uk.

It is proposed to approve the Directors' Remuneration Policy. Shareholders are invited to approve the revised Directors' Remuneration Policy contained in the 2020 Annual Report on pages 57 and 58 and which sets out the Company's forward-looking policy on Directors' Remuneration. If the Directors' Remuneration Policy is approved by shareholders, it will take immediate effect. If the Directors' Remuneration Policy is not approved for any reason, the Company will continue to make payments to Directors in accordance with the current Directors' Remuneration Policy which was approved at the Company's Annual General Meeting in July 2017 and is available on the Company's website www.temit.co.uk (included in 2017 Annual Report), and will seek shareholder approval for a further revised policy as soon as is practicable.

It is proposed to approve the Directors' Remuneration Report for the year ended 31 March 2020. As in previous years, shareholders will have the opportunity to cast a vote on the Directors' Remuneration Report for the year ended 31 March 2020. The Directors' Remuneration Report is set out in full on pages 57 to 61 of the 2020 Annual Report.

It is proposed to declare a final ordinary dividend of 14.00 pence per share, payable on 17 July 2020 to shareholders on the register as at close of business on 12 June 2020.

It is proposed to re-elect all independent Directors. Gregory Johnson will not stand for re-election. In accordance with the provisions of the UK Corporate Governance Code, all independent Directors will offer themselves for re-election. The Board, supported by the work carried out by the Nomination and Remuneration Committee, is actively engaged in an ongoing cycle of succession planning to support the Company's strategic objectives. All Directors standing for re-election are recommended by the Nomination and Remuneration Committee. All Directors in office during the year were subject to a formal and rigorous performance evaluation. The Board considers that each of the Directors is discharging their duties and responsibilities effectively, demonstrates commitment to their role, and continues to make a strong contribution to the work of the Board and to the long-term sustainable success of the Company. Each Director brings valuable skills and experience to the Board and its Committees, and their biographies can be found on pages 43 to 45.

It is proposed to re-appoint Ernst & Young LLP as auditor of the Company, and to authorise the Directors to determine the auditor's remuneration. Following the recommendation of the Company's Audit Committee, shareholders will be asked to approve the re-appointment of Ernst & Young LLP as the Company's auditor, to hold office until the conclusion of the Company's 2021 Annual General Meeting. Shareholders will be asked to grant authority to the Board to determine the remuneration auditor.

Directors' Report (continued)

Special business

The Special Business to be dealt with at the forthcoming AGM of the Company is:

(i) Authority for the Allotment of New Shares

The resolutions to allot shares are set out in resolutions 8 (ordinary resolution) and 9 (special resolution) in the Notice of Annual General Meeting. These resolutions, if passed, will give your Directors power to allot for cash equity securities of the Company and/or to sell equity securities held as treasury shares up to a maximum aggregate nominal amount of £3,016,026 (being an amount equal to 5% of the issued share capital of the Company as at 21 May 2020) as if Section 561 of the Companies Act 2006 ("the 2006 Act") did not apply (this section requires, when shares are to be allotted for cash or shares held as treasury shares are sold, that such shares first be offered to existing shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights"). The authorities contained in resolutions 8 and 9 will continue until the AGM of the Company in 2021 and your Directors envisage seeking the renewal of this authority in 2021 and in each succeeding year. Such authorities will only be used when your Directors believe it would be in the best interests of the Company to do so.

(ii) Authority to Purchase Own Shares

At the AGM of the Company held on 11 July 2019, a Special Resolution was passed authorising the Company to purchase its shares in the market, a maximum of 14.99% of the shares in issue on 11 July 2019 or 37,451,945 shares, whichever is lower, up to the conclusion of the AGM in 2020. The present authority expires at the end of the AGM on 9 July 2020.

The Directors are seeking renewal of the authority to purchase the Company's shares in the market, being a maximum of 14.99% of the shares in issue on 9 July 2020 or 36,168,190 shares, whichever is the lower, at the 2020 AGM. This is set out in resolution 10 of the notice of the AGM.

Any shares purchased pursuant to this authority may be cancelled or held in treasury pursuant to the Companies (Acquisition of own shares) (Treasury Shares) Regulations 2003. Purchases will only be made for cash at a cost which is below the prevailing net asset value per share. Under the rules of the UK Listing Authority, the maximum price which may be paid is the higher of:

(a) 5% above the average market value of the shares for the five business days before the purchase is made;

(b) the higher of the last independent trade price and the highest current independent bid price on the London Stock Exchange; and

(c) The minimum price payable for the shares will be the nominal value of 25 pence per share.

The authority to purchase shares (whether for cancellation or to be held in treasury) will only be exercised if to do so would be in the best interests of shareholders generally and would result in an increase in net asset value per share for the remaining shareholders. The purpose of holding some shares in treasury is to allow the Company to re-issue those shares quickly and cost-effectively, thus providing the Company with flexibility in the management of its capital base. Whilst in treasury, no dividends are payable on, or voting rights attach to, these shares. Other than in accordance with a dispensation from the UK Listing Authority, no shares will be purchased by the Company during periods when the Company would be prohibited from making such purchases by the rules of the UK Listing Authority. As at the date of this report, there are no warrants or options outstanding to subscribe for equity shares in the Company.

The Directors envisage seeking the renewal of the relevant authority in 2021 and in each succeeding year.

(iii) Articles of Association

The Company proposes to adopt new Articles of Association ("the new Articles") to reflect the latest legislation and currently accepted best practice, as well as some minor technical or clarifying changes.

Directors' Report (continued)

The Company adopted its current Articles at its 2010 Annual General Meeting.

The principal changes of substance in the new Articles proposed to be adopted at the 2020 Annual General Meeting are set out in the Appendix at pages 104 to 108. The principal changes relate to the ability to hold hybrid shareholder meetings and the implementation of The Investment Association guidance regarding a monetary cap on the amount of aggregate fees payable to directors. The proposed changes related to hybrid shareholder meetings would allow the Company to take advantage of the greater flexibility afforded by modern communication technology.

A copy of the current Articles and the proposed new Articles will be available for inspection during normal business hours (excluding Saturdays, Sundays and public holidays) at the registered office of the Company and online, on www.temit.co.uk until the close of the meeting. Copies will also be available at the location of the Annual General Meeting (for 15 minutes prior to the meeting and during the meeting).

(iv) Notice period for general meetings

At the AGM of the Company held on 11 July 2019, a Special Resolution was passed authorising the Company to call general meetings (other than Annual General Meetings) on 14 days' clear notice, up to the conclusion of the AGM in 2020. The Directors are seeking renewal of the authority to call general meetings (other than Annual General Meetings) on 14 days' clear notice, up to the conclusion of the Annual General Meeting in 2021. This is set out in resolution 12 of the notice of the AGM.

This resolution is required to reflect the implementation of the EU Shareholder Rights Directive which requires that all general meetings must be held on 21 days' notice, unless shareholders agree to a shorter notice period.

The Directors only intend to call a general meeting on less than 21 days' notice where the proposals are time sensitive and the short notice would clearly be an advantage to the shareholders as a whole.

The approval will be effective until the Company's AGM in 2021, when it is intended that a similar resolution will be proposed. The Company will also be required to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

Recommendation

The Directors believe that all of the resolutions proposed are in the best interests of the Company and the shareholders as a whole and recommend that all shareholders vote in favour of all of the resolutions.

The results of the votes on the resolutions at the AGM will be published on the Company's website (www.temit.co.uk).

Going concern

The Company's assets consist of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. Having made suitable enquiries, including considerations of the Company's investment objective, the nature of the portfolio, net current liabilities, expenditure forecasts, the principal and emerging risks and uncertainties described within the Annual Report and with due consideration to the COVID-19 pandemic, the Directors are satisfied that the Company has adequate resources to continue to operate as a going concern for a period of at least 12 months from the date of approval of the Financial Statements and for the foreseeable future and, as such, the going concern basis is appropriate in preparing the Financial Statements.

By order of the Board

Paul Manduca

4 June 2020

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Section 420-422 of the Companies Act 2006. Following amendments to the Companies Act 2006, effective from 30 September 2013, the Remuneration Report comprises a Directors' Remuneration Policy and a Directors' Remuneration Implementation Report. The Directors' Remuneration Policy is subject to a triennial binding shareholder vote and the Directors' Remuneration Report is subject to an annual shareholder vote, as ordinary resolutions.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in its report on pages 69 to 76.

All Directors are Non-Executive, appointed under the terms of Letters of Appointment, and none has a service contract. These letters are available for inspection by shareholders at the Company's registered address or at the AGM. The Directors' Report includes, on page 45, details of the Directors' terms of appointments.

The Company has no employees.

Details of the Nomination and Remuneration Committee can be found on pages 46 and 47 within the Directors' Report.

Directors' Remuneration Policy

This Policy provides details of the remuneration policy for the Directors of the Company. A resolution proposing the approval of the Directors' Remuneration Policy was put to the shareholders at the 2017 AGM and passed by 139,316,036 (99.7%) of shareholders voting in favour of the resolution, 226,361 (0.2%) voting against and 124,640 (0.1%) abstaining from voting.

The Policy has not changed subsequently and will be subject to shareholder approval at the 2020 AGM. The Policy as set out below will apply until 9 July 2023 (being three years from the date of shareholder approval of the policy) unless renewed, varied or revoked by shareholders at a general meeting.

New directors are appointed for an initial term of three years. However, Directors are prepared to resign or take steps that could lead to a loss of office at any time in the interests of long-term shareholder value. The continuation of an appointment is contingent on satisfactory performance evaluation and re-election at each Annual General Meeting ("AGM"). A director may resign by notice in writing to the Board at any time, there is no notice period.

The Board's policy is that the remuneration of Non-Executive Directors should reflect the responsibilities of the Board, Directors' time spent on the Company's business, the experience of the Board as a whole, and be fair and comparable to that of other investment trusts similar in size, capital structure and investment objective. To this end, the Nomination and Remuneration Committee may engage independent external advisors to provide a formal review of Directors' remuneration. Any changes to fee levels is subject to the annual review.

The review process involves an analysis of fees paid to Directors of other companies having similar profiles to that of the Company. This review is submitted to the Nomination and Remuneration Committee and the Directors' fees are agreed for the next year subject to approval by the shareholders of the Directors' Remuneration Policy at the relevant AGM every three years. The Company has no Chief Executive Officer and no employees and therefore there was no consultation of employees and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

Directors' and Officers' liability insurance cover is maintained by the Company, at its expense.

Directors' remuneration is not linked to the performance of the Company and Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The Independent

Directors' Remuneration Report (continued)

Non-Executive Directors are entitled to reclaim reasonable expenses incurred in order to perform their duties as Non-Executive Directors for the Company. Directors are not entitled to payment for loss of office.

The Company has not sought shareholder views on its remuneration policy. The Nomination and Remuneration Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and takes account of those views.

Directors' Remuneration Implementation Report

The Directors' Remuneration Report, which includes details of the Directors' Remuneration Policy and its implementation, is subject to an annual shareholders vote and an ordinary resolution to approve the Remuneration Policy will be put to shareholders at the forthcoming Annual General Meeting. A review was carried out during the financial year to 31 March 2020 and this review recommended increases in fees as set out in the table below for the forthcoming financial year. These changes to remuneration are in line with the Directors' Remuneration Policy as set out above. The involvement of remuneration consultants has not been deemed necessary as part of this year's review.

Component	Director	Current annual fee	Proposed annual fee	Determination
Annual fee	All Independent Directors	£37,000	£38,000	Proposed by the Nomination and Remuneration Committee and approved by AGM
Additional fee	Chairman	£28,000	£29,000	Proposed by the Nomination and Remuneration Committee and approved by AGM
Additional fee	Chairman of the Audit Committee	£12,000	£12,500	Proposed by the Nomination and Remuneration Committee and approved by AGM
Expenses	All Independent Directors	n/a	n/a	Reimbursement upon submission of appropriate receipts

The Chairman of the Board and Chairman of the Audit Committee are paid higher fees than the other Directors, reflecting the greater amount of time spent on the Company's business.

Directors' fees for the year

Fees paid to each Director for the financial year to 31 March 2020 are set out below. A non-binding ordinary resolution proposing adoption of the Directors' Remuneration Report was put to shareholders at the Company's AGM held on 11 July 2019 and was passed by 140,099,924 (99.8%) of shareholders voting in favour of the resolution, 221,190 (0.2%) voting against and 1,090,263 abstaining from voting.

Directors' Remuneration Report (continued)

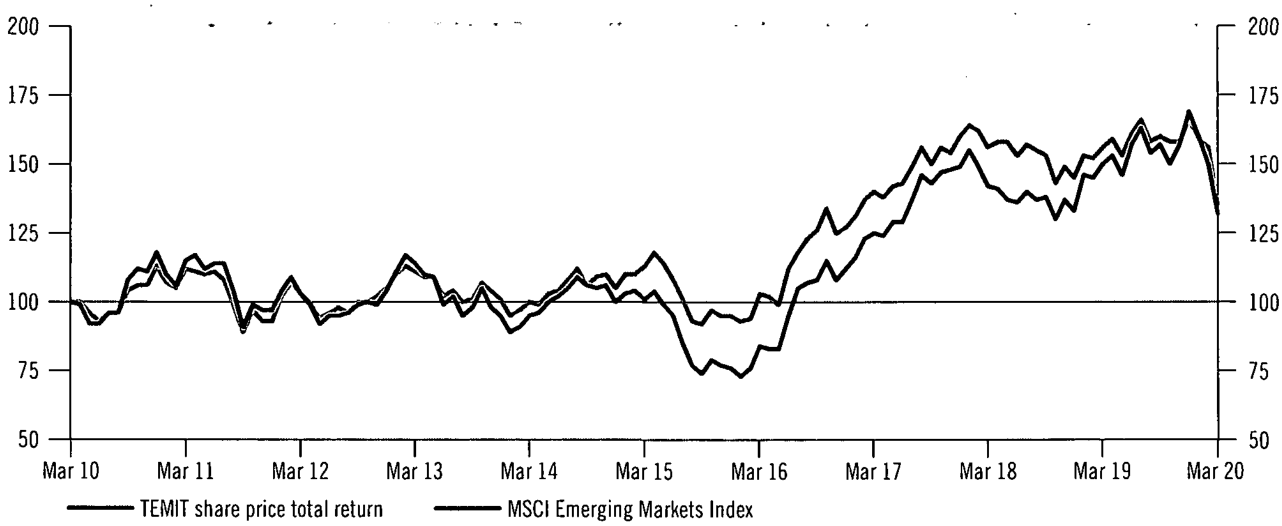
The Directors who served during the year received the following fees, which represented their total remuneration:

(audited information)	2020 Annual fee £	2020 Taxable benefits[f] £	2020 Total £	2019 Annual fee £	2019 Taxable benefits[f] £	2019 Total £
Paul Manduca[a]	65,000	–	65,000	65,000	–	65,000
Simon Jeffreys[b]	49,000	37	49,037	49,000	–	49,000
David Graham	37,000	–	37,000	37,000	–	37,000
Beatrice Hollond	37,000	–	37,000	37,000		37,000
Charlie Ricketts[c]	37,000	6,690	43,690	26,711	–	26,711
Hamish Buchan[d]	–	–	–	10,441	3,948	14,389
Gregory Johnson[e]	–	–	–	–	–	–
Total	225,000	6,727	231,727	225,152	3,948	229,100

(a) Chairman of the Board.
(b) Chairman of the Audit Committee.
(c) Joined the Board on 12 July 2018.
(d) Retired from the Board on 12 July 2018.
(e) Compensated in his capacity as Executive Chairman of Franklin Resources, Inc.
(f) Taxable benefits relate to the reimbursement of expenses incurred in connection with the performance of the Directors' duties and attendance at Board and Committee meetings.

Performance graph[a]

The line graph below details TEMIT's share price total return against TEMIT's benchmark, the MSCI Emerging Markets Index total return.



(a) Figures rebased to 100 at 31 March 2010.

Directors' Remuneration Report (continued)

Relative cost of Directors' fees

The table below shows the Company's expenditure on Directors' fees compared to distributions to shareholders:

	2020 £'000	2019 £'000
Directors' remuneration[(a)]	247	247
Distribution to shareholders:		
Dividends		
Ordinary	45,966[(b)]	52,736
Special	6,336	–
Share buybacks	69,852	147,500

The items detailed in the above table are as required by the Large and Medium-size Companies and Groups (Accounts and Reports) 2013.

(a) Directors' Remuneration comprises Directors' fees of £225,000 and Employer National Insurance Contributions of £22,000 for the financial year 2020 (2019: £225,000 and £22,000 respectively).

(b) Based on a proposed final dividend of 14.00 pence per share calculated using shares in issue as at 21 May 2020 and the interim dividend of 5.00 pence per share paid 15 January 2020.

Five year change comparison

Over the last five years, Directors' pay has increased as set out in the table below:

Component	Director	Current Annual Fee	31 March 2015 Annual Fee	Change
Annual Fee	All Independent Directors	£37,000	£35,000	+5.7%
Additional Fee	Chairman	£28,000	£25,000	+12.0%
Additional Fee	Chairman of the Audit Committee	£12,000	£12,000	–

Statement of Directors' shareholdings

The Directors' interests (including any family interests) existing as at 31 March 2020 in the Company's shares were as follows:

(audited information)	31 March 2020	31 March 2019
David Graham	18,680	14,000
Beatrice Hollond	6,250	6,250
Simon Jeffreys	5,392	5,392
Paul Manduca	5,000	5,000
Charlie Ricketts	5,000	5,000
Gregory Johnson	–	–

Directors' Remuneration Report (continued)

The Company has not received notifications of any changes in the above interests as at 21 May 2020.

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 4 June 2020.

Paul Manduca

4 June 2020

Report of the Audit Committee

As Chairman of the Audit Committee, I am pleased to present the Company's Report of the Audit Committee to the shareholders. This report contains details of the Audit Committee's activities and responsibilities along with the effectiveness of the external and internal audit process for the year ended 31 March 2020.

Composition of the Audit Committee

The Audit Committee comprises Simon Jeffreys (Chairman), David Graham, Beatrice Hollond and Charlie Ricketts, all of them independent non-executive directors.

The Board considers that the members of the Audit Committee have sufficient recent and relevant financial experience in order for it to perform its functions effectively, noting in particular that the Audit Committee Chairman is a Chartered Accountant and former senior audit partner. The Directors' biographies are given on pages 43 to 45 of the Annual Report.

Role and responsibilities of the Audit Committee

The Audit Committee plays an important role in the appraisal and supervision of key aspects of the Company's business. The Terms of Reference for the Audit Committee were refreshed by the Board in June 2019. The Audit Committee carried out the following activities to accomplish its principal objectives and reported to the Board on how it discharged its responsibilities:

- Provided advice as requested by the Board on whether the annual report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- Reviewed and agreed the appropriateness of the Company's accounting policies;
- Reviewed and agreed accounting estimates;
- Reviewed and was satisfied with compliance with appropriate reporting standards and corporate governance requirements;
- Monitored the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and reviewed significant financial reporting judgements contained in them;
- Monitored, reviewed and confirmed the effectiveness of the internal financial controls and internal controls and risk management systems on which the Company is reliant;
- Oversaw the relationship with the external auditor, developed and implemented a policy on the engagement of the external auditor to supply non-audit services that requires the prior approval of any non-audit services;
- Reviewed and was satisfied with the quality and content of the Auditor's Report;
- Reviewed and monitored the external auditor's effectiveness, objectivity and independence, and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- Reviewed the internal and external audit plans and the findings of the audits;
- Reviewed the effectiveness of the internal audit function of Franklin Templeton and its reports, and was satisfied with the results; and
- Reviewed other ad hoc items referred to the Audit Committee by the Board.

Report of the Audit Committee (continued)

During the year the Audit Committee, also:

- Monitored closely the status of potential tax refunds receiving regular updates from the Manager's Tax team and discussing with the external auditor;
- Reviewed the accounting treatment of the special dividend received from Brilliance China and discussed this with the external auditor;
- Visited the Manager in Edinburgh to hold additional discussions with those responsible for financial reporting, company secretarial, taxation, internal audit and risk;
- Met regularly with the newly appointed external auditor; and
- Received regular updates from the Manager on its plan to delegate Fund Administration services to J.P. Morgan in the Financial Year to March 2021.

The terms of reference of the Audit Committee reflect the recommendations of the UK Corporate Governance Code. A copy of the terms of reference of the Audit Committee is available to shareholders on the TEMIT website (www.temit.co.uk) or upon request via Client Dealer Services at Franklin Templeton using the contact details provided on the inside back cover of this report.

Meetings

The Committee met formally three times during the year. Additionally, in the year under review, the Chairman, usually with other members of the Committee, met with representatives of the Manager on separate occasions to discuss the Company's risk and controls framework and to review the Annual Report. On these visits he also met with the Company's external auditor.

The Committee maintains a programme of agenda items to ensure that its workload is balanced across the year and that matters are addressed at appropriate times.

Performance evaluation

The Board undertakes an annual evaluation of performance of the Audit Committee and its individual Directors, further details of this review can be found on page 47.

Annual Report and Financial Statements

A primary responsibility of the Audit Committee is to review the appropriateness of the Annual and Half Yearly Reports.

During the year, the work of the Committee included the following significant activities in relation to the Financial Statements:

Portfolio valuation

The Directors received regular portfolio reports, liquidity information and presentations from the Manager and the Investment Manager. The Manager employs global pricing policy procedures compliant with current regulations as disclosed in the accounting policies on pages 83 and 84.

Report of the Audit Committee (continued)

Misappropriation of assets

The Company has appointed an independent custodian (JPMorgan Chase Bank) to hold its investments. The Manager reconciles the investment portfolio to the custodian records on a regular basis, and regular satisfactory reports were provided to the Committee.

Going concern

The Committee considered the Company's investment objective, the nature of the portfolio, net current liabilities, income and expenditure, the principal and emerging risks of the Company and the COVID-19 pandemic, and confirmed that it was appropriate to prepare the Financial Statements on a going concern basis, and made its recommendations to the Board.

Recognition of investment income

The Committee received quarterly income forecast reports which detailed the income received and the estimated income due to be received in the financial year. These forecasts included details of material variances compared with prior forecasts.

Compliance with Section 1158 of the Corporation Tax Act 2010

The Company has been accepted as an approved investment trust by HM Revenue and Customs for accounting periods commencing on or after 1 April 2012, subject to continuing to meet the eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of The Investment Trust (Approved Company) (Tax) Regulations 2011. The Committee is satisfied that the Company complies with these conditions and intends to direct its affairs to ensure its continued approval as an investment trust.

Assessment of effectiveness of external audit process

The Committee reviewed and agreed the audit plan including the level of audit materiality which it deemed to be appropriate. The Committee also discussed what it determined to be key focus areas for the audit and asked the external auditor to pay particular attention to the following areas:

- Ownership and valuation of the portfolio given that the majority of the Company's assets are invested in its portfolio companies. The external auditor validated the valuations to its independent sources and concluded that the investment portfolio has been appropriately valued and that the existence has been confirmed.
- Income recognition to confirm that income has been correctly recorded and received. The external auditor recalculated all dividend income to its independent sources and tested a sample to bank statements. In addition, for special dividends, the appropriateness of the classification between revenue and capital was tested for a sample. The auditor concluded that income has been appropriately recognised.
- Compliance with S1158 regulations to ensure that the Company is meeting its minimum distribution obligations. The external auditor reviewed the initial application to HMRC and the level of revenue retained by the Company as a proportion of revenue earned. The auditor concluded that the Company was in compliance with S1158 regulations as at the balance sheet date.
- The disclosures of the tax refunds received after the financial year end. The external auditor confirmed that disclosure of a contingent asset and recognising the income in financial year 2021 was appropriate.

The Committee notes that the external Auditor challenged management on the classification of special dividends and the scenarios presented by the Manager to support the Company's ongoing viability

Report of the Audit Committee (continued)

assessment. The Committee discussed the outcome of these items, noting that there were no disagreements with Management.

The Committee held meetings with the external auditor in private and also worked closely with the Manager during the audit process. Taking into consideration its review and discussions with the key parties the Committee concluded that the external auditor had delivered a quality audit.

Conclusion

As a result of the work undertaken, the Committee has concluded that the Financial Statements for the year ended 31 March 2020, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 68.

Internal control

Internal audit is carried out by the internal audit department of Franklin Templeton.

The Committee monitors the risk management and system of internal controls on an ongoing basis and also engages Franklin Templeton's internal audit function to carry out a review of specific areas that the Audit Committee deems necessary. There was no deterioration in the function's ability to operate as a result of the transition to a working at home environment in response to the COVID-19 pandemic. This year the internal auditors were asked in particular to consider any changes in the control systems and to report on the overall effectiveness of internal controls.

The Committee met representatives of the Manager and Investment Manager, including its internal auditor, risk manager and its compliance officer, who reported as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Manager operate. Certain meetings held with the internal auditors are conducted on a private basis, with no representation from the Manager.

The Committee reviewed the Company's risk map that explains in detail the key risks identified by the Company, assessing the likelihood of each risk materialising and the impact that this would have on the Company. At a meeting in early March 2020, the Committee paid particular attention to the Manager's approach to the growing COVID-19 pandemic. This meeting focused on both investment and operational issues. The Committee also confirmed the effectiveness of the key operational procedures and oversight by the Manager and the Board.

During the year, the Committee also reviewed the following significant items:

Counterparty credit oversight

The review considered the risk that the Company's counterparties default on payment or delivery of portfolio and cash transactions. This included a review of the primary and mitigating controls implemented by the Manager and Investment Manager.

Global custody review

This annual review evaluated JPMorgan Chase Bank's global custody and sub-custody network including the results of the ISAE 3402 report by PricewaterhouseCoopers.

Key service providers

This review confirmed the value and quality of services provided to the Company by third parties. The Committee was also kept updated on its service providers' contingency plans in light of the COVID-19

Report of the Audit Committee (continued)

pandemic and concluded that they were suitably equipped to continue to deliver expected levels of service during this period.

External auditor assessment and independence

The EU regulations on mandatory auditor rotation require an audit tender to take place every ten years. As noted in last year's report, an audit tender took place during 2019 and shareholders approved the appointment of Ernst & Young LLP as the Company's external auditor at the Annual General Meeting held on 11 July 2019. The year ended 31 March 2020 was the first year for which Sue Dawe (Senior Statutory Auditor) has served.

To assess the effectiveness and independence of the external audit process, the auditor is asked, on an annual basis, to set out the steps that it has taken to ensure objectivity and independence. The auditor's performance, behaviour and effectiveness during the exercise of its duties are monitored during the year by the Audit Committee. The Audit Committee considered an annual independent Audit Quality Review report by the Financial Reporting Council, that monitors audit quality of the major audit firms in the UK, and discussed with the external auditor the results of its own quality control review and 2019 Transparency Report. Ernst & Young presented its detailed audit plan for the 2020 financial year end at the November 2019 Audit Committee meeting. The Audit Committee also reviewed Ernst & Young's policies and procedures including quality assurance procedures and independence and concluded that they were satisfactory.

The outcome of these reviews and discussions with the Senior Statutory Auditor were that the Committee is satisfied that Ernst & Young has a suitable culture, control environment and risk framework to enable it to deliver a high-quality audit.

In April 2020, the Auditor identified that certain non-audit services prohibited under the FRC Ethical Standard related to the Company's Indian tax compliance (with fees amounting to approximately £8,000) had been undertaken by a separate team from the audit team. After careful consideration of the facts and circumstances, the Committee concluded that this was a minor breach and the independence of the Auditor was not impaired. The Committee also receives confirmations from the Auditor as part of its reporting, in regard to its objectivity and independence.

Non-audit services

Performance of any non-audit services by the external auditor must be approved in advance by the Committee and must comply with the guidelines set out in the FRC's Revised Ethical Standard 2016. The Committee concluded that the non-audit service fees were appropriate relative to fees paid for audit services. An engagement letter is issued for all non-audit work and is reviewed by the Committee to ensure that the independence and objectivity of the auditor is safeguarded.

During the year, Ernst & Young was engaged to perform a review of the Half Yearly Report. This is assurance related and the Committee believes that Ernst & Young is best placed to provide this service on a cost-effective basis for the shareholders.

Report of the Audit Committee (continued)

The fees paid to the Auditor in the year were as follows:

	2020	2019[a]
Audit Services	£33,000	£33,075
Non-Audit Services:		
Review of Half Yearly Report	£5,000	£5,500
Indian tax compliance	£8,000	–
Percentage of Audit Services	39.4%	16.6%

(a) 2019 fees were paid to Deloitte LLP.

The Committee therefore confirms that the non-audit work undertaken by the auditor satisfies and does not compromise the tests of the auditor's independence, objectivity, effectiveness, resources and qualification.

TEMIT is able to rely on the Financial Markets Conduct (Overseas FMC Reporting Entities) Exemption Notice 2016, issued on 4 November 2016 that exempts it from requirements to prepare audited financial statements in accordance with the New Zealand Financial Market Conduct Act 2013. This exemption recognises that companies with a primary listing in the United Kingdom prepare Financial Statements and are audited in accordance with UK requirements. This exempts TEMIT from the New Zealand requirement that firms be audited by a New Zealand unlimited liability entity.

TEMIT is in Compliance with the provisions of "The Statutory Audit Services for Large Companies Market Investigation" (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 as issued by the Competition & Markets Authority.

Simon Jeffreys
Audit Committee Chairman
4 June 2020

Statement of Directors' Responsibilities

In respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Details of the Directors and members of the committees are reported on pages 43 to 47.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Financial Statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Under company law the Directors must be satisfied that the Financial Statements give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period.

In preparing these Financial Statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements of IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.temit.co.uk). Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement

Each of the Directors, who are listed on pages 43 to 45, confirms that to the best of their knowledge:

- The Financial Statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company for the year ended 31 March 2020; and
- The Chairman's Statement, Strategic Report and the Directors' Report include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure and Transparency Rules; and
- The Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's position and performance, business model and strategy, and include a description of principal risks and uncertainties.

By order of the Board

Paul Manduca
4 June 2020

Independent Auditor's Report

to the Members of Templeton Emerging Markets Investment Trust Plc

Opinion

We have audited the financial statements of Templeton Emerging Markets Investment Trust PLC (the 'Company') for the year ended 31 March 2020 which comprise of the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 14 to 17 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on pages 14 and 17 in the annual report that they have carried out a robust assessment of the principal and emerging risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 56 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on pages 18 and 19 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Risk of incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income • Risk of inappropriate valuation and/or defective title to the investment portfolio • Impact of COVID-19
Materiality	• Overall materiality of £17.76m which represents 1% of shareholders' funds

Independent Auditor's Report (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (as described on page 64 in the Report of the Audit Committee and as per the accounting policy set out on page 82). The total revenue for the year to 31 March 2020 was £75.11m, consisting primarily of dividend income from listed investments. The total amount of special dividends received by the Company was £10.13m, all of which was classified as revenue and is included in total revenue for the year to 31 March 2020. The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete and/or inaccurate recognition of revenue through the failure to recognise proper income entitlements or applying appropriate accounting treatment. In addition to the above, the directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.	**We have performed the following procedures:** We obtained an understanding of the Manager and Administrator's processes and controls surrounding revenue recognition and the recognition and classification of special dividends by performing walkthrough procedures to, in the case of special dividends, evaluate the design and implementation of controls. We agreed 100% of gross dividends received from the income report to an independent data vendor. We recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share as agreed to an external source. We agreed a sample to bank statements, where applicable, we also agreed the exchange rates to an external source. To test completeness of recorded income, we confirmed that all expected dividends for each investee company had been recorded as income with reference to investee company announcements obtained from an independent data vendor. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31 March 2020. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post period end bank statements, where paid. Recognising that a number of companies have responded to the COVID-19 pandemic by cancelling	**The results of our procedures are:** Based on our testing we are satisfied that income is complete and, in the case of special dividends, appropriately recognised as revenue or capital.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	their dividend payments, we traced the cash receipts of the accrued dividend income to post year end bank statements to ensure that the accrued dividends had subsequently been received. We performed a review of the income and the acquisition and disposal reports to identify all dividends received and accrued during the period that were above our testing threshold. We identified which of the dividends above our testing threshold were special dividends with reference to an external source. There were three special dividends above our testing threshold with a value of £9.07m, all of which were classified as revenue. We recalculated and assessed the appropriateness of the Manager's classification between revenue and capital for the special dividends identified for testing with reference to information available from the underlying company which set out the rationale for paying the special dividend.	
Inappropriate valuation and/or defective title of the investment portfolio (as described on page 64 in the Report of the Audit Committee and as per the accounting policy set out on pages 83 and 84). The valuation of the portfolio at 31 March 2020 was £1,780.25m consisting of listed investments. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Inappropriate investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of financial instruments at the year-end date is based on quoted bid price.	**We performed the following procedures:** We obtained an understanding of the Administrator's processes surrounding investment pricing of listed and quoted securities by performing walkthrough procedures. For all listed investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year-end. We assessed the liquidity of the investment portfolio through analysing the monthly average trading volume of the investments. We also reviewed the year end price exception and stale pricing reports to identify any prices that have not changed since the previous day and tested whether the listed price is a valid fair value. We agreed the Company's investments to the independent confirmation received from the Company's Custodian at 31 March 2020.	**The results of our procedures are:** Based on our testing we are satisfied that the investment portfolio has been appropriately valued and that the existence has been confirmed.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impact of COVID-19 (as described on pages 5 to 7 in the Strategic Report, 64 and 65 in the Audit Committee's Report and as per the accounting policy set out on page 81). The COVID-19 pandemic has adversely impacted global commercial activity and contributed to significant volatility in global equity and debt markets, but as of the date of our audit report, the precise extent of that impact remains uncertain. This uncertainty had an impact on our risk assessment and, as a result, on our audit of the financial statements. The COVID-19 pandemic and resultant uncertainties had the most significant impact on our audit of the financial statements in the following areas: **Going concern and the viability statement:** There is increased risk due to the degree of uncertainty in the assumptions underlying management's assessment of future prospects, including the impact of COVID-19 on the Company continuing to meet its stated objective. **Revenue recognition** There is a risk that revenue could be incorrectly stated due to dividends accrued at the year end on underlying investments being subsequently cancelled or adjusted. **Financial statement disclosures** There is a risk that the impact of COVID-19 is not adequately disclosed in the financial statements.	**We performed the following procedures:** **Going concern and the viability statement:** We obtained and reviewed the assessment of going concern and viability which includes consideration of the impact of COVID-19. We reviewed the revenue forecast which takes account of the impact COVID-19 may have on the Company and which supports the Directors' assessment of going concern and challenged the assumptions made by the Manager in the preparation of the forecast. We assessed the liquidity of the portfolio as set out in our response to the risk on inappropriate valuation and/or defective title of the investment portfolio above. We also assessed the concentration risk within the investment portfolio. We reviewed the Board's assessment of the risk of breaching the debt covenants as a result of a reduction in its asset base. We recalculated the debt covenants which are set out in the loan agreement and which do not involve any subjectivity. We also assessed the reasonableness of the data inputs used in the Board's assessment in relation to the risk of breaching the covenants. We confirmed through discussion with the Company Secretary and the Directors that they are in close contact with key service providers and that Business Continuity Plans are in place with no significant deterioration of service being experienced. **Revenue recognition** In response to a number of companies cancelling or adjusting their dividend payments due to COVID-19, we have performed our audit procedures on the recoverability of accrued dividend income up to the date of the approval of the Annual Report and Financial Statements, as set out in our response to the risk on incomplete and/or inaccurate revenue recognition.	**The results of our procedures are:** Based on the procedures performed, we are satisfied that the Directors have appropriately considered the impact of COVID-19 on the going concern assessment, the viability statement and revenue recognition and that adequate disclosures have been presented in the financial statements.

Independent Auditor's Report (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	Financial statements disclosures We reviewed the disclosures contained within the Annual Report and Financial Statements, including the going concern and viability disclosures and the commentary in the Chairman's statement and the investment manager's review, to ensure that the impact of COVID-19 has been included as appropriate.	

We re-assessed the risks determined at the planning stage of the audit and, due to the uncertainty in global markets caused by the COVID-19 pandemic, we revised our risk assessment to include the Key Audit Matter 'Impact of COVID-19'. Our other Key Audit Matters are unchanged from Deloitte LLP's assessment for the year ended 31 March 2019.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £17.76m which is 1% of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

The predecessor auditor, Deloitte LLP, set their materiality at £21.18m, being 1% of net assets, for the Company's 31 March 2019 audit.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £13.32m.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold for the revenue column of the Income Statement of £3.31m being 5% of profit before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.89m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Independent Auditor's Report (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 68** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 62 to 67** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on pages 51 and 52** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 68, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors

Independent Auditor's Report (continued)

determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are IFRSs, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete and/or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the Company on 11 July 2019 to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods.
- Our total uninterrupted period of engagement is one year, covering the period from our appointment through to the period ending 31 March 2020.
- In April 2020, we identified that certain non-audit services related to the period April 2019 to April 2020 prohibited under the FRC Ethical Standard had been undertaken. These related to tax services with respect to Indian tax compliance. The total Indian tax discharged by the Company by way of advanced tax and self-assessment tax amounted to INR 9,774,938 (approximately £106,000). We, therefore, consider this to be a minor breach of the Ethical Standard and we do not consider our independence to be impaired.

  We notified the Audit Committee of this breach in May 2020. The Audit Committee agreed with our conclusion that the breach is minor and that our independence is not impaired. The Committee's discussion of this breach is set out on page 66. The evaluation of whether our independence was impaired included consideration of the safeguards to independence in connection

Independent Auditor's Report (continued)

with the service, specifically that the work was undertaken by a separate team from the audit team and responsibility for the related tax calculation was taken by a competent member of the Company's manager.

- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Sue Dawe (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
Edinburgh
4 June 2020

Financial Statements

Statement of Comprehensive Income

For the Year Ended 31 March 2020

		Year ended 31 March 2020			Year ended 31 March 2019		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments and foreign exchange							
Net gains/(losses) on investments at fair value	8	–	(271,335)	(271,335)	–	(3,892)	(3,892)
Net gains/(losses) on foreign exchange		–	(883)	(883)	–	(6,184)	(6,184)
Income							
Dividends	2	74,470	–	74,470	59,230	–	59,230
Other income	2	643	–	643	439	–	439
		75,113	**(272,218)**	**(197,105)**	**59,669**	**(10,076)**	**49,593**
Expenses							
AIFM fee	3	(5,900)	(13,766)	(19,666)	(5,954)	(13,892)	(19,846)
Other expenses	4	(2,095)	–	(2,095)	(1,935)	–	(1,935)
		(7,995)	**(13,766)**	**(21,761)**	**(7,889)**	**(13,892)**	**(21,781)**
Profit/(loss) before finance costs and taxation		**67,118**	**(285,984)**	**(218,866)**	**51,780**	**(23,968)**	**27,812**
Finance costs	5	(873)	(2,037)	(2,910)	(1,111)	(2,603)	(3,714)
Profit/(loss) before taxation		**66,245**	**(288,021)**	**(221,776)**	**50,669**	**(26,571)**	**24,098**
Tax income/(expense)	6	(6,312)	1,350	(4,962)	(5,798)	(692)	(6,490)
Profit/(loss) for the year		**59,933**	**(286,671)**	**(226,738)**	**44,871**	**(27,263)**	**17,608**
Profit/(loss) attributable to equity holders of the Company		**59,933**	**(286,671)**	**(226,738)**	**44,871**	**(27,263)**	**17,608**
Earnings per share	7	**24.40p**	**(116.75)p**	**(92.35)p**	**17.26p**	**(10.48)p**	**6.78p**
Ongoing charges ratio				**1.02%**			**1.02%**

Under the Company's Articles of Association the capital element of return is not distributable.

The total column of this statement represents the profit and loss account of the Company.

The accompanying notes on pages 81 to 97 are an integral part of the Financial Statements.

Statement of Financial Position

As at 31 March 2020

	Note	As at 31 March 2020 £'000	As at 31 March 2019 £'000
Non-current assets			
Investments at fair value through profit or loss	8	**1,780,253**	**2,162,435**
Current assets			
Trade and other receivables	9	10,736	11,612
Cash and cash equivalents		87,830	73,213
Total current assets		**98,566**	**84,825**
Current liabilities			
Deferred tax provision	6	–	(1,578)
Other payables	10	(3,169)	(127,498)
Total current liabilities		**(3,169)**	**(129,076)**
Net current assets/(liabilities)		**95,397**	**(44,251)**
Non-current liabilities			
Other payables falling due after more than one year	11	(100,000)	–
Total assets less liabilities		**1,775,650**	**2,118,184**
Share capital and reserves			
Equity Share Capital	12	65,812	68,045
Capital Redemption Reserve		16,857	14,624
Capital Reserve		1,136,322	1,492,845
Special Distributable Reserve		433,546	433,546
Revenue Reserve		123,113	109,124
Equity Shareholders' Funds		**1,775,650**	**2,118,184**
Net Asset Value pence per share[a]		732.3	842.5

[a] Based on shares in issue excluding shares held in treasury.

The Financial Statements of Templeton Emerging Markets Investment Trust PLC (company registration number SC118022) on pages 77 to 97 were approved for issue by the Board and signed on 4 June 2020.

Paul Manduca
Chairman

Simon Jeffreys
Director

Statement of Changes in Equity

For the Year Ended 31 March 2020

	Note	Equity Share Capital £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Special Distributable Reserve £'000	Revenue Reserve £'000	Total £'000
Balance at 31 March 2018		**69,480**	**13,189**	**1,667,608**	**433,546**	**116,989**	**2,300,812**
Profit/(loss) for the year		–	–	(27,263)	–	44,871	17,608
Equity dividends	13	–	–	–	–	(52,736)	(52,736)
Purchase and cancellation of own shares	12	(1,435)	1,435	(41,386)	–	–	(41,386)
Purchase of own shares into treasury	12	–	–	(106,114)	–	–	(106,114)
Balance at 31 March 2019		**68,045**	**14,624**	**1,492,845**	**433,546**	**109,124**	**2,118,184**
Profit/(loss) for the year		–	–	(286,671)	–	59,933	(226,738)
Equity dividends	13	–	–	–	–	(45,944)	(45,944)
Purchase and cancellation of own shares	12	(2,233)	2,233	(69,852)	–	–	(69,852)
Balance at 31 March 2020		**65,812**	**16,857**	**1,136,322**	**433,546**	**123,113**	**1,775,650**

The accompanying notes on pages 81 to 97 are an integral part of the Financial Statements.

Statement of Cash Flows

For the Year Ended 31 March 2020

	Note	For the year to 31 March 2020 £000	For the year to 31 March 2019 £000
Cash flows from operating activities			
Profit/(loss) before finance costs and taxation		(218,866)	27,812
Adjustments for:			
Bank and deposit interest		(622)	(439)
Dividend income		(74,470)	(59,230)
Net losses on investments at fair value	8	271,335	3,892
Net losses on foreign exchange		883	6,184
Stock dividends received in year		(103)	(511)
(Increase) in debtors		(732)	(908)
Increase/(decrease) in creditors		(108)	1,670
Cash generated from operations		**(22,683)**	**(21,530)**
Bank and deposit interest received		622	439
Dividends received		72,987	60,425
Tax paid		(6,540)	(5,839)
Net cash inflow from operating activities		**44,386**	**33,495**
Cash flows from investing activities			
Purchases of non-current financial assets		(440,488)	(262,622)
Sales of non-current financial assets		553,409	458,308
Net cash inflow from investing activities		**112,921**	**195,686**
Cash flows from financing activities			
Equity dividends paid	13	(45,944)	(52,736)
Purchase and cancellation of own shares		(69,453)	(40,972)
Repurchase of shares into treasury		–	(106,543)
Repayment of revolving credit facility		(124,679)	(19,872)
Draw down of fixed term loan		100,000	–
Bank loans interest and fees paid		(2,614)	(3,688)
Net cash outflow from financing activities		**(142,690)**	**(223,811)**
Net increase/(decrease) in cash		**14,617**	**5,370**
Cash at the start of the year		73,213	67,843
Cash at the end of the year		**87,830**	**73,213**

The accompanying notes on pages 81 to 97 are an integral part of the Financial Statements.

Reconciliation of liabilities arising from bank loans

	Liability as at 31 March 2019 £000	Cash flows £000	Non-cash movements Profit & Loss £000	Liability as at 31 March 2020 £000
Revolving credit facility	124,679	(124,679)	–	–
Interest and fees payable	165	(2,565)	2,511	111
Fixed term loan	–	100,000	–	100,000
Interest and fees payable	–	(49)	399	350
Total liabilities from bank loans	**124,844**	**(27,293)**	**2,910**	**100,461**

Notes to the Financial Statements

As at 31 March 2020

1 Accounting policies

(a) Basis of preparation

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the IFRS Interpretations Committee of the IASB and adopted by the European Union (together "IFRS"). The Financial Statements have also been prepared in accordance with the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies in November 2014 and updated in February 2018 and October 2019 insofar as the SORP is compatible with IFRS.

The costs of repurchasing shares into treasury, including related costs, are charged to the Capital Reserve.

If treasury shares are subsequently cancelled, the nominal value is transferred out of Equity Share Capital and into the Capital Redemption Reserve.

Adoption of new and revised Accounting Standards

At the date of authorisation of these Financial Statements, the following amendment to the IFRS Standards and Interpretations was assessed to be relevant and is effective for annual periods beginning on or after 1 January 2019:

- IFRIC 23: Uncertainty over Income Tax Treatments

IFRIC 23 has not had an effect on the measurement or disclosure of amounts recognised within the Financial Statements of the Company.

At the date of authorisation of these Financial Statements, the following standards and interpretations were assessed to be relevant and are all effective for annual periods beginning on or after 1 January 2020:

- IAS 1 and IAS 8 Amendments: Definition of Material
- IFRS 9, IAS 39 and IFRS 7 Amendments: Interest Rate Benchmark Reform

The Directors expect that the adoption of the standards listed above will have either no impact or that any impact will not be material on the Financial Statements of the Company in future periods.

The Financial Statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments. The principal accounting policies adopted are set out below.

At 31 March 2020, the Company had net current assets of £95,397,000 (31 March 2019: net current liabilities of £44,251,000). The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future for the company to meet its objectives and measure performance against them. The Directors considered the COVID-19 pandemic and the impact this may have on the Company, in particular noting that, in addition to its net current assets the Company holds a portfolio of largely liquid assets that, if required, can be sold to maintain adequate cash balances to meet its expected cash flows, including debt servicing The repayment of the principal balance of the Company's debt facility does not fall due until 2025. The Directors also reviewed scenarios of a significant drop in value of the assets and noted that they will still be significantly higher than liabilities. They have also confirmed the resiliency of the Company's key service providers and are satisfied that their contingency plans and working arrangements are sustainable. The Board has established a framework of prudent and effective controls performed periodically by the Audit Committee, which enable risks to be assessed and managed. Therefore, the going concern basis has been adopted in preparing the Company's Financial Statements. The Going Concern statement is set out on page 56.

All financial assets and financial liabilities are recognised (or derecognised) on the date of the transaction by the use of "trade date accounting".

As the Company is a UK investment trust, whose share capital is issued in the UK and denominated in sterling, the Directors consider that the functional currency of the Company is sterling.

There have been no significant judgements, estimates or assumptions for the year.

(b) Presentation of Statement of Comprehensive Income

In order to reflect better the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented within the Statement of Comprehensive Income. In accordance with the Company's Articles of Association, net capital profits may not be distributed by way of dividend. Additionally, the net revenue is the measure that the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1158 of the Corporation Tax Act 2010.

(c) Income

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends are recognised on their due date. Provision is made for any dividends not expected to be received.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend is recognised in the income section of the Statement of Comprehensive Income.

Any excess in the value of the shares received over the amount of the cash dividend forgone is recognised in the capital section of the Statement of Comprehensive Income.

Special dividends receivable are treated as repayment of capital or as income depending on the facts of each particular case. Interest receivable on bank deposits is recognised on an accruals basis.

(d) Expenses

All expenses are accounted for on an accruals basis and are charged through the revenue and capital sections of the Statement of Comprehensive Income according to the Directors' expectation of future returns except as follows:

- Expenses relating to the purchase or disposal of an investment are treated as capital. Details of transaction costs on purchases and sales of investments are disclosed in Note 8; and
- Expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. 70% of the annual AIFM fee has been allocated to the capital account.

(e) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method in the Statement of Comprehensive Income. Finance costs are charged through the revenue and capital sections of the Statement of Comprehensive Income according to the Directors expectations of future returns. 70% of the finance costs have been allocated to the capital account.

(f) Taxation

The tax expense represents the sum of current and deferred tax. Tax receivables will be recognised when "virtually certain".

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred taxation is recognised in respect of all taxable temporary differences that have originated but not reversed at the year-end date, where transactions or events that result in an obligation to pay more tax in the future or rights to pay less tax in the future have occurred at the year-end date. This is subject to deferred tax assets only being recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

Due to the Company's status as an investment trust company, and its intention to continue to meet the eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of The Investment Trust (Approved Company) (Tax) Regulations 2011, the Company has not provided deferred tax in respect of UK corporation tax on any capital gains and losses arising on the revaluation or disposal of investments. Where appropriate, the Company provides for deferred tax in respect of overseas taxes on any capital gains arising on the revaluation or disposal of investments.

The carrying amount of deferred tax assets is reviewed at each year-end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(g) Investments held at fair value through profit or loss

The Company classifies its equity investments based on their contractual cash flow characteristics and the Company's business model for managing the assets. The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed, and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Directors and other key management personnel. Equity investments fail the contractual cash flows test so are measured at fair value. Accordingly, upon initial recognition, all of the Company's non-current asset investments are held at "fair value through profit or loss". They are included initially at fair value, which is taken to be their cost excluding expenses incidental to the acquisition.

Subsequently, the investments are valued at "fair value", which is measured as follows:

The fair value of financial instruments at the year-end date is, ordinarily, based on the latest quoted bid price at, or before, the US market close (without deduction for any of the estimated future selling costs), if the instrument is held in active markets. This represents a Level 1 classification under IFRS 13.

Notes to the Financial Statements (continued)

For all financial instruments not traded in an active market or where market price is not deemed representative of fair value, valuation techniques are employed to determine fair value. Valuation techniques include the market approach (i.e. using recent arm's length market transactions adjusted as necessary and reference to the market value of another instrument that is substantially the same) and the income approach (i.e. discounted cash flow analysis making use of available and supportable market data as possible).

Gains and losses arising from changes in fair value are included in the net profit or loss for the period as a capital item in the Statement of Comprehensive Income.

(h) Foreign currencies

Transactions involving foreign currencies are translated to sterling (the Company's functional currency) at the spot exchange rates ruling on the date of the transactions. Assets and liabilities in foreign currencies are translated at the rates of exchange at the year-end date. Foreign currency gains and losses are included in the Statement of Comprehensive Income and allocated as capital or income depending on the nature of the transaction giving rise to the gain or loss.

(i) Financial instruments

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value.

Bank loans are classified as financial liabilities at amortised cost. They are initially measured as the proceeds net of direct issue costs and subsequently measured at amortised cost. Interest payable on the bank loan is accounted for on an accruals basis in the Statement of Comprehensive Income. The amortisation of direct issue costs is accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest method.

(j) Share capital and reserves

Equity Share Capital – represents the nominal value of the issued share capital.

Capital Redemption Reserve – represents the nominal value of shares repurchased and cancelled.

Capital Reserve – gains and losses on realisation of investments; changes in fair value of investments which are readily convertible to cash, without accepting adverse terms; realised exchange differences of a capital nature; changes in the fair value of investments that are not readily convertible to cash, without accepting adverse terms; and the amounts by which other assets and liabilities valued at fair value differ from their book value are within this reserve. Additionally, 70% of the annual AIFM fee and finance costs are charged to this reserve in accordance with accounting policies 1(d) and 1(e).

Special Distributable Reserve – reserve created upon the cancellation of the Share Premium Account and Capital Redemption Reserve.

Purchases of the Company's own shares are also funded from this reserve. The Company's Articles of Association preclude it from making any distribution of capital profits.

Revenue Reserve – represents net income earned that has not been distributed to shareholders.

Income recognised in the Statement of Comprehensive Income is allocated to applicable reserves in the Statement of Changes in Equity.

Notes to the Financial Statements (continued)

2 Income

	2020 £'000	2019 £'000
Dividends		
Non-EU dividends	70,670	55,690
UK dividends	2,047	1,666
Other EU dividends	1,650	1,363
Stock dividends	103	511
	74,470	**59,230**
Other income		
Bank and deposit interest	622	439
Stock lending income	21	–
	643	–
Total	**75,113**	**59,669**

3 AIFM fee

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
AIFM fee	5,900	13,766	**19,666**	5,954	13,892	**19,846**

The Company has a contract with FTIS as Alternative Investment Fund Manager.

The contract between the Company and FTIS, its AIFM and provider of Secretarial and Administration Services, may be terminated at any date by either party giving one year's notice of termination.

The AIFM fee is paid monthly and based on the monthly trading total net assets of the Company. From 1 July 2018, the AIFM fee was reduced from 1% of net assets up to £2 billion and 0.85% of net assets above £2 billion to 1% of net assets up to £1 billion and 0.85% of net assets above £1 billion.

70% of the annual AIFM fee has been allocated to the capital account.

4 Other expenses

	2020 £'000	2019 £'000
Custody fees	679	803
Shareholder communications and marketing	297	206
Directors' remuneration	247	247
Depositary fees	182	173
Membership fees	135	144
Registrar fees	113	81
Printing and postage fees	42	37
Auditors' remuneration		
Audit of the annual financial statements	33	33
Review of the Half Yearly Report	5	6
Indian tax compliance	8	–
Broker fees	32	30
Legal fees	30	6
Other expenses	292	169
Total	**2,095**	**1,935**

Notes to the Financial Statements (continued)

Fees in respect of services as Directors are paid by the Company only to those Directors who are independent of Franklin Templeton. Included within these costs are Employer National Insurance contributions.

5 Finance costs

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Revolving credit facility	753	1,758	2,511	1,111	2,603	3,714
Fixed term loan	120	279	399	–	–	–
Total	**873**	**2,037**	**2,910**	**1,111**	**2,603**	**3,714**

6 Tax on ordinary activities

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	6,312	–	6,312	5,798	–	5,798
Overseas capital tax	–	228	228	–	41	41
Prior period adjustments	–	–	–	–	–	–
Total current tax	**6,312**	**228**	**6,540**	**5,798**	**41**	**5,839**
Deferred tax	–	(1,578)	(1,578)	–	651	651
Total tax	**6,312**	**(1,350)**	**4,962**	**5,798**	**692**	**6,490**

	2020 £'000	2019 £'000
Profit/(loss) before taxation	(221,776)	24,098
Theoretical tax at UK corporation tax rate of 19% (2019: 19%)	(42,137)	4,579
Effects of:		
– Capital element of profit/loss	51,721	1,914
– Irrecoverable overseas tax	6,312	5,798
– Excess management expenses	2,357	3,093
– Overseas capital gains tax	228	41
– Income taxable in different periods	(63)	(27)
– Dividends not subject to corporation tax	(11,183)	(8,900)
– Movement in provision for deferred tax	(1,578)	651
– UK dividends	(389)	(414)
– Overseas tax expensed	(306)	(245)
Actual tax charge	**4,962**	**6,490**

As at 31 March 2020 the Company had unutilised management expenses of £144.8 million carried forward (2019: £132.4 million). These balances have been generated because a large part of the Company's income is derived from dividends which are not taxed. Based on current UK tax law, the Company is not expected to generate taxable income in a future period in excess of deductible expenses for that period and, accordingly, is unlikely to be able to reduce future tax liabilities by offsetting these excess management expenses. These excess management expenses are therefore not recognised as a deferred tax asset.

Movement in provision for deferred tax

	2020 £'000	2019 £'000
Balance brought forward	1,578	927
Charge for the year	(1,578)	651
Balance carried forward	–	**1,578**
Provision consists of:		
– Overseas capital gains tax liability	–	1,578
	–	1,578

As at 31 March 2020 there were no unrealised gains relating to Indian holdings therefore there is no provision for deferred tax at the year end. The prior year balance represents a provision for deferred tax recognised on unrealised gains on Indian holdings as at 31 March 2019.

7 Earnings per share

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Earnings	59,933	(286,671)	(226,738)	44,871	(27,263)	17,608

	2020 Revenue pence	2020 Capital pence	2020 Total pence	2019 Revenue pence	2019 Capital pence	2019 Total pence
Earnings per share	24.40	(116.75)	(92.35)	17.26	(10.48)	6.78

The earnings per share is based on the profit attributable to equity holders and on the weighted average number of shares in issue during the year of 245,537,352 (year to 31 March 2019: 259,970,471).

8 Financial assets – investment

	2020 £'000	2019 £'000
Opening investments		
Book cost	1,501,311	1,567,756
Net unrealised gains/(losses)	661,124	802,590
Opening fair value	2,162,435	2,370,346
Movements in year:		
Additions at cost	440,354	263,370
Disposal proceeds	(551,201)	(467,389)
Net gains/(losses) on investments at fair value	(271,335)	(3,892)
	1,780,253	2,162,435
Closing investments		
Book cost	1,539,265	1,501,311
Net unrealised gain/(losses)	240,988	661,124
Closing investments	**1,780,253**	**2,162,435**

All investments have been recognised at fair value through the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

Transaction costs for the year on purchases were £503,000 (2019: £478,000) and transaction costs for the year on sales were £843,000 (2019: £999,000). The aggregate transaction costs for the year were £1,346,000 (2019: £1,477,000).

	2020 £'000	2019 £'000
Net gains/(losses) on investments at fair value comprise:		
Net realised gain based on carrying value as at 31 March	148,802	137,574
Net movement in unrealised (depreciation)/appreciation	(420,137)	(141,466)
Net gains/(losses) on investments at fair value	**(271,335)**	**(3,892)**

9 Trade and other receivables

	2020 £'000	2019 £'000
Dividends receivable	7,204	5,721
Overseas tax recoverable	3,499	2,727
Sales awaiting settlement	33	3,124
Other debtors	–	40
Total	**10,736**	**11,612**

10 Other payables

	2020 £'000	2019 £'000
Accrued expenses	1,895	2,003
Amounts owed for share buybacks	813	414
Interest and fees on borrowings	461	165
Revolving credit facility repayable	–	124,679
Purchase of investments for future settlement	–	237
Total	**3,169**	**127,498**

Interest and fees on borrowings consists of:	2020 £'000	2019 £'000
Fixed term loan	350	–
Revolving credit facility	111	165
Total	**461**	**165**

Revolving credit facility

On 31 January 2020, the Company revised the agreement with The Bank of Nova Scotia, London Branch. Under the new terms, the Company can borrow £120.0 million (2019: £220 million) via an unsecured revolving credit facility (the 'facility') for a period of three years. Balances can be drawn down in GBP, USD or CNH.

The facility bears interest at the rate of 1.125% over the relevant Inter-Bank Offer Rate on any drawn balance. Undrawn balances in excess of £60.0 million are charged at 0.40% and any undrawn portion below this is charged at 0.35%. Under the terms of the facility, the net assets shall not be less than £1,015 million and the adjusted net asset coverage to all borrowings shall not be less than 3.5:1.

The facility is shown at amortised cost and revalued for exchange rate movements. Any gain or loss arising from changes in exchange rates is included in the capital reserves and shown in the capital column of the

Statement of Comprehensive Income. Interest costs are charged to capital (70%) and revenue (30%) in accordance with the Company's accounting policies.

11 Other payables falling due after more than one year

	2020 Book value £'000	2019 Book value £'000
Fixed term loan	100,000	–
	100,000	–

Fixed term loan

On 31 January 2020, the Company entered into a term loan (the 'term loan') for a period of five years with Scotiabank Europe PLC for £100.0 million.

The term loan bears interest at the fixed rate of 2.089%. Under the conditions of the term loan, the net assets shall not be less than £1,015 million and the adjusted net asset coverage to all borrowings shall not be less than 3.5:1.

The facility is shown at amortised cost. Interest costs are charged to capital (70%) and revenue (30%) in accordance with the Company's accounting policies.

12 Equity share capital

	2020 Allotted, issued & fully paid		2019 Allotted, issued & fully paid	
	£'000	Number	£'000	Number
Shares of 25p each				
Opening balance	68,045	251,416,170	69,480	271,962,342
Purchase and cancellation of own shares	(2,233)	(8,932,031)	(1,435)	(5,737,604)
Purchase of own shares into treasury	–	–	–	(14,808,568)
Closing balance	**65,812**	**242,484,139**	**68,045**	**251,416,170**

The Company's shares (except those held in treasury) have unrestricted voting rights at all general meetings, are entitled to all of the profits available for distribution by way of dividend and are entitled to repayment of all of the Company's capital on winding up.

During the year, 8,932,031 shares were bought back for cancellation at a cost of £69,852,000 (2019: 5,737,604 shares were bought back for cancellation at a cost of £41,386,000). All shares bought back in the year were cancelled, with none being placed in treasury (2019: 14,808,568 shares were placed into treasury for a total consideration of £106,114,000).

As at 31 March 2020 the Company held 20,765,179 shares in treasury (2019: 20,765,179 shares).

13 Dividend

	2020 Rate (pence)	2020 £'000	2019 Rate (pence)	2019 £'000
Declared and paid in the financial year Dividend on shares: Final dividends for the years ended 31 March 2019 and 31 March 2018	11.00	27,421	15.00	39,982
Interim dividends for the six-month periods ended 30 September 2019 and 30 September 2018	5.00	12,187	5.00	12,754
Special dividend for the period 1 April 2019 to 30 September 2019	2.60	6,336		
Total	**18.60**	**45,944**	**20.00**	**52,736**
Proposed for approval at the Company's AGM Dividend on shares:				
Final dividend for the year ended 31 March 2020	14.00	33,779		

Dividends are recognised when the shareholders' right to receive the payment is established. In the case of the final dividend, this means that it is not recognised until approval is received by shareholders at the AGM.

14 Related party transactions

The Directors consider that, under the classification of related party transactions outlined in the Association of Investment Companies SORP, issued November 2014 and updated in February 2018 and October 2019, Franklin Templeton entities are not classified as related parties under IAS 24 (as adopted by the EU).

Accordingly, there were no transactions with related parties, other than the fees paid to the Directors during the year ended 31 March 2020, which have a material effect on the results or the financial position of the Company.

15 Risk management

In pursuing the Company's objective, set out on page 8 of this Annual Report, the Company holds a number of financial instruments which are exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for dividends.

The main risks arising from the Company's financial instruments are investment and concentration risk, market risk (which comprises market price risk, foreign currency risk and interest rate risk), other price risk, liquidity risk and counterparty and credit risk.

The objectives, policies and processes for managing these risks, and the methods used to measure the risk, are set out below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

Investment and concentration risk

The Company may invest a greater portion of its assets than the benchmark in the securities of one issuer, securities domiciled in a particular country, or securities within one industry group than other types of fund investments. As a result, there is the potential for increased concentration of exposure to economic, business, political or other changes affecting similar issues or securities, which may result in greater fluctuation in the value of the portfolio.

Notes to the Financial Statements (continued)

Market price risk

Market risk arises mainly from uncertainties about future prices of financial instruments held. It represents the potential loss that the Company might suffer through holding market positions in the face of price movements.

The Directors meet quarterly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objectives. The Investment Manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above, and seeks to ensure that individual stocks also meet the agreed risk/reward profile on an ongoing basis.

The Company does not use derivative instruments to hedge the investment portfolio against market price risk as, in the Investment Manager's opinion, such a process could result in an unacceptable level of cost and/or a reduction in the potential for capital growth.

100% (2019: 100%) of the Company's investment portfolio is listed on stock exchanges. If share prices had decreased by 20% with all other variables remaining constant, the Statement of Comprehensive Income capital return and the net assets attributable to equity shareholders would have decreased by £356,051,000 (2019: £432,487,000). The analysis for last year assumes a share price decrease of 20%.

A 20% increase (2019: 20% increase) in share prices would have resulted in a proportionate equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

Foreign currency risk

Currency translation movements can significantly affect the income and capital value of the Company's investments, as the majority of the Company's assets and income are denominated in currencies other than sterling, which is the Company's functional currency.

The Investment Manager has identified three principal areas where foreign currency risk could affect the Company:

- Movements in rates affect the value of investments;
- Movements in rates affect short-term timing differences; and
- Movements in rates affect the income received.

The Company does not hedge the sterling value of investments that are priced in other currencies. The Company may be subject to short-term exposure to exchange rate movements, for instance where there is a difference between the date on which an investment purchase or sale is entered into and the date on which it is settled.

The Company receives income in currencies other than sterling and the sterling values of this income can be affected by movements in exchange rates. The Company converts all receipts of income into sterling on or near the date of receipt. However, it does not hedge or otherwise seek to avoid rate movement risk on income accrued but not received.

Notes to the Financial Statements (continued)

The fair value of the Company's monetary items that have foreign currency exposure at 31 March are shown below:

2020

Currency	Trade and other receivables £'000	Cash at bank £'000	Trade, bank, loans and other payables £'000	Total net foreign currency exposure £'000	Investments at fair value through profit or loss £'000
US dollar	112	–	–	112	447,757
Hong Kong dollar	33	(33)	–	–	383,183
Korean won	4,514	–	–	4,514	306,197
Taiwan dollar	4,843	–	–	4,843	199,449
Indian rupee	–	85	–	85	115,004
Other	1,224	–	(1)	1,223	271,821

2019

Currency	Trade and other receivables £'000	Cash at bank £'000	Trade, bank, loans and other payables £'000	Total net foreign currency exposure £'000	Investments at fair value through profit or loss £'000
US dollar	147	–	(7,704)	(7,557)	548,757
Hong Kong dollar	3,091	–	–	3,091	347,148
Korean won	4,279	69	(82)	4,266	289,265
Taiwan dollar	2,265	–	–	2,265	199,155
Indian rupee	175	–	(1,578)	(1,403)	162,221
Other	1,615	155	(156)	1,614	548,595

The above tables are based on the currencies of the country where shares are listed rather than the underlying currencies of the countries where the companies earn revenue.

As at 31 March 2020, 64.8% of the investments shown as US dollar and Hong Kong dollar are Chinese companies with exposure to the Chinese yuan.

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and of the equity in regard to the Company's monetary financial assets and liabilities and its equity if sterling had strengthened by 10% relative to the top 5 currencies on the reporting date. With all other variables held constant, the revenue and capital return would have decreased by the below amounts.

	2020		2019	
Financial assets and liabilities	**Revenue £'000**	**Capital Return £'000**	**Revenue £'000**	**Capital Return £'000**
US dollar	2,066	44,776	1,566	54,876
Hong Kong dollar	1,762	38,318	1,015	34,715
Korean won	829	30,620	832	28,927
Taiwan dollar	1,098	19,945	735	19,916
Indian rupee	216	11,500	181	16,222
Total	**5,970**	**145,159**	**4,329**	**154,656**

Notes to the Financial Statements (continued)

A 10% weakening of sterling against the above currencies would have resulted in an equal and opposite effect on the above amounts.

Interest rate risk

The Company is permitted to invest in interest bearing securities. Any change to the interest rates relevant to particular securities may result in income either increasing or decreasing, or the Investment Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held and the interest payable on bank loans when interest rates are reset.

The fixed term loan incurs a fixed rate of interest and is carried at amortised cost rather than fair value. Hence, movements in interest rates will not affect net asset values, as reported under the Company's accounting policies. The fair value of the debt and its effect on the Company's assets are set out below.

Interest rate risk profile

The exposure of the financial assets and liabilities to interest rate risks at 31 March is shown below:

	2020 £'000	2019 £'000
Revolving credit facility	–	(124,844)
Cash	87,830	73,213
Net exposure at year end	**87,830**	**(51,631)**

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Company. Cash balances are held on call deposit and earn interest at the bank's daily rate. The Company's net assets are sensitive to changes in interest rates on borrowings. There was no exposure to fixed interest investment securities during the year or at the year end.

Interest rate sensitivity

If the above level of cash was maintained for a year, a 1.0% increase or decrease in interest rates would impact the net profit after taxation by the following amounts:

	2020		2019	
	1.0% increase in rate £'000	1.0% decrease in rate £'000	1.0% increase in rate £'000	1.0% decrease in rate £'000
Revenue	878	(878)	358	(358)
Capital	–	–	(874)	874
Total	**878**	**(878)**	**(516)**	**516**

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and amounts drawn down on the Company's loan facilities.

The impact of holding the term loan at fair value would be to decrease the Company's net assets by £782,000. The fair value of the Company's term loan at the year end was £100,782,000 (2019: n/a[a]). The interest rate of

[a] As detailed in Note 11, the Company entered into the sterling term loan on 31 January 2020.

the term loan is fixed. A 1.0% increase in market interest rates would be expected to decrease the fair value of the term loan by approximately £4,421,000 (2019: £ n/a), all other factors being equal. A 1.0% decrease would increase the fair value by £4,678,000 (2019: £ n/a).

Liquidity risk

The Company's assets comprise mainly securities listed on the stock exchanges of emerging economies. Liquidity can vary from market to market and some securities may take a significant period to sell. As a closed ended investment trust, liquidity risks attributable to the Company are less significant than for an open ended fund.

The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given the large number of quoted investments held in the portfolio and the liquid nature of the portfolio of investments.

The Investment Manager reviews liquidity at the time of making each investment decision and monitors the evolving liquidity profile of the portfolio regularly.

The below table details the maturity profile of the Company's financial liabilities as at 31 March 2020, based on the earliest date on which payment can be required and current exchange rates as at the Balance Sheet date:

As at 31 March 2020	In one year or less £'000	Less than one year and not later than two years £'000	Later than two years and not later than three years £'000	More than three years £'000	Total £'000
Fixed term loan	2,089	2,089	2,089	103,840	110,107
Other payables	3,169	–	–	–	3,169
Total	**5,258**	**2,089**	**2,089**	**103,840**	**113,276**

As at 31 March 2019	In one year or less £'000	Less than one year and not later than two years £'000	Later than two years and not later than three years £'000	More than three years £'000	Total £'000
Other payables	127,498	–	–	–	127,498
Total	**127,498**	**–**	**–**	**–**	**127,498**

Investments held by the Company are valued in accordance with the accounting policies. Other financial assets and liabilities of the Company are included in the Statement of Financial Position at fair value.

Counterparty and credit risk

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (in relation to sale or declared dividend) after the Company has fulfilled its responsibilities. The Company only buys and sells through brokers which have been approved by the Investment Manager as an acceptable counterparty. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time. These limits are reviewed regularly.

Notes to the Financial Statements (continued)

The amount of credit risk that the Company is exposed to is disclosed under the interest rate risk profile and represents the maximum credit risk at the year-end date.

The Company has an ongoing contract with its custodian (JPMorgan Chase Bank) for the provision of custody services.

As part of the annual risk and custody review, the Company reviewed the custody services provided by JPMorgan Chase Bank and concluded that, while there are inherent custody risks in investing in emerging markets, the custody network employed by TEMIT has appropriate controls in place to mitigate those risks, and that these controls are consistent with recommended industry practices and standards.

Securities held in custody are held in the Company's name or to its accounts. Details of holdings are received and reconciled monthly. Cash is actively managed by Franklin Templeton' s Trading Desk in Edinburgh and is typically invested in overnight time deposits in the name of TEMIT with an approved list of counterparties. Any excess cash not invested by the Trading Desk will remain in a JPMorgan Chase interest bearing account. There is no significant risk on debtors and accrued income or tax at the year end.

During the year, the Company participated in a securities lending programme through JPMorgan as the lending agents. As at 31 March 2020, the market value of the securities on loan and the corresponding collateral received were as follows:

	31 March 2020		31 March 2019	
Counterparty	Market value of securities on loan £'000	Market value of collateral received £'000	Market value of securities on loan £'000	Market value of collateral received £'000
Merrill Lynch International	7,891	8,335	–	–
HSBC Bank	19	73	–	–
	7,910	8,408	–	–

The maximum aggregate value of securities on loan at any time during the year was £13,375,000. The collateral received comprised of investment grade sovereign bonds and treasury notes.

Fair value

Fair values are derived as follows:

- Where assets are denominated in a foreign currency, they are converted into the sterling amount using year-end rates of exchange;
- Non-current financial assets – on the basis set out in the accounting policies; and
- Cash – at the face value of the account.

The tables below analyse financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements (continued)

Valuation hierarchy fair value through profit and loss

	31 March 2020				31 March 2019			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed investments	1,780,253	–	–	1,780,253	2,115,417	–	47,018[a]	2,162,435

[a] The fair value of the Company's holding in Bank Danamon Indonesia as at 31 March 2019 was £47,018,000. Prior to year-end, the Company accepted a tender offer from MUFG for the entire holding. Due to the tender offer, the market price was not deemed representative of fair value and, in accordance with accounting policy 1(g), the company valued the investment using the income approach. The year-end balance comprises of £45,556,000 transferred out of level 1 into level 3 and an unrealised gain of £1,462,000 resulting from the valuation technique applied.

The unobservable inputs used in this technique were the stated offer price and payment date as per the tender document and the Company's weighted average cost of capital applied as the discount rate. The valuation is not considered sensitive to these inputs as the Company received full payment of the tender offer on 29 April 2019.

16 Significant holdings in investee undertakings

As at 31 March 2020 and 2019, TEMIT had no significant holdings of 3% or more of any issued class of security within the portfolio.

17 Contingent liabilities

No contingent liabilities existed as at 31 March 2020 or 31 March 2019.

18 Contingent assets

TEMIT has filed historic claims with HMRC for exemption of pre 2009 dividend income from Corporation Tax based on the Prudential & CFC FII GLO cases. HMRC issued a business brief to TEMIT on 31 January 2020 stating the way it intends to handle these claims and has begun issuing closure notices for accounting periods where claims have been made and HMRC has opened a protective enquiry.

Based on advice from TEMIT's legal representatives, it is considered probable that the claim for the Financial Year ended April 2004 will be successful. The best estimate of the amount expected to be recovered is £3,802,000 (inclusive of interest).

19 Financial commitments

There were no financial commitments as at 31 March 2020 or 31 March 2019.

Notes to the Financial Statements (continued)

20 Events after the reporting period

There were two material events after the reporting period:

- The proposed final dividend, which has been disclosed in Note 13; and
- On 28 May 2020, TEMIT received £26,524,000 (inclusive of interest) from HMRC as settlement for the Company's outstanding claims for the Financial Years ended 2005-2009 in relation to the Prudential & CFC FII GLO cases referenced in Note 18. The balance was not recognised in the Financial Year ended 2020 as the likelihood of recovery did not meet the threshold of "virtually certain". The amount was assessed as "virtually certain" following correspondence with HMRC received after 31 March 2020. In accordance with IFRS and the Company's accounting policy, the balance has been recorded in the Financial Year ending 31 March 2021.

Securities Financing Transactions – Unaudited

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to SFT for the accounting period ended 31 March 2020 are detailed below.

Amount of securities on loan

The total value of securities on loan as a proportion of the Company's total lendable assets, as at the balance sheet date, is 0.8%. Total lendable assets represent the aggregate value of assets types forming part of the Company's securities lending programme.

Collateral

The following table details of the non-cash collateral received by the Company by way of title transfer collateral arrangement across securities lending transactions as at the balance sheet date:

Issuer	Type and quality of collateral[a]	Currency	Maturity Tenor	31 March 2020 £'000	31 March 2019 £'000
U.S. Treasury	Treasury notes	US dollar	More than 1 year	8,335	–
United Kingdom	Sovereigns	Sterling	More than 1 year	73	–
Total non-cash collateral received				**8,408**	**–**

[a] Quality of collateral pertaining to bond instruments has been assessed and reported in accordance with whether they are considered investment grade or below investment grade. Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

Re-use of collateral

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged. The Company has the right to sell or re-pledge non-cash collateral received in circumstances such as default.

Collateral received

All collateral received by the Company in respect of securities lending transactions is held at Company's custodian, JPMorgan Chase Bank.

Counterparties

The following table provides details of the counterparties (based on gross volume of outstanding transactions) in respect of securities lending transactions as at the balance sheet date and their country of incorporation.

Counterparty	Country of incorporation	31 March 2020 £'000	31 March 2019 £'000
Merrill Lynch International	United Kingdom	8,335	–
HSBC Bank	United Kingdom	73	–
Total non-cash collateral received		**8,408**	**–**

Securities Financing Transactions – Unaudited (continued)

Maturity tenor of securities on loan

The following table provides an analysis of the maturity tenor of securities on loan outstanding as at the balance sheet date.

Maturity tenor of securities on loan	31 March 2020 £'000	31 March 2019 £'000
Open maturity	8,335	–
Total securities on loan	**8,335**	–

The above maturity tenor analysis has been based on the respective transaction contractual maturity date. Open maturity transactions are those transactions that are recallable or terminable on a daily basis.

Investor Information

Notice of Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Templeton Emerging Markets Investment Trust Public Limited Company (the "Company") will be held at Cannon Place, 78 Cannon Street, London, EC4N 6HL on 9 July 2020 at 12 noon. Due to the current pandemic situation and the restrictions on travel and social contact, this year the Board is asking that shareholders do not attend the Annual General Meeting. The Board encourages shareholders to submit their proxies as early as possible, to enable all votes to be counted, and to follow all government guidance and to submit questions prior to the Annual General Meeting. In light of the evolving situation, it may in any case be necessary to change the arrangements for this year's Annual General Meeting after the date of this Notice. The answers to questions addressed by shareholders will be provided on our website together with the Investment Manager's presentation. The Annual General Meeting will transact the following business:

To consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 to 12 will be proposed as special resolutions.

Ordinary Business:

1. To receive and adopt the Directors' and Auditor's Reports and financial statements for the year ended 31 March 2020.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31 March 2020.
4. To declare a final dividend of 14.00 pence per share for the year ended 31 March 2020.
5. To re-elect the Directors:
   - 5. 1. To re-elect Paul Manduca as a Director.
   - 5. 2. To re-elect Beatrice Hollond as a Director.
   - 5. 3. To re-elect Charlie Ricketts as a Director.
   - 5. 4. To re-elect David Graham as a Director.
   - 5. 5. To re-elect Simon Jeffreys as a Director.
6. To re-appoint Ernst & Young LLP as auditor of the Company, to act until the conclusion of the next general meeting of the Company at which audited accounts are laid before the members.
7. To authorise the Directors to determine the auditor's remuneration.

Special Business

8. That, in substitution for any existing authority, the Directors be generally and unconditionally authorised to allot equity securities (as defined in Section 560 of the Companies Act 2006 (the "Act")) pursuant to Section 551 of the Act, up to an aggregate nominal amount of £3,016,000 (being an amount equal to 5% of the existing issued share capital of the Company as at 21 May 2020, being the latest practicable date before the date of this notice), provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the annual general meeting of the Company to be held in 2021 save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
9. That, in substitution for any existing authority, subject to the passing of resolution 8, the Directors be given the general power pursuant to sections 570 and 573 of the Act to allot equity securities (as defined by Section 560 of the Act) for cash pursuant to the authority conferred by resolution 8, and/or to sell equity securities held as treasury shares for cash pursuant to Section 727 of the Act, in each case as if

Notice of Meeting (continued)

Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to: (a) any such allotment and/or sale of equity securities in connection with an offer or issue by way of rights or other pre-emptive offer or issue, open for acceptance for a period fixed by the directors, to holders of ordinary shares (other than the Company) on the register on any record date fixed by the directors in proportion (as nearly as may be) to the respective number of ordinary shares deemed to be held by them, subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and (b) any such allotment and/or sale, otherwise than pursuant to sub-paragraph (a) above, of equity securities having, in the case of ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding the sum of £3,016,000 (being an amount equal to 5% of the existing issued share capital of the Company as at 21 May 2020, being the latest practicable date before the date of this notice). The power granted by this resolution will expire on the conclusion of the annual general meeting of the Company to be held in 2021 (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot and/or sell equity securities held as treasury shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

10. That, in substitution for any existing authority, the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006), of its ordinary of shares of 25 pence each in the capital of the Company ("shares") provided that:

    (i) the maximum number of shares hereby authorised to be purchased shall not exceed 14.99 per cent of the shares in issue on 9 July 2020, or 36,168,190 shares, whichever is lower;

    (ii) the minimum price which may be paid for a share shall be 25 pence;

    (iii) the maximum price which may be paid (excluding expenses) for a share shall not be more than the higher of: (a) an amount equal to 105 per cent of the average of the closing mid-market price of shares (as derived from the daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and (b) the higher of the last independent trade price and the highest current independent purchase bid price on the London Stock Exchange; and

    (iv) unless renewed, the authority hereby conferred shall expire on the conclusion of the annual general meeting of the Company to be held in 2021, save that the Company may, and prior to such expiry, enter into a contract to purchase shares which will or may be completed wholly or partly after such expiry.

11. That the Articles of Association produced to the Meeting and initialled by the Chairman of the Meeting for the purpose of identification be adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

12. That a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board
Paul Manduca

4 June 2020
Registered Office: 5 Morrison Street, Edinburgh, EH3 8BH

Notice of Meeting (continued)

Notes:

1. **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

2. If you have sold or transferred all of your shares in the Company, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so that they can pass these documents to the person who now holds the shares.

3. The Company specifies that only those members registered on the Company's register of members at 6.30 pm on 7 July 2020 shall be entitled to vote at the annual general meeting (the "**Meeting**").

4. A member of the Company entitled to vote at the Meeting may appoint a proxy or proxies to vote thereat instead of him. A proxy need not be a member of the Company.

5. A member may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares held by that member. A member may not appoint more than one proxy to exercise rights attached to one share. Please contact the Company's registrar Equiniti, at Aspect House, Lancing, West Sussex BN99 6DA to appoint more than one proxy. In the case of joint holders, the vote of the senior holder who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

7. A proxy form is enclosed with copies of this Report which are sent to registered shareholders. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

8. A proxy form must be returned to the Company's registrar, Equiniti, Aspect House, Lancing, West Sussex BN99 6DA to arrive not later than 12 noon on 7 July 2020. New Zealand registered shareholders must return a proxy form to Computershare, Private Bag 92119, Auckland 1142, New Zealand to arrive not later than 5.00pm on 6 July 2020 (New Zealand time).

9. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a member provided that no more than one corporate representative exercises powers over the same share.

10. As at 21 May 2020, the Company's issued share capital was 241,282,122 shares of 25 pence each. Each share carries the right to vote at an annual general meeting of the Company and, therefore, the total number of voting rights in the Company as at 21 May 2020 was 241,282,122.

11. Copies of the letters of appointment of the Directors of the Company, the current Articles of Association and the proposed new Articles of Association of the Company are available for inspection at the Company's registered office at 5 Morrison Street, Edinburgh, EH3 8BH, and online at www.temit.co.uk until the close of the meeting and at the Meeting (for 15 minutes prior to the Meeting and during the Meeting).

12. Electronic proxy appointment for CREST members (for UK only). CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by the issuer's agent (RA19) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting, or in the event of an adjournment of the Meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting

service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

13. Electronic proxy appointment for non-CREST members (for UK only). Shareholders who prefer to register the appointment of their proxy electronically via the Internet can do so through the Equiniti website at www.sharevote.co.uk where full instructions on the procedure are given. The personal Voting ID, Task ID and Shareholder Reference Number printed in the voting pack will be required to use this electronic proxy appointment system. Alternatively, shareholders who have already registered with Equiniti's on-line portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk using their user ID and password. Once logged in, click "View" on the "My Investments" page, click on the link to vote then follow the on screen instructions. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 12 noon on 7 July 2020. Please note that any electronic communication found to contain a computer virus will not be accepted.

14. Electronic proxy appointment for New Zealand registered shareholders. New Zealand registered investors who prefer to register the appointment of their proxy electronically via the Internet can do so through the Computershare website at www.investorvote.co.nz, and enter the Control Number 103840, where full instructions on the procedure are given. Your CSN (Common Shareholder Number) and postal code will be required to use this electronic proxy appointment system. A proxy appointment made electronically will not be valid if sent to any address other than that provided or if received after 5.00pm (New Zealand time) on 6 July 2020. Please note that any electronic communication found to contain a computer virus will not be accepted. New Zealand registered investors cannot appoint more than one proxy when registering the appointment of their proxy electronically.

15. A member of the Company may make a request in accordance with Section 527 of the Companies Act 2006 to have a statement published on the Company's website setting out an audit concern. This allows a member or members having a right to vote at the Meeting and holding at least 5% of the total voting rights of the Company, or at least 100 members having a right to vote at the Meeting and holding, on average, at least £100 of the paid up share capital, to make a request so that the Company must publish on its website a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting. Where the Company is required to publish such a statement on its website: (i) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request; (ii) it must forward the statement to the Company's auditor no later than the time at which the statement is made available on the Company's website; and (iii) the statement may be dealt with as part of the business of the Meeting. A member wishing to request publication of such a statement on the Company's website must send the request to the Company in hard copy form to the Company Secretary or by email to enquiries@franklintempleton.co.uk. The request must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported and be received by the Company at least one week before the Meeting. Please note that any electronic communication found to contain a computer virus will not be accepted.

16. Any member has the right to ask questions. Pursuant to Section 319A of the Companies Act 2006, the Company must provide an answer to any question which is put by a member relating to the business being considered, except if a response would not be in the interests of the Company or for the good order of the Meeting or if to do so would involve the disclosure of confidential information. The Company may, however, elect to provide an answer to a question within a reasonable period of days after the conclusion of the Meeting. The answers to questions raised by shareholders will be provided on our website.

17. In accordance with Section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website, www.temit.co.uk.

18. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

Notice of Meeting (continued)

Appendix Explanatory Notes of Principal Changes to the Company's Articles of Association

1. Variation of rights

The changes to Article 4 clarify that any variation or abrogation of the special rights attached to any class of shares will be subject to the terms of issue of those shares. They also provide that shares of that class which are held as treasury shares will not be counted when determining whether the consent threshold has been met (in the case of consent given in writing) or whether the meeting approving such variation or abrogation is quorate.

2. Shares

Article 12 enables the Company to pay any commissions or brokerage fees by: (i) the payment of cash; (ii) the allotment of fully or partly paid shares; or (iii) partly in one way and partly in the other.

3. Uncertificated shares – general powers

Article 16.2.2 is amended to provide that any provision of the Articles which is inconsistent with the CREST Regulations will not apply, and no provision of the Articles will apply or have effect to the extent that it is inconsistent with the maintenance of a register of securities in uncertificated form.

4. Calls on shares

Article 23 extends the notice period for each member subject to a call-in respect of any moneys unpaid on shares from at least fourteen days to at least fourteen clear days.

Article 24 reduces the maximum amount of interest that the Company may require to be paid on any unpaid sum called. As amended, the rate will be such amount (not exceeding 5 per cent. above the base lending rate per annum most recently set by the Monetary Policy Committee of the Bank of England) as the Board determines.

Article 27 reduces the maximum amount of interest that the Company may pay to members who are willing to advance all or part of any uncalled moneys to such rate (not exceeding 5 per cent. above the base lending rate per annum most recently set by the Monetary Policy Committee of the Bank of England) as the Board may decide.

5. Forfeiture and lien

Amended Article 32 provides that any person whose shares have been forfeited or surrendered will need to surrender to the Company for cancellation any certificate for the shares forfeited or surrendered. It also reduces the maximum amount of interest that the Company may require to be paid on amounts payable to the Company to 5 per cent. above the base lending rate per annum most recently set by the Monetary Policy Committee of the Bank of England.

The changes to Article 34 extend the notice period following which the Board may sell a share on which the Company has a lien from fourteen days to fourteen clear days.

New Article 34.A provides that the Board, in order to give effect to any sale, may authorise any person to execute any instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares will not be affected by any irregularity in or invalidity of the proceedings relating to the sale, and he/she will not be bound to see to the application of the purchase money.

Notice of Meeting (continued)

6. Transmission of shares

Revised Article 44 enables the Board to require a person who is entitled to a share on transmission, to give notice requiring such person to elect either: (i) to be registered; or (ii) to transfer the share. If the notice is not complied with within 60 days, the Board may withhold payment of all dividends and other distributions and payments declared in respect of that share until the requirements of the notice have been complied with.

7. Untraced shareholders

In accordance with Article 45.1, the circumstances in which the Company will be entitled to sell the shares of an untraced member are where:

- there has been a period of 12 years during which at least three dividends in respect of the shares have become payable and no dividend has been claimed during that period;
- the Company has, after expiration of that period, sent a notice of its intention to sell such share to the registered address or last known address of the untraced member and, before sending such notice, the Company is satisfied that it has taken such steps as it considers reasonable in the circumstances to trace the member; and
- after three months following the notice, the Company has not received an indication of the whereabouts or the existence of such member.

If, during the twelve-year period, any additional shares have been issued by way of rights in respect of those shares held by the untraced member, the Company may also sell such additional shares.

Article 45.2 provides that, in addition to its existing ability to execute an instrument of transfer in respect of shares held in certificated form, where shares are held in uncertificated form the Company may appoint any person in accordance with the CREST Regulations to issue a written notification to the operator of the relevant system (as defined in the CREST Regulations) requiring the conversion of those shares into certificated form.

If, during a period of three years from the date the shares were sold, no valid claim for the net proceeds has been received, the net proceeds will be forfeited and will belong to the Company.

8. Attendance and participation at different places and by electronic means

The amendments to Article 51 and Article 52 provide the Company with flexibility to hold either a physical or hybrid meeting at the Board's discretion.

In the case of a hybrid meeting:

- those participating in the meeting by electronic means will be deemed to be attending and present at the meeting and will therefore be counted as part of the quorum and will have the right to vote;
- the meeting will be duly constituted and its proceedings valid if the Chairman is satisfied that adequate facilities have been made available so that all persons (being entitled to do so) attending the hybrid meeting by electronic means, may:
- participate in the business for which the meeting has been convened;
- hear all persons who speak at the meeting by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise; and
- be heard by all other persons present at the meeting, but the inability of one or more members or proxies to access, or continue to access, the facilities for participation in the meeting despite adequate facilities

being made available by the Company will not affect the validity of the meeting or any business conducted, provided that the meeting is quorate;

- all resolutions put to members at a hybrid meeting, including in relation to procedural matters, will be decided on a poll;
- the Board may authorise any voting application, system or facility in respect of the electronic platform for the hybrid meeting as it sees fit; and
- if it appears to the Chairman that the electronic facilities for a hybrid meeting have become inadequate then they may, with or without the consent of the meeting, interrupt or adjourn the meeting (before or after it has started). All business conducted at the hybrid meeting up to the point of the adjournment will be valid.

Article 52 provides that the members who participate in a meeting by electronic means have the right to speak, vote on a poll, be represented by a proxy and have access to all documents which are required by the Companies Act 2006 or the Articles to be made available at the meeting.

If, after sending notice of a hybrid meeting but before the meeting is held (or after the adjournment of a hybrid meeting but before the adjourned meeting is held), the Board considers that it is impracticable or unreasonable to hold the meeting at the time specified in the notice using the electronic facilities stated in the notice or made available prior to the meeting, it may change the meeting to a physical meeting, change the electronic facilities (and make details of the new facilities available in the manner stated in the notice of meeting), and/or postpone the time at which the meeting is to be held. An adjourned or postponed meeting may be held as a physical or hybrid meeting.

The Board or the Chairman may make any arrangement and impose any requirement or restriction they consider appropriate to ensure the security of a hybrid meeting.

9. Proceedings at meetings

The amendments to Article 53 extend the time period within which the Chairman or deputy Chairman of a meeting must be present before an alternative Chairman is appointed from five minutes to fifteen minutes.

In accordance with the Companies Act 2006, Article 54 provides that notwithstanding the provisions of the Articles, where there is only a single member of the Company, that sole member will constitute a quorate meeting.

Amended Article 55 extends the time period during which a quorum must be present before a meeting is dissolved, from five minutes to fifteen minutes from the time appointed for that meeting.

Notwithstanding the provisions of the Articles, where there is only a single member of the Company, that sole member will constitute a quorum for any adjourned meeting. If within fifteen minutes from the time fixed for holding an adjourned meeting a quorum is not present or if during an adjourned meeting a quorum ceases to be present, the adjourned meeting will be dissolved. The Company will give at least 10 days' notice of any meeting adjourned through lack of a quorum and such notice will state the quorum requirement.

Article 56 provides that the Chairman may adjourn the meeting if it appears to him that:

- it is likely to be impracticable to hold or continue the meeting because of the number of members wishing to attend who are not present;
- if the unruly conduct of persons attending the meeting prevents or is likely to prevent the orderly continuation of the business of the meeting; or
- an adjournment is necessary so that the meeting is properly conducted.

Notice of Meeting (continued)

10. Vote of members

Article 63 changes the requirement for a proxy who has been appointed by more than one member and has been given discretion as to how to vote, to use one vote for and one vote against the resolution. Instead, such proxy does not need to use all his votes or cast all the votes in the same way.

11. Directors

Article 80.A sets the cap on the aggregate of the remuneration of all the Directors to £400,000 per annum.

12. Appointment and retirement of directors

Article 88, as amended, provides for additional circumstances in which the office of a Director will be vacated, including:

- if in Scotland or elsewhere a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months; and
- if he/she is absent from meetings of the Board for six consecutive months without permission of the Board and the Board resolves that his office be vacated.

Rather than being required to retire at the annual general meeting held in the third calendar year following election, the new Articles provide that each Director will be subject to annual re-election.

If a Director appointed by the Board, either to fill a casual vacancy or as an additional Director, is not re-elected at the next annual general meeting that Director will vacate office at the conclusion of such annual general meeting.

13. Meetings and proceedings of directors

Article 95.1 provides that notice of a meeting of the Board may additionally be sent by way of electronic communication and that any Director may waive his entitlement to notice of any meeting either in advance of or following a meeting. Such waiver will not affect the validity of the meeting or any business conducted at it.

The amended Article 95.2 provides that the quorum necessary for the transaction of the business of the Board may be fixed from time to time by the Board and unless so fixed at any other number will be two.

Article 96 provides that all business transacted by the Board or a committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other and speak to each other throughout will, for the purposes of the Articles, be deemed to be a valid meeting of the Board or a committee, notwithstanding that fewer than two Directors are physically present at the same place.

14. Dividends

The Articles provide that all dividends, interest and other sums payable which are unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until such time as they are claimed.

New Article 125.A provides the Company with flexibility to pay dividends, interest or other moneys payable in cash by direct debit, bank transfer, cheque, dividend, warrant, money order or by any electronic or other means as the Board may decide. In respect of shares in uncertificated form, any such payment may be by means of the relevant system (as defined in the CREST Regulations). Payment by such means will in each case be good discharge.

15. Notices

New Article 136.A clarifies that, subject to the specific terms of any Article, any notice may be given in electronic form.

Article 139, as amended, reduces the period of deemed service of a document or notice served or delivered by electronic means from 48 hours after the time it was sent, to the same day.

Article 148 updates the provisions which address the ability of the Company to convene a meeting in the event of the suspension or curtailment of postal services within the United Kingdom (or some part of the United Kingdom). In such circumstances, the Company need only give notice of a meeting to members with whom the Company can communicate by electronic means and who have provided the Company with an address for that purpose. The Company may also publish a notice advertised on the same date in at least one leading Scottish and one leading national daily newspaper with appropriate circulation. The Company will make the notice available on its website from the date of publication until the conclusion of the meeting or any adjournment of the meeting to which it relates.

16. General

Generally, the opportunity has been taken to bring clearer language into the new Articles.

The full terms of the Articles are available for inspection online at www.temit.co.uk.

Key Dates

The Company's 31st Annual General Meeting will be held on Thursday 9 July 2020. Notice of this meeting is given on pages 100 to 108.

Significant events in the Company's year are expected normally to occur as follows:

July 2020

Annual General Meeting held. Final dividend paid.

November 2020

Half yearly results announced.

Half Yearly Report for the period to 30 September 2020 published.

January 2021

Interim dividend paid.

Investor Communications

The Board and Manager aim to keep shareholders informed and release the following information on the Company's website:

Daily

- Daily net asset value

Monthly

- Factsheet
- Investment Manager commentary
- Portfolio breakdowns
- Performance details
- Monthly portfolio report

Ad hoc

- Announcements of share buybacks
- Emerging markets updates
- PRIIPS Key Information Document (KID)[a]

You can also download important documents such as the latest Investor Disclosure Document and Company Policies.

You can also subscribe to have the latest updates sent directly to your email account.

(a) Packaged Retail and Insurance-based Investment Products Regulation (the 'PRIIPs Regulation') require that the Manager prepare a Key Information Document (KID) in respect of the Company. Investors should note that the basis for calculating potential returns, costs and risks are prescribed by the law and the Board is not responsible for the information contained in the KID. Investment returns stated in the KID may not be those expected of the Company and are not guaranteed.

General Information

REGISTERED OFFICE

5 Morrison Street
Edinburgh
EH3 8BH
UK
(Registered No. SC118022)
CompanySecretarialEdinburgh@franklintempleton.com

REGISTRAR – UK

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
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REGISTRAR – NEW ZEALAND

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Auckland 0622
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ALTERNATIVE INVESTMENT FUND MANAGER, SECRETARY AND ADMINISTRATOR

Franklin Templeton International Services S.à r.l.
8a rue Albert Borschette
L-1246
LUXEMBOURG

FINANCIAL ADVISER AND STOCKBROKER

Winterflood Securities Limited
The Atrium Building
Cannon Bridge House
25 Dowgate Hill London
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SOLICITOR

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Saltire Court
20 Castle Terrace
Edinburgh
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SOLICITOR

Buddle Findlay
PwC Tower
188 Quay Street
PO Box 1433
Auckland 1140
New Zealand

CUSTODIAN

JPMorgan Chase Bank
25 Bank Street
London
E14 5JP
UK

DEPOSITARY

J.P. Morgan Europe Limited
25 Bank Street
London
E14 5JP
UK

AUDITOR

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX
UK

Shareholder Information

Board of Directors

Paul Manduca[a] (Chairman); David Graham[a]; Beatrice Hollond[a]; Simon Jeffreys[a]; Gregory Johnson; Charlie Ricketts[a].

[a] Independent non-executive

How to invest

There are two main ways to invest in TEMIT:

1. Through an investment platform. A number of fund supermarkets or investment platforms allow you to buy, hold and sell shares in investment trusts such as TEMIT quickly and easily at a low cost. Many have no minimum investment requirements.

   Equiniti, the Registrar, offers an online or telephone service where you can buy shares in TEMIT as part of an Investment Account or an Individual Savings Account. There are a number of other companies that offer similar services and may also allow you to include TEMIT as an investment in your Self-Invested Pension Plan. Some of the most popular include Hargreaves Lansdown, Charles Stanley Direct, AJ Bell, the Share Centre and Interactive Investor.

   If you haven't already chosen a provider, there are a number of independent comparison websites available which may assist you in making your selection.

   Please note that this is not a complete list of ISA or SIPP providers and you should not consider this list to be a recommendation of the services which these providers offer.

2. Directly through the stock market. You can invest directly in Templeton Emerging Markets Investment Trust PLC by purchasing shares in the stock market through a stockbroker or authorised Financial Adviser.

Financial advice

We strongly recommend that you take independent financial advice before making any investment. If you have a financial adviser, then they will advise you on the best way to invest in TEMIT. If you currently do not have a financial adviser, there are a number of resources online to help you. For investors based in the UK, websites such as www.unbiased.co.uk or www.vouchedfor.co.uk will provide you with details of financial advisers in your area.

NAV publication and reference codes

The NAV is released every London Stock Exchange business day through the London and New Zealand Stock Exchanges. It is also published on our website: www.temit.co.uk and published in the Financial Times.

Codes

Ticker	TEM LN
ISIN	GB0008829292
SEDOL	882929

Shareholder Information (continued)

Dividend Reinvestment Plan ("DRIP")

If you are a UK shareholder and your shares are held in your own name on the Company's share register, you can request that any dividend payments are used to purchase further shares in the Company. You can download and complete the relevant applications forms through Equiniti's secure website www.shareview.co.uk/info.drip or you can contact Equiniti by phone on 0371 384 2505. If you are telephoning from outside the UK, please ring +44 121 415 7047.

If you invest through a nominee or investment platform and wish to reinvest dividends you will need to contact them directly to find out what arrangements they offer.

Financial calendar

Final Dividend Ex-Date	11 June 2020
Final Dividend Record Date	12 June 2020
AGM	9 July 2020
Final Dividend Payment Date	17 July 2020
Half Year End	30 September 2020
Half Yearly Report Published	November 2020
Interim Dividend Record Date	December 2020

Glossary of Alternative Performance Measures

Net asset value return

A measure showing how the net asset value ("NAV") per share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders in sterling terms. Total return measures allow shareholders to compare performance between investment trusts where the dividend yield may differ.

To calculate total return, it is assumed that dividends are reinvested into the assets of the Company at the prevailing NAV on the day that the shares first trade ex-dividend (see page 1). Total return is calculated using published daily NAVs. The NAVs include income for the current period ("cum-income").

To calculate capital return, revenue earnings are excluded (see page 2).

Share price return

A measure showing how the share price has performed over a period of time, taking into account both capital returns and dividends paid to shareholders in sterling terms. Total return measures allow shareholders to compare performance between investment trusts where the dividend yield may differ.

To calculate total return, it is assumed that dividends are reinvested into the shares of the Company at the prevailing share price on the day that the shares first trade ex-dividend (see page 1).

To calculate capital return, revenue earnings are excluded (see page 2).

Share price discount to net asset value ("NAV")

A measure showing the relationship between the share price and the NAV, which is expressed as a percentage of the NAV per share (see page 2). As at 31 March 2020 the Company's share price was 657.0 pence and the NAV per share was 732.3 pence, therefore the discount was (657.0 –732.3)/732.3 = 10.3% (31 March 2019: 9.1%).

If the share price is lower than the NAV per share, the shares are said to be trading at a discount. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

Gearing/net gearing

A term used to describe the process of borrowing money for investment purposes in the expectation that the returns on the investments purchased using the borrowings will exceed the costs of those borrowings. For example, a figure of 5% means that the shareholder funds are exposed to NAV returns by an additional 5%, positive or negative, as a result of borrowings (see page 2).

Ongoing charges ratio

The OCR represents the annualised ongoing charges (excluding finance costs, transaction costs and taxation) divided by the average daily net asset values of the Company for the period and has been prepared in accordance with the AIC's recommended methodology. Ongoing charges reflect expenses likely to recur in the foreseeable future. As at 31 March the OCR was 1.02% (31 March 2019: 1.02%).

For periods where the AIFM fee changes during the year, the latest fee rate is used for the purposes of the OCR to more accurately reflect the ongoing charges to the Company.

Gross total return

Gross total return is net asset value total return before the deduction of expenses (see page 29).

Excess return

The difference between the gross total return of TEMIT and the benchmark total return (see page 29).

Residual

A measure representing the difference between the actual excess return and the excess return explained by the attribution model. This amount results from several factors, most significantly the difference between the actual trade price of securities included in actual performance and the end of day price used to calculate attribution (see page 29).

Market capitalisation

The total market value of a company's shares. This is calculated by multiplying the share price on the date in question by the number of shares in issue (see page 41).

Benchmark return

The Company's benchmark is the MSCI Emerging Markets Index.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not track this index and consequently, there may be material divergence between the Company's performance and that of the benchmark.

Although not an alternative performance measure, total return of the benchmark is calculated on a closing market value to closing market value basis, assuming that all dividends received were reinvested into the shares of the relevant companies at the time at which the shares were quoted ex-dividend (see page 1). Returns are converted by the index provider into sterling at prevailing exchange rates.

Capital return on the benchmark is calculated the same way as total return, but with no dividend reinvestment assumed (see page 2).

Benchmark performance source: MSCI.

Client Dealer Services
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FRANKLIN
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