TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

FRANKLIN TEMPLETON

Annual Report and Audited Accounts
to 31 March 2021

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.

TEMIT has a diversified portfolio of around 80 high quality companies, actively selected for their long-term growth potential, sustainable earnings and with due regard to environmental, social and governance ("ESG") attributes. 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 £2.6 billion as at 31 March 2021. Since launch to 31 March 2021, TEMIT's net asset value ("NAV") total return was +4,629.5% compared to the benchmark total return of +1,930.4%.

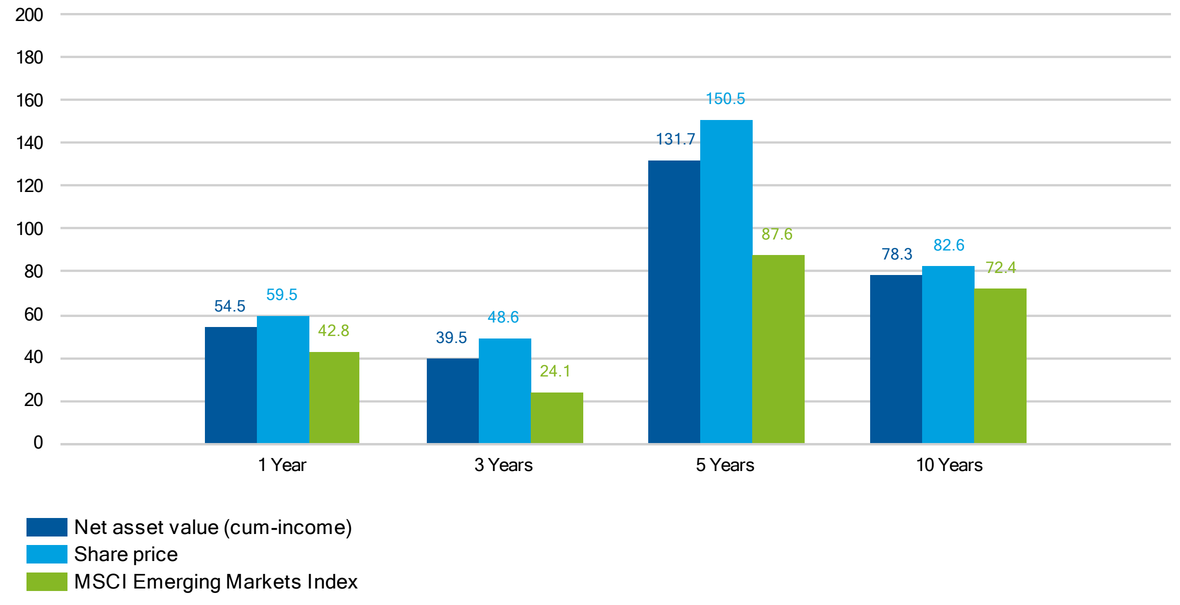
The Company is governed by a Board of Directors who are committed to ensuring that shareholders' best interests, taking into account the wider community of stakeholders, are at the forefront of all decisions. Under the guidance of the Chairman, the Board of Directors is responsible for the overall strategy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

TEMIT at a glance
For the year to 31 March 2021

Net asset value total return (cum-income)[(a)]	Share price total return[(a)]	MSCI Emerging Markets Index total return[(a)(b)]
54.5%	59.5%	42.8%
(2020: -11.2%)	(2020: -12.1%)	(2020: -13.2%)

Proposed total ordinary dividend[(c)]	Special dividend[(c)]
19.00p	10.00p
(2020: 19.00p)	(2020: 2.60p)

Cumulative total return to 31 March 2021 (%)



(a) A glossary of alternative performance measures is included on pages 112 and 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 2021 has been proposed. This comprises the interim dividend of 5.00 pence per share paid by the Company on 11 January 2021 and the proposed final dividend of 14.00 pence per share. In addition, a special dividend of 10.00 pence per share was paid by the Company on 11 January 2021.

Strategic Report

The Directors present the Strategic Report for the year ended 31 March 2021, 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 it faces, how it is performing and the outlook.

Financial Summary

2020-2021

	Notes	Year ended 31 March 2021	Year ended 31 March 2020	Capital return %	Total return %
Total net assets (£ millions)		2,591.3	1,775.7		
Net asset value (pence per share)	(a)	1,096.9	732.3	50.9	54.5
Highest net asset value (pence per share)		1,177.8	971.4		
Lowest net asset value (pence per share)		706.1	705.6		
Share price (pence per share)	(a)	1,012.0	657.0	55.4	59.5
Highest end of the day share price (pence per share)		1,072.0	876.0		
Lowest end of the day share price (pence per share)		636.0	578.0		
MSCI Emerging Markets Index				39.4	42.8
Share price discount to net asset value at year end	(a)	7.7%	10.3%		
Average share price discount to net asset value over the year		11.1%	10.7%		
Ordinary dividend (pence per share)	(b)	19.00	19.00		
Special dividend (pence per share)	(c)	10.00	2.60		
Revenue earnings (pence per share)	(d)	28.64	24.40		
Capital earnings (pence per share)	(d)	363.65	(116.75)		
Total earnings (pence per share)	(d)	392.29	(92.35)		
Net gearing	(a)	0.5%	0.7%		
Ongoing charges ratio	(a)	0.97%	1.02%		

Source: Franklin Templeton and FactSet.
[a] A glossary of alternative performance measures is included on pages 112 and 113.
[b] An annual dividend of 19.00 pence per share for the year ended 31 March 2021 has been proposed. This comprises the interim dividend of 5.00 pence per share paid by the Company on 11 January 2021 and a proposed final dividend of 14.00 pence per share.
[c] Special dividend of 10.00 pence per share paid by the Company on 11 January 2021.
[d] The revenue, capital and total earnings per share figures are shown in the Statement of Comprehensive Income on page 80 and Note 7 of the Notes to the Financial Statements.

Ten Year Record

2011-2021

Year ended	Total net assets (£m)	NAV (pence per share)	Share price (pence per share)	Year-end discount[a] (%)	Revenue earnings (pence per share)	Annual dividend (pence per share)	Ongoing charges ratio[a] (%)
31 March 2011	2,368.4	718.0	660.0	8.1	6.14	4.25	1.31
31 March 2012	2,098.6	636.3	588.5	7.5	7.91	5.75	1.31
31 March 2013	2,302.7	702.3	640.5	8.2	8.45	6.25	1.30
31 March 2014	1,913.6	591.8	527.0	10.9	9.14	7.25	1.30
31 March 2015	2,045.0	641.2	556.0	13.3	9.28	8.25	1.20
31 March 2016	1,562.3	524.2	453.9	13.4	7.05	8.25	1.22
31 March 2017	2,148.1	762.8	661.5	13.3	6.59	8.25	1.20
31 March 2018	2,300.8	846.0	743.0	12.2	15.90	15.00	1.12
31 March 2019	2,118.2	842.5	766.0	9.1	17.26	16.00	1.02
31 March 2020	1,775.7	732.3	657.0	10.3	24.40	19.00[b]	1.02
31 March 2021	2,591.3	1,096.9	1,012.0	7.7	28.64	19.00[c]	0.97

Ten year growth record
(rebased to 100.0 at 31 March 2011)

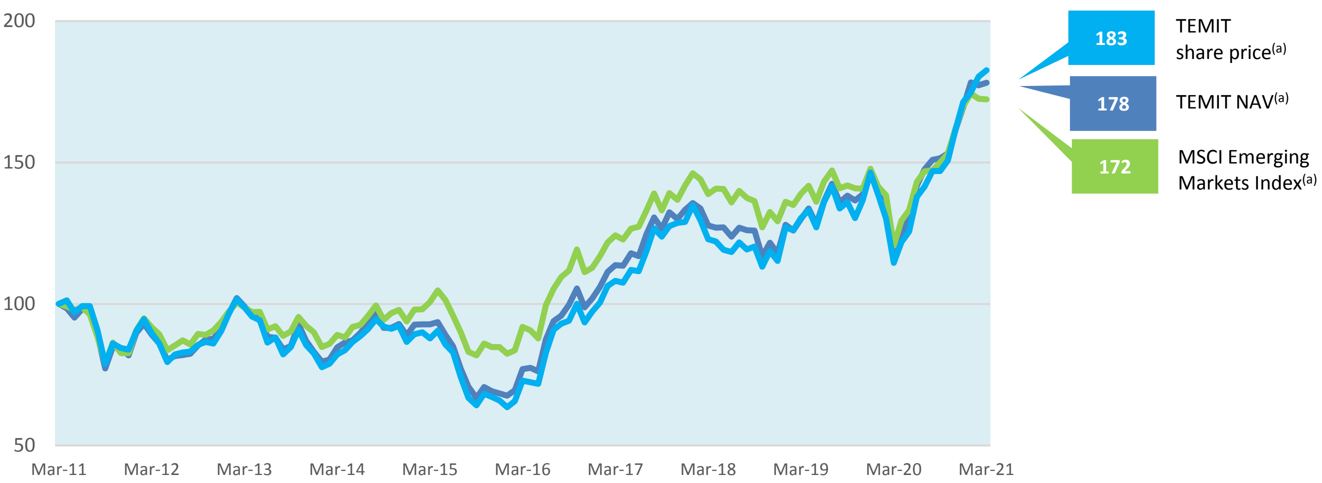
2011-2021

Year ended	NAV	NAV total return[a]	Share price	Share price total return[a]	MSCI Emerging Market Index total return	Revenue earnings per share - undiluted	Ordinary dividend per share
31 March 2011	100.0	100.0	100.0	100.0	100.0	100.0	100.0
31 March 2012	88.6	89.2	89.2	89.8	91.8	128.8	135.3
31 March 2013	97.8	99.1	97.0	98.8	98.8	137.6	147.1
31 March 2014	82.4	84.6	79.8	82.2	89.0	148.9	170.6
31 March 2015	89.3	92.8	84.2	87.9	100.8	151.1	194.1
31 March 2016	73.0	76.9	68.8	72.9	91.9	114.8	194.1
31 March 2017	106.2	113.7	100.2	108.1	124.3	107.3	194.1
31 March 2018	117.8	127.8	112.6	122.9	138.9	259.0	352.9
31 March 2019	117.3	130.0	116.1	130.3	139.0	281.1	376.5
31 March 2020	102.0	115.5	99.5	114.5	120.7	397.4	447.1
31 March 2021	152.8	178.3	153.3	182.6	172.4	466.4	447.1

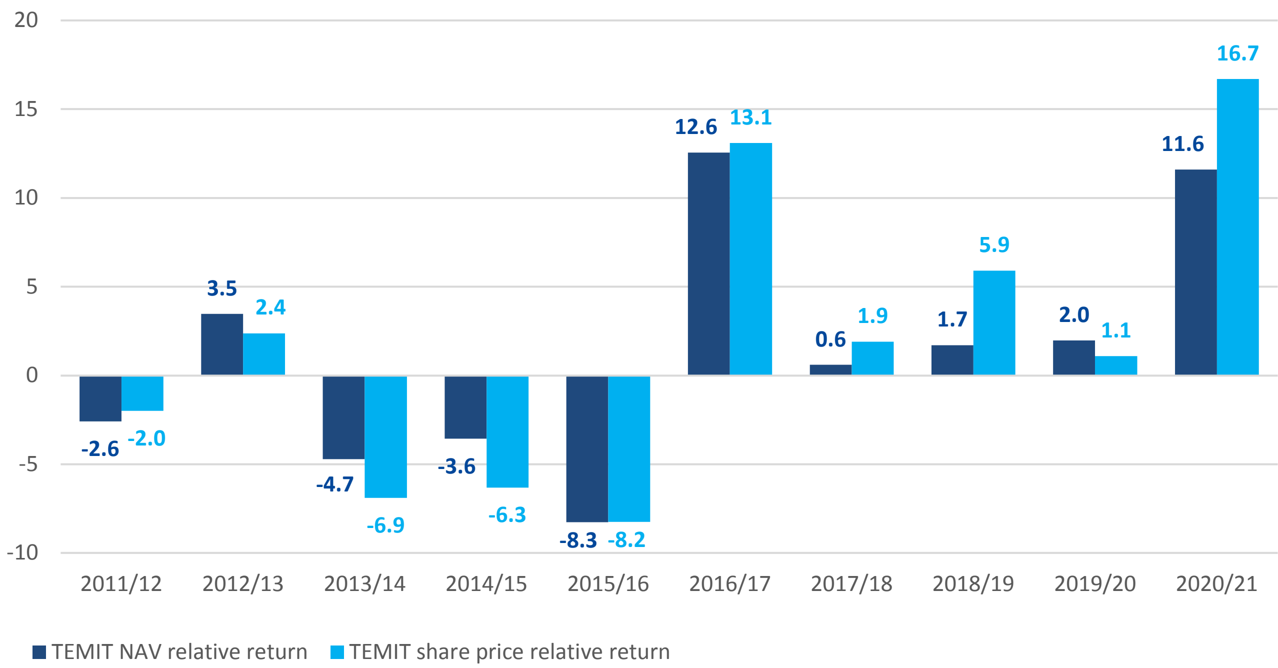
Source: Franklin Templeton and FactSet.
[a] A glossary of alternative performance measures is included on pages 112 and 113.
[b] Excludes the special dividend of 2.60 pence per share.
[c] An annual ordinary dividend of 19.00 pence per share for the year ended 31 March 2021 has been proposed. This comprises the interim dividend of 5.00 pence per share paid by the Company on 11 January 2021 and a final dividend of 14.00 pence per share. It excludes the special dividend of 10.00 pence per share paid by the Company on 11 January 2021.

Ten Year Record (continued)

2011–2021 NAV, share price and benchmark total return



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



[a] Rebased to 100 at 31 March 2011.

[b] Periods are TEMIT reporting periods to 31 March.

Chairman's Statement

Market overview and investment performance

At the start of the 12 months under review, equity markets had begun to recover from the initial shock of the COVID-19 pandemic outbreak, and investment returns have subsequently been high. TEMIT's NAV total return was very strong at +54.5%, which exceeded the return of the benchmark index of +42.8% by a wide margin. This is the fifth consecutive accounting year that our Investment Manager has delivered an investment return in excess of the benchmark, making TEMIT the best performing investment trust in its peer group[a] over five years. I would like to record the Board's thanks on behalf of shareholders for this excellent performance.

Revenue and dividend

In April 2020 we were informed by the UK tax authorities that they agreed our claim for a substantial repayment amounting to 10.0 pence per share, relating to Corporation Tax levied some years ago along with associated interest.

Excluding the tax repayment and interest, revenue earnings for the 12 months under review were 17.5 pence per share, compared with 21.8 pence per share for the same period in the prior year (on a like-for-like basis and excluding an extraordinary receipt of 2.6 pence per share in the prior year). The reduction in core revenue earnings is largely a result of the COVID-19 pandemic but the outcome is higher than may have been expected and demonstrates the resilience of our investment portfolio.

An interim dividend of 5.0 pence per share was paid on 11 January 2021, along with a special dividend of 10.0 pence per share to distribute the tax repayment to shareholders. The Board recommends a final dividend of 14.0 pence per share, which is unchanged from last year. TEMIT has large revenue reserves amounting to 51.7 pence per share and the Board believes that it is appropriate to use a small part of these reserves to maintain the annual dividend at the same level as last year. As usual, shareholders will be asked to approve the final dividend at the Annual General Meeting ("AGM").

Asset allocation and borrowing

TEMIT has fixed borrowings of £100 million, and a revolving credit facility under which up to £120 million may be drawn down. During the period under review, in the light of the continuing COVID-19 pandemic and likely market volatility, the Investment Manager took a cautious approach and elected not to borrow under the revolving credit facility and cash held in the portfolio largely offset the fixed borrowing.

Proposed adjustments to investment policy

The Board is proposing certain amendments to TEMIT's investment policy and shareholders will be asked to approve a revised policy at this year's AGM. The key changes are:

(i) The maximum proportion of assets that may be invested in one company to increase from 10% to 12%, measured at the time of investment.

This proposed change recognises that there are a number of very large and world-leading companies based in emerging markets that have grown to become a significant part of the benchmark. In proposing this change the Board is conscious that TEMIT should maintain a portfolio with an appropriate level of diversification. We believe that it is in shareholders' best interests to provide TEMIT this additional flexibility to enable it to hold active positions in companies that reflect the Investment Manager's conviction while being conscious of the balance between risk and potential reward.

[a] Peer group: Global Emerging Markets Investment Trusts. Source AIC Interactive Statistics.

Chairman's Statement (continued)

(ii) Up to 10% of assets may be invested in unlisted securities with a limit of 2% per individual investment, measured at the time of investment.

TEMIT's Investment Manager has recently been aware of a number of opportunities to invest in unlisted securities, particularly companies in the final stage of private funding before a planned public listing. The majority of investments will remain in listed companies but this proposed change provides a limited ability for TEMIT to invest in unlisted securities.

(iii) Maximum gearing to increase from 10% to 20%, measured at the time of borrowing.

While there is no current intention to increase gearing to 20%, the Board is requesting that shareholders approve an increase in gearing limits so that the Board and Investment Manager have additional flexibility to capture future investment opportunities.

In summary, these proposed changes are designed to increase flexibility in managing the portfolio but shareholders should not expect any fundamental change to our Investment Manager's established approach to investment. A full description of the proposed changes is included on pages 9 and 10 and shareholders will be asked to approve the revised investment policy at the AGM.

The discount

In the Chairman's Statement at the half-year stage I noted that the discount had been "stubbornly wide" with a relatively low level of demand for the shares. Since then the position has improved and, at the end of the financial year, the discount was 7.7%.

We continue to be active in promoting TEMIT's shares using a variety of marketing tools with the aim of increasing demand for the shares. We have a substantial annual marketing and communications budget which is used to promote TEMIT to private investors. In addition, our Investment Manager is very active in meeting professional investors and in making information available to all investors using electronic media, with a wide variety of information published on our web site.

The Board regards share buybacks as a helpful tool in managing the balance between supply and demand for the shares and TEMIT was again active in buying back shares throughout the year. Trading in the shares is very closely monitored and the Board receives a daily report from our broker, Winterflood Securities, as well as regular summaries of market conditions focused on investor demand for global emerging markets funds. The information that we receive provides compelling evidence that the driver of changes in the discount is the balance between supply and demand for the shares. At the half year stage, we reported that we had bought back 5,781,760 shares. In the second half of the year, in light of increased interest from investors and a lower discount, the rate of buybacks slowed and TEMIT purchased a further 456,648 shares. In total over the year, £49.6 million was spent on share buybacks and, as all buybacks were at a discount to the prevailing NAV, this resulted in an increase to the NAV of 0.3% to the benefit of remaining shareholders.

AIFM fee

With effect from 1 July 2020, the annual fee rate levied on assets above £1 billion was cut to 0.80% from 0.85%. The fee rate on assets below £1 billion is unchanged at 1.0%. Based on net assets as at 31 March 2021, this results in an annual saving to the Company of £0.8 million.

The Board

Gregory Johnson duly stepped down from the Board at the Annual General Meeting on 9 July 2020.

Chairman’s Statement (continued)

Medha Samant joined the Board with effect from 1 October 2020. Medha subsequently accepted a full time role at a financial services company and resigned from the Board on 19 April 2021. The Board would like to thank Medha for her contribution and wishes her success in her future career. After going through a new recruitment process the Board has appointed Magdalene Miller as a non-executive Director of the Company, with effect from 10 May 2021.

Share split to improve marketability

The price of the Company’s existing ordinary shares of 25 pence each (“Existing Ordinary Shares”) has more than doubled over the last five years, from under 500 pence in March 2016 to over 1,000 pence as at the end of March 2021. To assist monthly savers, shareholders who reinvest their dividends, and individuals wishing to invest smaller amounts, the Directors are proposing the sub-division of each Existing Ordinary Share into 5 new ordinary shares of 5 pence each (“New Ordinary Shares”) (“Share Split”). The Directors believe that the Share Split may improve the liquidity in, and affordability of, the Company’s shares, which would benefit all shareholders.

The Share Split will not affect the overall value of any shareholder’s holding in the Company, and we have made arrangements to ensure that there will be no interruption in trading the shares on the London and New Zealand stock exchanges when the Share Split takes place.

The New Ordinary Shares will rank pari passu with each other and will carry the same rights and be subject to the same restrictions as the Existing Ordinary Shares, including the same rights to participate in dividends paid by the Company. The Share Split requires the approval of shareholders and, accordingly, resolution 10 in the Notice of AGM seeks such approval. The Share Split is conditional on the New Ordinary Shares being admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange’s main market for listed securities. If resolution 10 is passed, the Share Split will become effective on admission of the New Ordinary Shares to the Official List.

Further details of the Share Split are set out in the Directors' Report on pages 52 to 54 and in the Notice of AGM.

Operational resilience and the COVID-19 pandemic

The Board, and particularly the Audit and Risk Committee, continues to monitor the Company’s operations closely. I am pleased to report that our Investment Manager and key service providers have continued to provide a robust service, with good communication and effective risk controls. While to date all of our key suppliers have maintained business as usual, we remain alert to the risks presented by prolonged absence from the office and unconventional working practices.

Annual General Meeting

The AGM of the Company will take place on 8 July 2021 at Barber-Surgeons' Hall in London. Our lead portfolio manager will not be able to attend the AGM but we have a wide range of information on our web site at www.temit.co.uk, which is regularly updated. If you decide to join the meeting, shareholders must review and follow the latest local COVID-19 restrictions applicable to London and their return location. Voting on the resolutions to be proposed will be conducted on a poll, and the Board encourages shareholders to submit their forms of proxy, to ensure that their vote counts. 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 the Notice. Details of any changes will be made available via an RNS and on the Company’s website. We have made arrangements for shareholders to submit questions to the AGM.

If you have any questions please send these by email to temitcosec@franklintempleton.com or via www.temit.co.uk./investor/contact-us in advance of the meeting. All questions received will be considered and responses will be provided on our website www.temit.co.uk.

Whether you intend to attend the meeting in person or not, you are strongly encouraged to submit your votes on the AGM resolutions in advance of the meeting. Submitting votes by proxy does not preclude you attending the meeting or changing your vote if you attend the AGM but ensures your votes will be counted if restrictions preventing attendance at the AGM are introduced at short notice.

If we are required to change the AGM arrangements we will write to shareholders, make an announcement via the London and New Zealand stock exchanges and post information on www.temit.co.uk. Full information on the AGM is contained in the Notice of Meeting on page 102.

Outlook

There are a number of challenges facing the world including continuing trade tensions, the potential for inflation rates to continue to edge up and, of course, the risk of continuing outbreaks of COVID-19. Against this background, we are experiencing an earnings-led recovery and this environment is one in which our Investment Manager's approach to stock picking with a focus on sustainable earnings should continue to lead to attractive investment returns.

Paul Manduca
Chairman
4 June 2021

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 investments 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 Board is proposing a number of changes to the investment policy. These changes have been reviewed and approved by the UK Financial Conduct Authority ("FCA") and are now subject to shareholder approval at this year's AGM.

Explanation of proposed changes to the investment policy

The revised investment policy as set out below is designed to provide additional flexibility to the Investment Manager in achieving TEMIT's aims. While adjustments to the investment policy are proposed, there will be no fundamental change to the investment philosophy and approach.

The key proposed changes are:

- The maximum proportion of assets that may be invested in one company to increase from 10% to 12%, measured at the time of investment: This proposed change recognises that there are a number of very large and world-leading companies based in emerging markets. In proposing this change the Board is conscious that TEMIT should maintain a portfolio with an appropriate level of diversification;

- Up to 10% of assets may be invested in unlisted securities, with a maximum of 2% in any one unlisted security at the time of investment: The majority of investments will remain in listed companies but this proposed change allows some additional flexibility to allow TEMIT to participate as and when private equity opportunities arise. All investments will follow TEMIT's existing investment philosophy, and the balance of risk and reward, along with contribution to the overall portfolio, will be carefully considered for any private investments;

- Maximum gearing to increase from 10% to 20%: While there is no current intention to increase gearing to 20%, the Board is requesting that shareholders approve an increase in gearing limits so that the Board and Investment Manager have additional flexibility should suitable investment opportunities occur in the future; and

- No more than 10%, in aggregate, of the value of the Company's assets will be invested in other listed closed-ended investment funds: The UK Listing Rules set out limits to an investment trust's ability to invest in other listed closed end funds. This statement is included to confirm compliance with the listing rules and there is no current intention to invest in other listed closed end funds.

Current 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

Strategy and Business Model (continued)

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 a limit of 10% of its net assets.

Revised investment policy – subject to approval at this year's AGM

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

It is expected that the majority of investments will be in listed equities. However, up to 10% of the Company's assets may be invested in unlisted securities. In addition, while it is intended that the Company will normally invest in equity instruments, the Investment Manager may invest in equity-related investments (such as convertibles or derivatives) where it believes that it is advantageous to do so.

The portfolio may frequently be overweight or underweight in certain investments compared with the MSCI Emerging Markets Index (the "Benchmark") and may be concentrated in a more limited number of sectors or geographical areas than the Benchmark. Investments may be made in Emerging Markets Companies outside the Benchmark that meet the investment criteria.

Whilst there are no specific restrictions on investment in any one sector or geographic area, the portfolio will be managed in a way which aims to spread investment risk. The portfolio will typically contain between 50 and 100 individual stocks but may, at times, contain fewer or more than this range. No more than 12% of the Company's assets will be invested in the securities of any one issuer at the time of investment, save that any investment in unlisted securities of any one issuer will be limited to no more than 2% of the Company's assets, measured at the time of investment.

The maximum borrowing will be limited to 20% of the Company's net assets, measured at the time of borrowing.

No more than 10%, in aggregate, of the value of the Company's assets will be invested in other listed closed-ended investment funds.

In accordance with the Listing Rules, the Company will not make any material change to its published investment policy without the prior approval of the FCA and the approval of its shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.

Distribution policy

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.

Strategy and Business Model (continued)

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, detailed on page 111.

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 Manager"), a wide range of risk factors that may impact the Company. Further analysis of these risks is described on pages 17 to 19. A full risk and internal controls review is held every September at the Audit and Risk 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 pages 30 and 31.

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 overseeing 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 13 to 15. 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 24 to 31 for

Strategy and Business Model (continued)

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. At the year end, the revolving loan facility has not been utilised (2020: not utilised). The Company has no other debt. 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 the overall gearing limit in TEMIT's investment policy.

The Company's net gearing position was 0.5% (net of cash in the portfolio) at the year-end (2020: 0.7%).

The Board continues to monitor the level of gearing and currently considers gearing of up to 10% to be appropriate. To provide further flexibility, assuming that shareholders approve the changes to the investment policy to be proposed at this year's AGM, the maximum borrowing will increase from 10% to 20% of TEMIT's net assets at the time of entering into any new or replacement debt facility.

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.

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 16.

Strategy and Business Model (continued)

Communication

The Board works to ensure that investors are informed regularly about the performance of TEMIT and emerging markets through clear communication and updates.

TEMIT seeks to keep shareholders updated on performance and investment strategy through the regular annual and half yearly reports, along with monthly factsheets. These are available on the TEMIT 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 the Company's presence on social media.

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

The Investment Manager meets regularly with professional investors and analysts and hosts interactive webinars each quarter. At each AGM the Investment Manager makes a presentation with the opportunity for all shareholders to ask questions. Our lead portfolio manager will not be able to attend the AGM but we have a wide range of information on our web site at www.temit.co.uk, which is regularly updated.

The Chairman regularly meets major shareholders to discuss investment performance and developments in corporate governance. We try to engage with a wide spectrum of our shareholders, not only the major shareholders and try to address their concerns as far as practically possible. Shareholders are welcome to contact the Chairman and the Chairman of the Audit and Risk Committee at any time at temitcosec@franklintempleton.com.

The Board is fully committed to TEMIT's marketing programme. There is a substantial annual marketing and communication 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 principal service providers, as discussed on page 55, to ensure that the services provided are of the quality expected by TEMIT. The Directors also ensure that the Company's principal service providers have adopted an appropriate framework of controls, monitoring and reporting to enable the Directors to evaluate risk.

Promoting the success of the Company

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, the principal one of which is its Manager, along with its investee companies. 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.

Strategy and Business Model (continued)

Stakeholders	Area of Engagement	Consideration	Engagement	Outcome
Shareholders, investors and potential investors	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 9. The Board took into consideration views expressed by shareholders in deciding on the proposed revisions to the investment policy. The share split was proposed because the Board felt that this would be in the best interests of smaller shareholders and major shareholders expressed support for this initiative. The Company's performance against its objective is regularly reviewed by the Board, taking account of views expressed by shareholders. The Company holds a continuation vote every five years to allow shareholders to decide on the long-term future of the Company.	The Investment Manager's report starting on page 23 gives a 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 proposed changes to the investment policy and the proposed share split are believed to be in the best interests of shareholders as a whole, taking account of the views of shareholders. A continuation vote took place at the 2019 AGM, with 99.95% of votes cast in favour. The next continuation vote is scheduled to take place at the AGM in 2024.
Shareholders, investors and potential investors	Dividend	The objective of the Company is to provide long term capital appreciation, however 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 Corporation Tax repayment received during the year, which was distributed as a special dividend at the half year stage. However, future ordinary 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.
Shareholders, investors and potential investors	Communication with shareholders	The Board understands the importance of communication with its shareholders and maintains open channels of communication with 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 are included on page 108. Shareholders are invited to submit questions for the Board to address at the Company's Annual General Meeting.

Strategy and Business Model (continued)

Stakeholders	Area of Engagement	Consideration	Engagement	Outcome
Shareholders, investors and potential investors	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 at every regular Board meeting. The stockbroker provides a summary of the discount and market conditions to the Board and Investment Manager at the close of each trading day in London. The Board also meets with the Investment 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.	TEMIT continues to adopt an active buy back policy and in 2019 announced a Conditional Tender Offer. Details of this can be found on page 12. Further details of the current discount and discount management are detailed in the Chairman's Statement on page 6.
Manager	Communication between the Board and the Manager	The relationship of the Board with the Manager is very important.	The Manager attends all Board meetings where it reviews and discusses performance reports, changes in the portfolio composition and risk matrix. The Board receives timely and accurate information from the Manager and engages with the Investment Manager and the secretary between meetings as well with other representatives of the Manager as and when it is deemed necessary.	The Board operates in a supportive and open manner, challenging the activity of the Manager and its results. The Board believes that the Company is well managed and the Board places great value on the experience of the Investment Manager to deliver superior returns from investments and on the other functions of the Manager to fulfil their roles effectively.
Third-party service providers	Engagement with service providers	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.	As an investment company all services are outsourced to third-party providers. The Board considers the support provided by services providers including the quality of the service, succession planning and any potential interruption of service or other potential risks.	The Manager maintains the overall day-to-day relationship with the service providers and the Board undertakes an annual review of the performance of its service providers. This review also includes the level of fees paid. The Board meets with the depositary at least annually and with other service providers as and when considered necessary.
Investee companies	Engagement with investee companies	The relationship between the Company and the investee companies is very important.	The Board discusses stock selection and asset allocation on a quarterly basis. On behalf of the Company the Investment Manager engages with investee companies implementing corporate governance principles.	The Investment Manager has a dedicated research team that is employed in making investment decisions and when voting at shareholder meeting of investee companies.

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 8 and the Investment Manager's Report on pages 23 to 44 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 24 May 2021, the latest date for which information was available, the discount had narrowed to 6.2%.

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 9 July 2020 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 8 July 2021. The Directors are seeking to renew this at the 2021 AGM, as further detailed in the Directors' Report on pages 59 and 60. The Board ensures that the share price discount to NAV is actively monitored on a daily basis. 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 on page 12. 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.

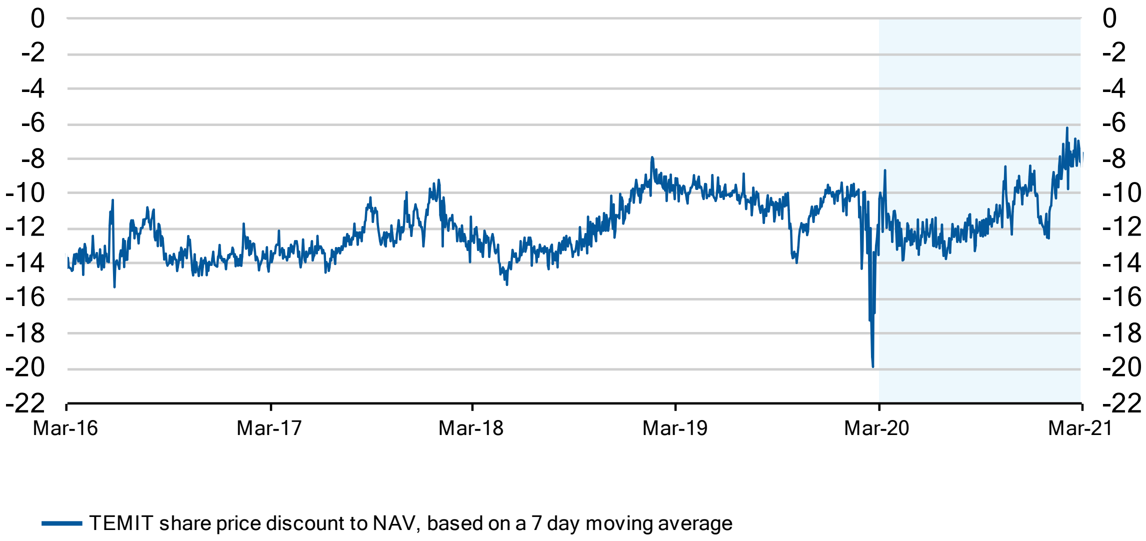
Details of share buybacks in the year can be found on pages 6, 54 and 92.

From 1 April 2021 to 24 May 2021, no shares were bought back.

[a] A glossary of alternative performance measures is included on pages 112 and 113.

Strategy and Business Model (continued)

Share price discount to NAV



Dividend and revenue earnings

Total income earned in the year was £59.9 million (2020: £75.1 million) which translates into net revenue earnings of 28.64 pence per share (2020: 24.40 pence per share), an increase of 17.4% over the prior year. The movement in net revenue earnings year-on-year is explained in the Chairman's Statement on page 5.

The Company paid an interim dividend of 5.00 pence per share and a special dividend of 10.00 pence per share, both on 11 January 2021. 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 29.00 pence per share.

Ongoing charges ratio[(a)] ("OCR")

The OCR fell to 0.97% for the year ended 31 March 2021, compared to 1.02% in the prior year. This was largely driven by the AIFM fee reduction as detailed within the Chairman's Statement on page 6 and an increase in average net assets over the 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 90.

Principal risks

The Board has carried out a robust assessment of the principal and emerging 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 and Risk Committee on pages 70 and 71. 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 pages 112 and 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 current COVID-19 outbreak, as well as the restrictive measures implemented to control such outbreaks, could continue to 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 regularly 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 and Risk Committee receives regular independent certifications of their controls environment.
Investment and concentration The portfolio may diverge significantly from the MSCI Emerging Markets Index and may be concentrated in a more limited number of securities, 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 intrinsic worth. 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 and the independent risk management team. 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, sanctions, 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 of the portfolio's resilience to geopolitical shocks. The Manager's legal and compliance team monitors sanctions. Where TEMIT is affected, adherence to all sanctions and restrictions is ensured by this team. The Board also regularly reviews risk management reports from the Manager's risk team.
Sustainability and climate change The Company' portfolio, and also the Company's service providers and the Investment Manager, are exposed to risks arising from ESG factors, and from sustainability and climate change. To the extent that such a risk occurs, or occurs in a manner that is not anticipated by the Investment Manager, there may be a sudden, material negative impact on the value of an investment, the operations or reputation of the Investment Manager.	The Investment Manager considers that sustainability risks are relevant to the returns of the Company. The Manager has implemented a policy in respect of the integration of sustainability and climate change risks in its investment decision making process. The Board receives regular reports on the policies and controls in place on ESG matters. The Board has reviewed and fully supports the Franklin Templeton Stewardship Statement and its Sustainable Investing Principles and Policies.

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 regularly reviews updates 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 Company engages in securities lending which can increase counterparty risk.	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. A dedicated team oversees the securities lending programme and evaluates all risks on a daily basis.
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 and Risk 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 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.
Regulatory The Company is an Alternative Investment Fund ("AIF") 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, with the assistance of the Manager, ensures that the Company complies with all applicable laws and regulation and its internal risk and control framework reduces the likelihood of breaches happening.

Strategy and Business Model (continued)

Emerging risks

The key emerging risk faced by the Company during the year under review was the ramifications of the COVID-19 pandemic. While the onset of the pandemic 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, and it is likely that new risks will emerge over the coming year. The medical and epidemiological implications of COVID-19 are yet to be fully understood. While treatments for those affected by COVID-19 have improved, vaccines are now available, many local economies are gradually reopening and business activity is resuming, a return to full capacity is unlikely to happen anytime soon. Further waves from the mutated variants of the virus or ill-judged governmental responses could result in even worse economic effects. Changing consumer behaviour, continuing restrictions on international travel, 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.

TEMIT is a company registered in Scotland. Scottish independence was the dominant issue in the May 2021 Scottish parliamentary elections. In her victory speech, the First Minister Nicola Sturgeon said that she would press ahead with preparations for a second vote, once the COVID-19 crisis was over. An independent Scotland, or a Scotland with greater autonomy within the United Kingdom, may have significant implications from changes in tax regimes, regulations, and company law. We continue to monitor developments and will take any appropriate steps to protect shareholders' interests.

Brexit

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 and the plans involve the appointment of a UK alternative investment fund manager from Franklin Templeton group, keeping the same key commercial terms and the same dedicated team.

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. There was no material adverse affect of the Brexit process on TEMIT and the Board has decided that Brexit is not one of the principal risks facing the Company.

Environmental, social and governance matters

The Investment Manager comments on the integral nature of environmental, social and governance ("ESG") matters within the investment process and how it engages with companies to promote ESG best practices on pages 27 to 29 of this report. It is assisted by Franklin Templeton's independent ESG specialists and risk managers.

The Board receives regular reports on the policies and controls in place on ESG. The Board has reviewed and fully supports the Franklin Templeton Stewardship Statement and its Sustainable Investing Principles and Policies. Franklin Templeton supports the UK Stewardship Code, and seeks to protect and enhance value for our shareholders through active management, integration of ESG factors into investment decision making, voting and company engagement. Franklin Templeton is a signatory to the Principles for Responsible Investment ("PRI") from 2013 and an active member of a wide range of organisations and initiatives that work to promote ESG integration and responsible investment.

As a signatory, the Investment Manager reports annually on its progress and in 2020 (the latest statistics available) ranked ahead of the peer median score in all categories. A link to the PRI Transparency Report

Strategy and Business Model (continued)

and policies relating to responsible investing are available on the Company's website – www.temit.co.uk. For further information on: Proxy Voting Policies, Stewardship Policy, Controversial Weapons Policy, Regional Stewardship Code Statements and PRI Transparency Report please visit the Responsible Investing section on www.franklintempleton.co.uk.

Franklin Templeton is a signatory of the Stewardship Code and, as required by the Financial Reporting Council ("FRC"), reported on how they have applied the provisions in their annual Responsible Investment Review in early 2021.

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

TEMIT's aim is to have an appropriate level of diversity in the boardroom.

The Board acknowledges and welcomes the recommendations from the Hampton-Alexander Review on gender diversity and the Parker Review about ethnic representation on the Board. The Nomination and Remuneration Committee considers diversity generally when making recommendations for appointments to the Board, taking into account gender, social and ethnic backgrounds, thought, experience and qualification. The prime responsibility, however, is the strength of the Board and the overriding aim in making any new appointments must always be to select the best candidate based on objective criteria and merit.

In all of the Board's activities, there has been and will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

As at 31 March 2021 the Board comprised six Directors, four male and two 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 believes 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 sponsors 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 UK Corporate Goverance Code and the AIC Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision.

Strategy and Business Model (continued)

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 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 8 and the principal risks section starting on page 17. 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 issues with meeting interest and other principal obligations of the borrowing facilities. A significant proportion of the Company's expenses are an ad valorem AIFM fee, 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 that 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 2021

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 14 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 and is 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 postgraduate 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

Andrew Ness is a portfolio manager of TEMIT and is based in Edinburgh.

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

FTEME's investment philosophy is focused on investing in companies with sustainable earnings power at a discount to intrinsic value. It seeks to capture the growth potential of emerging market companies and believe that this is best achieved by employing a bottom-up and fundamental security selection process. It conducts in-depth proprietary company research with a long-term and independent perspective.

FTEME believes in the responsible stewardship of clients' capital and that ESG factors create risks and opportunities for companies. ESG analysis is therefore integrated alongside fundamental bottom-up analysis and FTEME engages with companies as active owners on behalf of clients. As investors with significant scale across emerging markets, FTEME believes that its engagement efforts are key to developing detailed understanding of companies and to improve outcomes for shareholders as well as stakeholders more broadly.

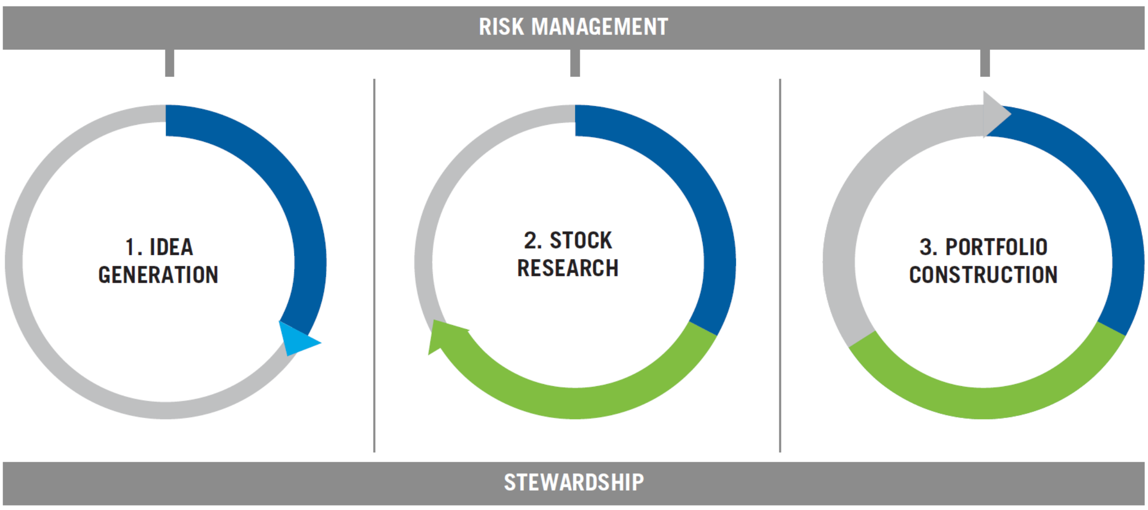
TEMIT's performance in different market environments

FTEME's core approach and focus on stock-specific risk aims for outperformance in all market conditions. Whilst more stylized approaches such as deep value or high growth strategies may perform better in relative terms in more extreme market conditions, FTEME aims for long-term outperformance and compounding. As long-term investors, FTEME are most likely to produce superior returns in markets that reward patience in identifying and purchasing fundamentally undervalued securities. The investment strategy tends to produce stronger performance when company fundamentals are the primary driver for stock returns, where a focus on stock selection should produce superior results over the long term.

Performance may be less strong in highly sentiment-driven market environments, when investors focus more on the overall economic picture rather than company fundamentals. This can also be the case when the market is overly short-term oriented, and rewards companies driven by what FTEME view as unsustainable factors such as short-term demand/supply imbalances or inorganic growth. At these times, FTEME's philosophy and process may therefore be less successful, given its focus on sustainability, quality, and valuation.

Investment process

FTEME's investment process leverages the strength of its investment team and is aligned to its investment philosophy. The three broad stages comprise: idea generation, stock research, and portfolio construction and management. The process is designed to be repeatable and embeds risk management as well as ESG integration throughout these stages.



Investment Process (continued)

1. Idea generation

The key source of idea generation is FTEME's team of over 80 country and sector analysts and portfolio managers located around the globe. Their local presence means that it is well placed to uncover potential investments that meet the specific stock criteria used to identify sustainable earnings power. In addition, it can incorporate a deep understanding of the economic, political and cultural environment in their analysis. FTEME analysts speak the local language and are part of the local culture and fabric of the countries where it conducts research.

Research coverage is mutually decided by the analyst and the Director of Research/portfolio managers and is focused on identifying sustainable earnings power at a discount. The goal is to leverage analysts' knowledge and expertise and provide them with the freedom to satisfy their intellectual curiosity and entrepreneurialism in identifying research candidates that may serve as investable ideas for the strategies under management. At the same time, FTEME aims to ensure appropriate coverage of the investment universe, and diversification in terms of country, sector and investment themes.

Both quantitative and qualitative resources support analysts in their efforts to search the investment universe for compelling opportunities. FTEME also comprehensively evaluates the emerging markets investment universe. On occasion, quantitative and fundamental techniques are used to support the idea generation process. This is aligned to seek businesses fitting FTEME's investment philosophy, and help the investment team identify companies that meet earnings sustainability, earnings power and valuation criteria. The purpose of the screen is to provide reference and context to the research team, rather than to drive decisions on research coverage. The idea generation process is ongoing and dynamic, as analysts continually monitor their countries and industries for new opportunities.

2. Stock research

FTEME analysts conduct rigorous analysis to assess whether a company has sustainable earnings power, and to establish a proprietary estimate of its intrinsic worth. By integrating ESG analysis with traditional business and financial analysis it also seeks to gain insights into the quality and risks of companies.

Research Methods

FTEME's research analysts form detailed views of companies by collecting and analysing a variety of information including, but not limited to:

- Regular meetings with company management;
- Local intelligence including competitors, customers, independent industry professionals;
- Public records and financial releases (including cross-referencing onshore and offshore filings that might be in different languages/released at different times);
- Third-party data, analytics, research; and
- Cross-border corroboration and proprietary insights from a global research team.

The team conducts detailed quantitative financial analysis by building in-depth company models to evaluate financial strength and profitability, and to project future earnings and cash flow. Industry demand and supply models are incorporated in the analysis, as well as country and currency macro considerations. FTEME has a strong emphasis on qualitative assessment. The team:

- Conducts in-depth analysis of market opportunity, business model, strategy and competitive advantages;
- Performs assessments of management's ability to identify opportunities and create value consistently;
- Carries out comprehensive analysis of industry perspective and outlook, enriched by Franklin Templeton's global insights; and

Investment Process (continued)

• Evaluates regulatory and policy risk at the company, industry and country level.

Every stock researched by the analysts is thoroughly vetted at regular investment team meetings. This analysis is available to all investment team members on common platforms. The high degree of interaction helps each member share and learn from the team's collective experience and expertise. Areas of focus are:

Sustainable

The ability to sustain stable or growing economic profits over time. This is typically driven by a combination of factors such as:

• Sound business models;

• Sustainable competitive advantages;

• Management foresight; and

• Low leverage.

As part of assessing a company's sustainable characteristics, FTEME seeks to develop a deep understanding of a company's ESG practices. This supports the identification of business models that are most likely to sustain high returns and resist competitive pressure over time. ESG factors can have a material impact on a company's current and future corporate value and therefore ESG considerations are an embedded component of the rigorous fundamental bottom-up research that the team conducts.

Earnings Power

Earnings power is the demonstrable ability to generate sustainable economic profit into the future in areas which could be beyond the current scope of operations. The analysts:

• Look for real earnings growth by focusing on economic earnings and cash flows rather than reported earnings per share ("EPS"), and differentiating between operational earnings and financial earnings; and

• Evaluate internal versus external drivers to earnings, and prefer companies with internal drivers which can be affected through management action.

A key element of earnings power is therefore quality, as signified by:

• Products and services with low regulatory and macro risk. FTEME focuses on the crucial intangibles that create lasting value: strong brands, excellent people, established systems and procedures, proprietary technologies, and low-cost operations; and

• Financial strength, as exhibited by strong balance sheets, conservative accounting, and high economic value added.

• Management strength as indicated by:

- A strong execution track record;
- Ability to maintain the highest standards in their areas of operation; and
- Ability/willingness to return cash to investors if there are no identified profitable investment opportunities.

Discount to intrinsic worth

Each research recommendation may incorporate several valuation methods including discounted cash flows, sum of the parts, net asset value, and a wide range of relative valuation metrics, as deemed appropriate by the analyst. Explicit cash flow forecasting typically extends over a three- to five-year horizon. FTEME aims to clarify the risk/reward balance of a company by conducting sensitivity analysis, stress-testing, and scenario analysis.

As part of its assessment of value, FTEME focuses on understanding the margin of safety. It seeks explicitly to identify what the market consensus expectations are for a stock and how their fundamental view may differ. The intrinsic worth of a company is determined through modelling the current business characteristics and

Investment Process (continued)

changes in the business profile over time.

To illustrate Franklin Templeton's approach to ESG and the way in which this is integrated in the research process set out below is a summary of research carried out on two companies in the past year.

Summary of the company	Analysis
One of the largest cement producers in South East China Over 80% of the company's revenue comes from cement production which requires combustion of fossil fuels and with at present no meaningful and viable economic alternative. Global tightening of environmental standards and pressure in China to reduce emissions may lead to potential operating & compliance costs.	The company is in compliance with local standards and has improving emissions intensity figures. Management integrates ESG KPIs in staff remuneration at various levels. The company has a stated intention to improve carbon management further via technology upgrades. The company was a participant in the Guangdong province's pilot carbon trading programme. While the details of the imminent nationwide carbon trading system are yet to be released, the company is confident that they are well equipped to face the challenges of carbon peak by 2030. We encouraged the company to join the Global Cement and Concrete Association, a commitment to ensure sustainability for the industry and to improve reporting standards which is underway. *Conclusion:* Improving emissions intensity, compliance with local standards, and management intentionality to improve further suggests low ESG risk and strong profile within sector. Given potential emissions costs in the future to Chinese cement manufacturers however, we have factored this into the company valuation by adjusting our cash flow forecasts.

Investment Process (continued)

Summary of the company	Analysis
Internet service operator in China There is an issue with user privacy protection & content management in China. Users with privacy concerns may decide to switch to alternative internet services. This has the potential to impact revenue. Content management (censorship) without reasonable level of consensus building or supervision may lead to a less active user base.	The company exhibits a strong privacy policy and commits to collecting only the information that is necessary for product functions. It provides a mechanism for personal data control, allowing clients to erase, rectify, complete or amend personal information, as well as to raise concerns about data privacy. A dedicated website listing all privacy rules for all of its products exists and offers contact to resolve any dispute the users may have. Privacy management practices are transparent and certified by TRUSTe, joining the ranks of other leading international companies. The company is aware and anticipates censorship requirements from government related bodies. *Conclusion:* Risks associated with privacy concerns and content management (censorship) are faced by all content platforms in China, and full cooperation with regulators is important to ensure continuous operation. Such risks, which Franklin Templeton sees as part of the political risk of investing in China, are reflected in the cost of capital in valuation models.

Company engagement

FTEME’s research analysts conduct ESG analysis alongside fundamental bottom-up analysis. They analyse ESG factors which may affect growth potential and asset values with the same level of rigour as traditional risk metrics. By integrating ESG analysis with traditional business and financial analysis FTEME seeks to gain insights into the quality and risks of companies. This allows FTEME to identify those business models most likely to resist competitive pressure and sustain high returns. The process aims to understand management’s ability to generate sustainable earnings, understand their motivation and determine whether their interests are aligned with minority investors.

FTEME’s analysts seek to identify material ESG issues and are guided by ESG Sector Framework Guides prepared by Franklin Templeton’s dedicated, independent ESG team. The frameworks have been informed by the Sustainability Accountings Standards Board (“SASB”) and identify a minimum set of ESG issues most likely materially to impact the operating performance or financial condition of a typical company in its industry group.

Rather than create a niche ESG research function in a separate silo, one of FTEME’s key strategies for effective integration is to keep ESG considerations embedded in the work of its mainstream research teams. While consideration of material ESG issues is already an element of analysts' fundamental bottom-up research, Franklin Templeton's dedicated ESG team supports FTEME to anticipate and translate ESG risks and opportunities in the investment process. This support is provided through access to additional ESG-related analysis and training, thematic research, and enhancements to processes.

Investment Process (continued)

FTEME's primary source for gathering information on ESG is through engagement with management, financial statement analysis, corporate reports and reference to third party providers of dedicated ESG research such as MSCI and Sustainalytics. In addition, FTEME is supported by independent risk consultants in Franklin Templeton's Investment Risk Management Group, as well as its dedicated ESG team. The Investment Risk Management Group uses industry-leading tools to provide a top-down, portfolio level perspective on ESG issues, while ESG specialists engage and support FTEME's understanding of the impact and scope of material ESG issues and can provide guidance on emerging ESG themes.

Voting and Engagement

FTEME conducts a significant number of company meetings - typically over 2000 a year - using its industry-leading research footprint of over 80 investors in 14 countries where it seeks to gain a number of fundamental and ESG insights. FTEME views this along with voting and engagement as part of its broader objective of responsible stewardship on behalf of clients.

As an active owner FTEME seeks to engage with companies on material issues via several approaches including management and board meetings, letter writing, proxy voting, and shareholder resolution filing. The approach to voting is designed to enhance shareholders' long-term economic interests. All voting decisions are made in-house by FTEME analysts/portfolio managers and are undertaken in accordance with FTEME's Corporate Governance Principles and in line with clients' best interests.

Engagement efforts are not limited only to companies. FTEME also uses its wide footprint and relationships with governments and regulators to foster positive outcomes. Notable efforts in this arena include pushing for better standards of corporate governance and reforms. FTEME believes that these improvements should in turn help boost economic growth and profitability for listed companies.

To illustrate Franklin Templeton's approach to active ownership set out below is a summary of engagement with two investee companies in the past year.

Summary of the company	Actions
Asian nutritional product manufacturer Topic: Franklin Templeton raised concerns around lack of board independence given that several directors had served for 10 years or more.	Franklin Templeton sought change in the board structure, with the company acknowledging that they are open to change. The company is considering new board appointees with fast-moving consumer goods experience and is willing to listen to referrals, including overseas candidates to broaden the base of experience which the board brings.
Commercial bank in China ESG and accountability disclosures were considered to be inadequate.	The bank agreed that there is room for improvement in their disclosures and focus on ESG. They have appointed a team to compile ESG data from bank and publish a report. The bank will reflect the focus on ESG to the management team, with a commitment to increase awareness.

3. Portfolio construction

The portfolio managers aim to build a portfolio of around 50 to 100 companies that have been identified as strong investment opportunities.

The portfolio construction and management process seeks to build a high-conviction stock-centric portfolio

Investment Process (continued)

that is primarily driven by company-specific factors and focused on the long term.

FTEME aims to build a portfolio that is primarily driven by stock selection while seeking sufficient diversification at the portfolio level with low country, currency and style tilt factors. The dominant driver of the portfolio is expected to be stock-specific risk, aligned with the investment philosophy described above.

Risk is managed at the portfolio level to ensure diversified economic drivers and to understand portfolio exposure to broader market events and macro factors.

Portfolio Style and Characteristics

The strategy typically displays the following characteristics:

- Core style: The strategy typically displays low style tilt, aiming to deliver outperformance irrespective of market direction. The portfolio construction process leads to the majority of active risk focused on stock selection, not style or currency factors;
- Quality and growth but not at excessive valuation levels: The philosophy typically leads to a portfolio with higher quality (and lower debt) and growth than the aggregate of the benchmark index, but not at excessive valuation levels;
- High conviction portfolio: The top-10 holdings typically account for over 40% of the portfolio which forms part of a well-diversified portfolio across the market cap spectrum. Active share is typically between 70 and 85%, with a significant number of holdings distinct from the benchmark; and
- Low turnover: FTEME's bottom-up, high conviction and long-term approach means that typically portfolio turnover is less than 20%, with an average holding period of around five years.

Buy and Sell Discipline

FTEME's buy discipline is primarily designed to ensure that the portfolio managers buy when they have both conviction in a business and it is trading below its intrinsic value; their sell discipline is designed to capture the opposite.

Buy decisions typically take into consideration:

- Analyst rating upgrades driven by an increase in the margin of safety or conviction in the company; and
- Portfolio manager increase in conviction and portfolio context including rebalancing and risk management.

Sell decisions typically are driven by:

- Analyst downgrades driven by a deterioration in fundamentals or the stock reaches intrinsic value;
- More attractive opportunities on a relative basis; and
- Other factors including risk considerations such as excessive volatility, ESG risk, or exposure to a given stock, country, sector, or theme.

All holdings are regularly reviewed to ensure that analyst recommendations are up to date and accurately reflect any changes in company fundamentals. In this way, ongoing fundamental research drives all buy and sell decisions.

Investment risk management

Investment in emerging markets equities inevitably involves risk in a volatile asset class, and portfolios constructed from the "bottom up" based on fundamental stock specific analysis, may be exposed to risks that become evident when viewed from the "top down", or a macroeconomic, sector or country perspective. Franklin Templeton 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, not minimised.

Investment Process (continued)

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 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.

Risk management

Integrated
- Begins with portfolio management

Independent
- Strengthened by an independent risk team

Insightful
- Powered by actionable insights

PORTFOLIO MANAGERS

The approach

- Strong risk management begins with the portfolio management team's research process and the assessment of market and active risk

- The Investment Risk Management Group reports directly to the FT CEO and serves multiple stakeholders within FT
- Collaboration between portfolio managers and specialised risk professionals

- No single measure or methodology can reveal the "truth" about risk. It requires a mosaic of analytics, oversight protocols and consultation

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 our website (www.temit.co.uk).

Portfolio Report

Overview of markets

Emerging market equities posted strong gains for the reporting year, outpacing developed markets despite losses in the final weeks prompted by concerns over rising inflation, higher US Treasury yields and resurgent COVID-19 outbreaks. Early-period pandemic-related losses were erased by a rally in the latter part of 2020, driven by renewed risk appetite amid vaccine breakthroughs that fanned hopes for a full economic reopening. TEMIT delivered a net asset value total return of 54.5%, while the MSCI Emerging Markets Index returned 42.8% in the year under review (all figures total return in sterling). Full details of TEMIT's performance can be found on page 1.

Key emerging markets, particularly in East Asia, substantially outperformed other countries in terms of health outcomes, economic resilience, and equity returns over the reporting year. The global competitiveness of emerging market companies has been a standout feature amid market swings and pandemic worries. Notably, Taiwanese and South Korean semiconductor firms proved indispensable as demand for technology skyrocketed, fuelling market-beating returns for both countries.

The challenges of 2020 highlighted structural advantages and other beneficial secular trends in emerging markets that we believe bode well for the year ahead. The resilience of key markets in East Asia during the pandemic, paired with their ability to capitalise on secular shifts to the new economy, should drive continued strength. India and Brazil, among markets that lagged their peers, stand to benefit from a uniquely accommodative environment of negative real rates (and an undervalued currency in Brazil), paired with ongoing reform efforts and excess capacity in the economy, boosting growth.

China remained TEMIT's largest market exposure but the portfolio remained underweight relative to the benchmark. Equity prices in China gained more than 29% in sterling terms over the year, underperforming the benchmark. Encouraging economic data and government policy response to the pandemic drove investor optimism, but US-China disputes and increased Chinese government scrutiny of internet companies, emphasising fair competition, consumer protection and data security, dampened sentiment. Geopolitical tension between China and the United States remains a key headwind that is likely to persist under President Joe Biden's administration, though we could see a shift to a more constructive tone. The US Department of Defense, however, added a number of Chinese companies to a list of those deemed to have some military connection. An executive order prevents US investors from holding any companies on the list. Although business operations should not be directly impacted by the ban, stock prices experienced some volatility as a result of some forced selling. China was the only major economy to generate gross domestic product ("GDP") growth in 2020, underpinned by a diversified domestic economy driven by innovation and digitalisation. The strength of China's economic recovery is unparalleled, in our view. The skill and speed with which the authorities dealt with the COVID-19 pandemic resulted in a V-shaped recovery that we believe bodes well for continued strength in the year ahead. Chinese economic policy is likely to focus on normalisation throughout 2021, using monetary, fiscal or regulatory levers. We also believe that the depth and breadth of the investment opportunities that the Chinese equity market offers have grown exponentially.

South Korea was TEMIT's second-largest market position at the end of March and the portfolio was overweight versus the benchmark. South Korean equities gained 71% during the reporting period, the second-highest return in the benchmark after Taiwan. Technology-heavy indices in both countries soared on robust demand for their technology exports. A widespread chip shortage has underscored the world's reliance on Taiwanese and South Korean semiconductor firms, which have dominated the global industry with their strong manufacturing capabilities. South Korean battery makers have become key suppliers of electric vehicle ("EV") batteries, supporting EVs' growing penetration on the back of favourable policies and advancing technology. Macroeconomic indicators in South Korea have deteriorated since the onset of the pandemic, but we expect them to normalise when the COVID-19 threat recedes.

Portfolio Report (continued)

With a return of nearly 75%, **Taiwan** outperformed all other countries in the MSCI Emerging Markets Index over the reporting period. Taiwan posted better-than-expected economic growth for 2020 and was among the few markets in the world to avoid a contraction during the pandemic. TEMIT's exposure to Taiwan was largely attributable to Taiwan Semiconductor Manufacturing ("TSMC"), one of the portfolio's largest holdings and the largest stock contributor to TEMIT's performance relative to the benchmark. Taiwan's companies derive over 70% of revenues from abroad. The country's highly educated workforce has been the backbone of its steady ascent up the value chain in manufacturing; it is now an exporter of technology components and essential semiconductor chips that constitute the computing power behind modern technologies. The importance of these products in the world economy is only increasing, which is a powerful tailwind for Taiwan's economy. The pandemic has accelerated some long-term themes that have benefited Taiwan, which we expect to continue.

Russia trailed its emerging market peers, returning 31% in sterling terms. Equities in the energy-dependent market spiked and dipped along with changes in oil prices, although other factors influenced performance as well. In May, Russia's benchmark index recorded robust returns, driven by strong appreciation in the rouble, higher oil prices and easing quarantine measures. Voters passed a constitutional referendum that allows President Vladimir Putin to seek two additional terms, effectively remaining in power until 2036. Then in August and September, lower oil prices, geopolitical worries and a depreciation in the rouble offset the development of a COVID-19 vaccine and better-than-expected second-quarter GDP data to push Russian equities lower. As oil prices rose again later in the year, Russian equities advanced thanks to an improved outlook for global oil demand. A weaker rouble, mass protests across the country and geopolitical noise weighed on investor sentiment as 2021 began. Finally, another upswing in oil prices buoyed Russian equities near the close of the reporting year, although worries of potential US sanctions then checked returns. Looking forward, given a recovery in oil prices and stable environment for the rouble, we believe that Russian companies will be likely to benefit from positive earnings revisions and improved distributions to shareholders.

India gained 59% in sterling terms, performing better than most of its peer countries in the benchmark. Equities advanced relatively steadily throughout the reporting period, notwithstanding intermittent sell-offs prompted by India-China border clashes and worsening COVID-19 infection rates. A relaxation of lockdown restrictions early in the reporting year lifted hopes for the economy's recovery and drove equities higher. Better-than-expected corporate results also cushioned the market against COVID-19's sustained spread. The Indian government's emphasis on infrastructure development in its current Union Budget should benefit the construction, infrastructure and cement sectors, while plans to increase the foreign direct investment limits in insurance companies bodes well for that sector. A revival of GDP growth, combined with the push on infrastructure and industrial growth, as well as a benign interest-rate environment, could support loan growth, which could benefit banks with a sizeable corporate lending activity. Normalisation of credit stress on the back of falling interest rates and improving liquidity should also have a positive impact on banks, an area where we maintain a positive outlook. A key holding in India is one of the country's largest private-sector banks, ICICI Bank. Although India remains one of the relatively larger positions in TEMIT's portfolio, we remain underweight relative to the benchmark. We believe that as investment-driven GDP growth picks up, so should disposable incomes, in turn boosting domestic consumption. Overall, we expect India's economic recovery to continue over 2021, as economic activity gradually settles toward pre-pandemic levels.

Brazil gained 32% during the reporting period but lagged the benchmark. Heavy government spending and monetary policy easing helped to bring some stability to the economy in the early stages of the pandemic. In the third quarter of 2020, however, worse-than-expected second-quarter GDP data weighed on market sentiment. Latin American equities and currencies staged a rally based on growing investor confidence and stronger commodity prices in the final months of 2020, with optimism around Brazil's economic rebound outweighing worries over its fiscal deficit following massive stimulus to tackle the pandemic. Market trends in the first few months of 2021 reversed some of those gains, as concerns about Brazil's fiscal position and

Portfolio Report (continued)

COVID-19 situation coupled with weakness in the real weighed on Brazilian equities. The intensifying pandemic has added pressure on the government to ramp up already massive spending. Signs of increased state interference in the economy and heightened political noise ahead of next year's presidential election also held back returns. Complicating matters, rising domestic inflation has narrowed the scope for monetary policy support. The central bank raised its key interest rate from a record low in March, signalling the start of a rate-hike cycle. We believe that Brazil's economic recovery will rely heavily on the government's ability to implement long-awaited structural reforms. Meanwhile, as a major commodity exporter Brazil is likely to benefit from rising prices for commodities, as well as their broad appeal as an inflation hedge. We expect higher interest rates in Brazil to bode well for banks, especially market leaders that have weathered the pandemic with the help of strong capital positions and large deposit franchises.

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 to 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 board 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.

We believe as active investors that, while this is a difficult time it does give us the opportunity to engage with companies and understand both the short- and long-term impact of COVID-19 and the subsequent behavioural changes on companies and ensure that our portfolios are positioned accordingly. We continue to stress the importance of being selective and undertaking due diligence in making investment decisions.

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 for example, to help us better understand what is happening in China.

In the portfolio, we remain positioned in long-term themes including consumption premiumisation, digitalisation, healthcare and technology. We focus on companies reflecting our philosophy of owning good quality businesses, with long term sustainable earnings power and share prices at a discount to intrinsic worth. We see high levels of leverage as a risk and continue to avoid companies with weak balance sheets.

While the immediate outlook is uncertain, this approach should help us best navigate the ongoing pandemic. Over time, we expect the long-term fundamentals of our holdings to remain intact.

Portfolio Report (continued)

Performance attribution analysis %

Year to 31 March	2021	2020	2019	2018	2017
Net asset value total return[a]	54.5	(11.2)	1.8	12.4	47.8
Expense incurred	1.0	1.0	1.0	1.1	1.2
Gross total return[a]	55.5	(10.2)	2.8	13.5	49.0
Benchmark total return[a]	42.8	(13.2)	0.1	11.8	35.2
Excess return[a]	12.7	3.0	2.7	1.7	13.8
Stock selection	6.0	(2.1)	1.8	1.3	13.7
Sector allocation	6.8	3.1	(0.6)	(0.3)	0.1
Currency	(0.3)	1.6	1.0	0.4	0.2
Residual[a]	0.2	0.4	0.5	0.3	(0.2)
Total Investment Manager contribution	**12.7**	**3.0**	**2.7**	**1.7**	**13.8**

Source: FactSet and Franklin Templeton.
[a] A glossary of alternative performance measures is included on pages 112 and 113.

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	116.3	2.7
NAVER	South Korea	Communication Services	117.3	2.2
Samsung Electronics	South Korea	Information Technology	73.8	1.5
China Construction Bank[b]	China/Hong Kong	Financials	(2.1)	0.7
Yandex	Russia	Communication Services	69.4	0.6
Samsung Life Insurance	South Korea	Financials	82.8	0.4
MediaTek	Taiwan	Information Technology	63.4	0.4
Glenmark Pharmaceuticals[b]	India	Health Care	123.8	0.4
Kuaishou Technology[b]	China/Hong Kong	Communication Services	161.9	0.4
Tencent	China/Hong Kong	Communication Services	47.0	0.4

[a] For the period 31 March 2020 to 31 March 2021.
[b] Security not held by TEMIT as at 31 March 2021.

Taiwan Semiconductor Manufacturing ("TSMC") is one of the world's leading semiconductor manufacturers, with major technology companies among its clients. TSMC surged as investors lifted their longer-term outlook for the chip maker in a robust environment for technology exports driven by increased consumer demand for computers, game consoles, smartphones and tablets during the pandemic. Strong demand for its leading-edge chips coupled with production setbacks for its key competitor underpinned the optimism. TSMC's better-than-expected fourth-quarter profit, upgraded sales growth forecasts, and increased capital spending targets sent the stock soaring in January 2021, before signs of increased industry competition erased some gains. We are confident in TSMC's technology leadership, and we believe that the company could gain market share to extend its industry dominance.

NAVER is South Korea's largest search engine. The company also provides services including LINE, a messenger app that merged with SoftBank subsidiary Yahoo Japan. NAVER benefitted from increased online shopping on its platform amid the pandemic. Investors remained confident of NAVER's penetration into e-commerce, digital content and financial services, and looked positively upon its substantial research and development investment. The company's paid-content platform NAVER Webtoon, which publishes mobile and digital comics, reported tremendous growth in active users during the 12-month period, particularly in Japan and the United States. NAVER's strong fourth-quarter earnings continued to support an upward share-price trend.

Strong investor confidence in **Samsung Electronics** lifted the South Korea-based semiconductor and consumer electronics company. An improving outlook for the memory chip market and expectations for the company to raise its dividends were positive catalysts. We see growing demand and disciplined capacity expansion supporting the memory chip market's upturn, which could benefit Samsung Electronics. We also believe that its foundry, smartphone, and other businesses have fared well amidst the pandemic.

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

Top detractors	Country	Sector	Share price total return	Relative contribution to portfolio
Unilever[b]	United Kingdom	Consumer Staples	3.2	(1.0)
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	(2.7)	(0.9)
Meituan[c]	China/Hong Kong	Consumer Discretionary	185.3	(0.8)
Alibaba	China/Hong Kong	Consumer Discretionary	5.1	(0.8)
China Resources Cement	China/Hong Kong	Materials	(9.7)	(0.6)
Itaú Unibanco	Brazil	Financials	1.6	(0.6)
Nio[c]	China/Hong Kong	Consumer Discretionary	1,160.1	(0.5)
China Mobile	China/Hong Kong	Communication Services	(30.2)	(0.4)
Banco Bradesco	Brazil	Financials	17.8	(0.3)
JD.Com[c]	China/Hong Kong	Consumer Discretionary	87.1	(0.3)

[a] For the period 31 March 2020 to 31 March 2021.
[b] Security not included in the MSCI Emerging Markets Index.
[c] Security not held by TEMIT as at 31 March 2021.

Unilever's 2020 results and muted outlook disappointed the market. Unilever, a UK-based global consumer goods giant that generates more than half of its sales in emerging markets, reported flat sales as the pandemic altered consumption patterns. Nonetheless, the company continues to stand out to us for its defensive business model and solid balance sheet. We reduced our position in the stock but still maintain a sizeable position on our belief that Unilever's longstanding track record of operating in emerging markets positions it to benefit from the structural growth in consumption in those countries.

Brilliance China Automotive is a Chinese car maker noted for its joint venture with German luxury car maker BMW. Mixed news held back the share price of Brilliance China Automotive—debt concerns surrounding its significant shareholder and competition from electric vehicle makers offset brief enthusiasm around media reports of a possible privatisation of the company. We believe that Brilliance China Automotive's fundamentals remain healthy and expect the company to benefit from BMW's strong brand, new model launches, and a "premiumisation" of auto demand in China.

Investors turned cautious towards Chinese e-commerce company **Alibaba** as regulators stepped up their scrutiny of the internet industry through a series of actions, including the release of draft online microlending and anti-monopoly rules. Alibaba grappled with a halt to its plan to list its financial technology arm, as well as an antitrust probe into its merchant policy. From our observations, China's internet industry has experienced periods of heightened scrutiny in the past, and business models offering superior user experiences and efficiencies have weathered such episodes to a large extent. Although further regulatory news could drive share-price volatility for Alibaba in the near term, we believe that the company has distinct competitive advantages that should secure its structural earnings power. We continue to view Alibaba as well-diversified and resilient, with longer-term growth drivers across multiple areas such as e-commerce and cloud computing.

Portfolio Report (continued)

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	34.0	5.1	Consumer Discretionary	45.1	(4.1)
Information Technology	84.4	4.4	Materials	77.4	(1.3)
Financials	24.1	4.0			
Real Estate	8.2	1.2			
Industrials	35.1	0.8			
Utilities[b]	17.8	0.6			
Health Care	43.3	0.5			
Energy	30.7	0.1			
Consumer Staples	20.9	0.0			

[a] For the period 31 March 2020 to 31 March 2021.
[b] No companies held by TEMIT in this sector.

Favourable stock selection in **communication services** added to TEMIT's performance relative to the benchmark index in the review period. An overweight position and stock selection in the **information technology** sector, which outperformed all of its counterparts, also had a positive impact. Stock selection in the **financials** sector also boosted relative performance. Technology-related sectors have remained resilient throughout the pandemic with e-commerce, internet and software companies benefiting from an increase in remote working and schooling, streaming of content and other online activities. As we describe above, major semiconductor companies in Taiwan and South Korea surged on demand for chips. 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. Conversely, two sectors, **consumer discretionary** and **materials** negatively impacted relative returns. Stock selection was largely responsible for the negative impact in the consumer discretionary sectors, while an underweight position in materials, the second-best performing sector in the benchmark, proved detrimental to performance 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 Korea	71.3	3.5	United Kingdom[c]	–	(0.9)
Taiwan	74.9	3.5	Brazil	32.0	(0.3)
Russia	30.9	1.4	Kenya[c]	–	(0.2)
India	59.1	0.6	Cambodia[c]	–	(0.1)
Malaysia[b]	8.6	0.6			
Thailand	25.3	0.5			
United States[c]	–	0.4			
Indonesia	27.0	0.3			
Qatar[b]	8.5	0.3			
Turkey[b]	(6.3)	0.2			

[a] For the period 31 March 2020 to 31 March 2021.
[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 and overweight positions in **South Korea** and **Taiwan** were amongst the leading contributors to TEMIT's returns relative to the benchmark index, along with stock selection in **Russia**. Samsung Electronics accounted for approximately half of TEMIT's exposure in South Korea. We added

Portfolio Report (continued)

exposure to Samsung Electronics as demand for memory chips continued to grow. In Taiwan, we closed positions in information technology companies Catcher Technology and FIT Hon Teng, and we reduced TEMIT's exposure to Russia. In contrast, relative performance was hurt by off-benchmark exposure to Unilever in the **United Kingdom**, stock selection in **Brazil** and off-benchmark exposure to **Kenya**. We maintain an overweight exposure to Brazil relative to the benchmark. TEMIT's holding in East African Breweries was the main detractor in Kenya. The company experienced a decline in sales due to COVID-19.

Portfolio changes by sector

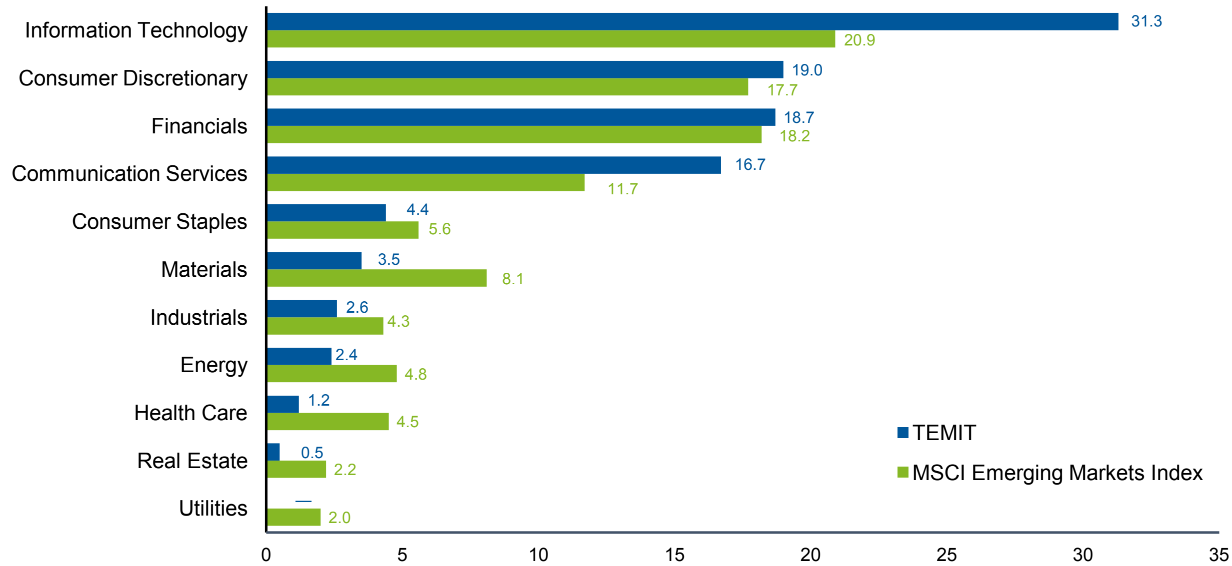
Sector	31 March 2020 market value £m	Purchases £m	Sales £m	Market movement £m	31 March2021 market value £m	Total return in sterling TEMIT %	Total return in sterling MSCI Emerging Markets Index %
Information Technology	418	146	(142)	388	810	93.9	84.4
Consumer Discretionary	337	124	(22)	52	491	18.0	45.1
Financials	348	29	(34)	143	486	45.6	24.1
Communication Services	345	64	(191)	215	433	67.5	34.0
Consumer Staples	106	12	(14)	11	115	12.9	20.9
Materials	66	9	(13)	29	91	56.2	77.4
Industrials	38	10	(1)	20	67	55.2	35.1
Energy	92	–	(40)	10	62	21.4	30.7
Health Care	30	10	(25)	17	32	68.2	43.3
Real Estate	–	12	(3)	3	12	21.2	8.2
Utilities	–	–	–	–	–	–	17.8
Net liabilities[a]	(5)	–	–	(3)[b]	(8)	–	–
Total	**1,775**	**416**	**(485)**	**885**	**2,591**		

[a] The Company's net liabilities are the total of net current assets plus non-current liabilities per the Statement of Financial Position on page 81.
[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 2021

Sector weightings vs benchmark (%)



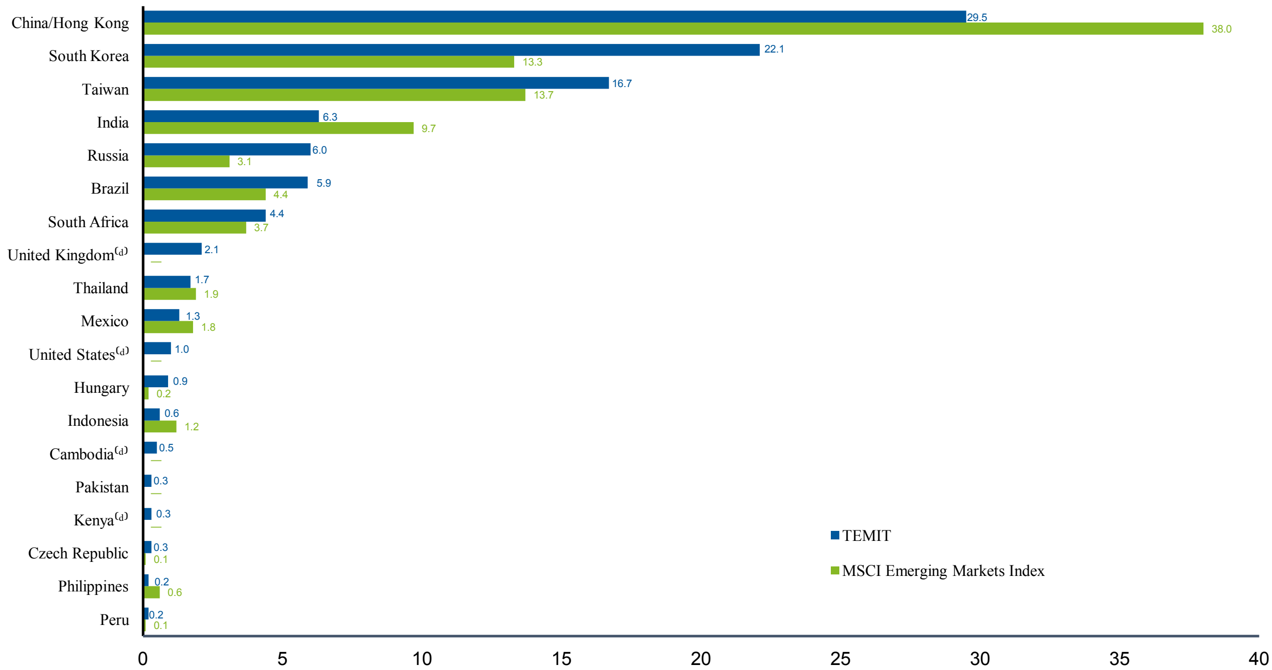
Portfolio Report (continued)

Portfolio changes by country

Country	31 March 2020 market value £m	Purchases £m	Sales £m	Market movement £m	31 March 2021 market value £m	Total return in sterling TEMIT %	Total return in sterling MSCI Emerging Markets Index %
China/Hong Kong	594	253	(228)	151	770	25.7	29.3
South Korea	306	70	(52)	251	575	83.9	71.3
Taiwan	204	49	(43)	220	430	110.6	74.9
India	115	10	(40)	77	162	81.4	59.1
Russia	135	–	(38)	57	154	27.5	30.9
Brazil	128	3	(8)	28	151	53.7	32.0
Other	298	31	(76)	104	357	–	–
Net liabilities[a]	(5)	–	–	(3)[b]	(8)	–	–
Total	**1,775**	**416**	**(485)**	**885**	**2,591**		–

[a] The Company's net liabilities are the total of net current assets plus non-current liabilities per the Statement of Financial Position on page 81.
[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 2021
Country weightings vs benchmark (%)[c]



[c] Other countries included in the benchmark are Argentina, Chile, Colombia, Egypt, Greece, Kuwait, Luxembourg, Malaysia, Poland, Qatar, Romania, Saudi Arabia, Singapore, Turkey and the United Arab Emirates.
[d] Countries not included in the MSCI Emerging Markets Index.

Portfolio Report (continued)

Portfolio investments by fair value
As at 31 March 2021

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net assets
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	PS	309,279	12.0
Samsung Electronics	South Korea	Information Technology	IH	288,930	11.1
Alibaba	China/Hong Kong	Consumer Discretionary	IH	230,455	8.9
Tencent	China/Hong Kong	Communication Services	PS	215,055	8.3
NAVER	South Korea	Communication Services	PS	119,027	4.6
Naspers	South Africa	Consumer Discretionary	IH	101,401	3.9
ICICI Bank	India	Financials	NT	90,959	3.5
MediaTek	Taiwan	Information Technology	NH	67,374	2.6
LG	South Korea	Industrials	IH	64,572	2.5
Unilever[b]	United Kingdom	Consumer Staples	PS	54,342	2.1
TOP 10 LARGEST INVESTMENTS				**1,541,394**	**59.5**
China Merchants Bank[c]	China/Hong Kong	Financials	IH	52,877	2.0
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	IH	50,954	1.9
LUKOIL, ADR[d]	Russia	Energy	NT	50,157	1.9
Sberbank of Russia, ADR[d]	Russia	Financials	NT	48,659	1.9
Yandex	Russia	Communication Services	PS	45,633	1.8
Hon Hai Precision Industry	Taiwan	Information Technology	IH	42,755	1.7
Samsung Life Insurance	South Korea	Financials	IH	41,558	1.6
Banco Bradesco, ADR[d][e]	Brazil	Financials	NT	37,501	1.5
Itaú Unibanco, ADR[d][e]	Brazil	Financials	PS	36,720	1.4
Infosys Technologies	India	Information Technology	NT	36,393	1.4
TOP 20 LARGEST INVESTMENTS				**1,984,601**	**76.6**
Vale	Brazil	Materials	PS	33,389	1.3
Banco Santander Mexico, ADR[d]	Mexico	Financials	NT	29,306	1.1
China Resources Cement	China/Hong Kong	Materials	NT	27,269	1.0
POSCO	South Korea	Materials	PS	26,000	1.0
Cognizant Technology Solutions[b]	United States	Information Technology	PS	25,052	1.0
Ping An Insurance[c]	China/Hong Kong	Financials	IH	22,826	0.9
Gedeon Richter	Hungary	Health Care	PS	22,142	0.9
Daqo New Energy, ADR[d]	China/Hong Kong	Information Technology	NH	21,362	0.8
Fila	South Korea	Consumer Discretionary	IH	21,058	0.8
Kasikornbank	Thailand	Financials	NT	20,639	0.8
TOP 30 LARGEST INVESTMENTS				**2,233,644**	**86.2**
Bajaj Holdings & Investments	India	Financials	IH	20,638	0.8
Ping An Bank	China/Hong Kong	Financials	NT	20,231	0.8
Prosus[f]	China/Hong Kong	Consumer Discretionary	NT	19,700	0.8
Baidu, ADR[d]	China/Hong Kong	Communication Services	PS	19,391	0.7
Kiatnakin Phatra Bank	Thailand	Financials	PS	16,528	0.6
Lojas Americanas	Brazil	Consumer Discretionary	IH	16,189	0.6
Uni-President China	China/Hong Kong	Consumer Staples	IH	15,850	0.6
B3	Brazil	Financials	IH	15,692	0.6
Astra International	Indonesia	Consumer Discretionary	PS	14,771	0.6
NetEase, ADR[d]	China/Hong Kong	Communication Services	NT	14,173	0.5
TOP 40 LARGEST INVESTMENTS				**2,406,807**	**92.8**
Massmart	South Africa	Consumer Staples	NT	14,032	0.5
Tencent Music Entertainment, ADR[d]	China/Hong Kong	Communication Services	NT	12,788	0.5
China Resources Land	China/Hong Kong	Real Estate	NH	12,410	0.5
NagaCorp	Cambodia	Consumer Discretionary	PS	11,943	0.5
H&H Group	China/Hong Kong	Consumer Staples	IH	11,702	0.4
MCB Bank	Pakistan	Financials	PS	8,748	0.3
Thai Beverage	Thailand	Consumer Staples	NT	8,112	0.3
Flat Glass Group	China/Hong Kong	Information Technology	NH	7,945	0.3
Moneta Money Bank	Czech Republic	Financials	PS	7,171	0.3
Coal India	India	Energy	NT	6,545	0.3
TOP 50 LARGEST INVESTMENTS				**2,508,203**	**96.7**
LegoChem Biosciences	South Korea	Health Care	NH	6,508	0.2
Longshine Technology Group	China/Hong Kong	Information Technology	NH	5,650	0.2
Intercorp Financial Services	Peru	Financials	NT	5,474	0.2
B2W Digital	Brazil	Consumer Discretionary	NT	5,332	0.2

Portfolio Report (continued)

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net assets
BDO Unibank	Philippines	Financials	NT	5,287	0.2
Gazprom, ADR[d]	Russia	Energy	PS	5,144	0.2
PChome Online	Taiwan	Consumer Discretionary	NT	4,994	0.2
East African Breweries	Kenya	Consumer Staples	NT	4,896	0.2
Hankook Tire	South Korea	Consumer Discretionary	PS	4,831	0.2
Mail.Ru, GDR[g]	Russia	Communication Services	PS	4,635	0.2
TOP 60 LARGEST INVESTMENTS				**2,560,954**	**98.7**
ACC	India	Materials	NH	4,608	0.2
Nemak	Mexico	Consumer Discretionary	PS	4,390	0.2
M. Dias Branco	Brazil	Consumer Staples	NT	4,167	0.2
Largan Precision	Taiwan	Information Technology	NT	3,669	0.1
Apollo Hospitals	India	Health Care	NH	2,906	0.1
KT Skylife	South Korea	Communication Services	PS	2,425	0.1
BAIC Motor	China/Hong Kong	Consumer Discretionary	NT	2,381	0.1
Weifu High-Technology	China/Hong Kong	Consumer Discretionary	PS	2,366	0.1
COSCO SHIPPING Ports	China/Hong Kong	Industrials	PS	2,365	0.1
KCB Group	Kenya	Financials	NT	2,323	0.1
TOP 70 LARGEST INVESTMENTS				**2,592,554**	**100.0**
CTBC Financial	Taiwan	Financials	NT	1,855	0.1
TOTVS	Brazil	Information Technology	IH	1,830	0.1
Dairy Farm	China/Hong Kong	Consumer Staples	NT	1,740	0.1
United Bank	Pakistan	Financials	NT	1,096	0.0
TOTAL INVESTMENTS				**2,599,075**	**100.3**
NET LIABILITIES				**(7,788)**	**(0.3)**
TOTAL NET ASSETS				**2,591,287**	**100.0**

(a) Trading activity during the year: (NH) New Holdings, (IH) Increased Holdings, (PS) Partial Sale and (NT) No Trading.
(b) This company, listed on a stock exchange in a developed market, has significant exposure to operations from emerging markets.
(c) Company is listed on the Hong Kong and Shanghai stock exchanges.
(d) US listed American Depository Receipt.
(e) Preferred Shares.
(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) UK listed Global Depository Receipt.

Portfolio Report (continued)

Portfolio summary

As at 31 March 2021

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 2021 Total	31 March 2020 Total
Brazil	–	0.8	0.2	–	3.5	–	–	0.1	1.3	–	**5.9**	–	**5.9**	**7.2**
Cambodia	–	0.5	–	–	–	–	–	–	–	–	**0.5**	–	**0.5**	**0.7**
China/Hong Kong	10.0	11.8	1.1	–	3.7	–	0.1	1.3	1.0	0.5	**29.5**	–	**29.5**	**33.5**
Czech Republic	–	–	–	–	0.3	–	–	–	–	–	**0.3**	–	**0.3**	**0.4**
Hungary	–	–	–	–	–	0.9	–	–	–	–	**0.9**	–	**0.9**	**1.2**
India	–	–	–	0.3	4.3	0.1	–	1.4	0.2	–	**6.3**	–	**6.3**	**6.4**
Indonesia	–	0.6	–	–	–	–	–	–	–	–	**0.6**	–	**0.6**	**0.7**
Kenya	–	–	0.2	–	0.1	–	–	–	–	–	**0.3**	–	**0.3**	**0.6**
Mexico	–	0.2	–	–	1.1	–	–	–	–	–	**1.3**	–	**1.3**	**1.3**
Pakistan	–	–	–	–	0.3	–	–	–	–	–	**0.3**	–	**0.3**	**0.5**
Peru	–	–	–	–	0.2	–	–	–	–	–	**0.2**	–	**0.2**	**0.3**
Philippines	–	–	–	–	0.2	–	–	–	–	–	**0.2**	–	**0.2**	**0.3**
Russia	2.0	–	–	2.1	1.9	–	–	–	–	–	**6.0**	–	**6.0**	**7.6**
South Africa	–	3.9	0.5	–	–	–	–	–	–	–	**4.4**	–	**4.4**	**3.2**
South Korea	4.7	1.0	–	–	1.6	0.2	2.5	11.1	1.0	–	**22.1**	–	**22.1**	**17.2**
Taiwan	–	0.2	–	–	0.1	–	–	16.4	–	–	**16.7**	–	**16.7**	**11.5**
Thailand	–	–	0.3	–	1.4	–	–	–	–	–	**1.7**	–	**1.7**	**2.2**
United Kingdom	–	–	2.1	–	–	–	–	–	–	–	**2.1**	–	**2.1**	**3.2**
United States	–	–	–	–	–	–	–	1.0	–	–	**1.0**	–	**1.0**	**2.3**
Net liabilities[a]	–	–	–	–	–	–	–	–	–	–	**–**	**(0.3)**	**(0.3)**	**(0.3)**
31 March 2021 Total	**16.7**	**19.0**	**4.4**	**2.4**	**18.7**	**1.2**	**2.6**	**31.3**	**3.5**	**0.5**	**100.3**	**(0.3)**	**100.0**	**-**
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**

[a] The Company's net liabilities are the total of net current assets plus non-current liabilities per the Statement of Financial Position on page 81.

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 2021	11.8	8.5	12.9	67.1	(0.3)
31 March 2020	8.2	10.4	22.7	59.0	(0.3)

Split between markets[c] (%)	31 March 2021	31 March 2020
Emerging markets	96.4	93.5
Developed markets[d]	3.1	5.5
Frontier markets	0.8	1.3
Net liabilities[b]	(0.3)	(0.3)

Source: FactSet Research System, Inc.

[a] A glossary of alternative performance measures is included on pages 112 and 113.

[b] The Company's net liabilities are the total of net current assets plus non-current liabilities per the Statement of Financial Position on page 81.

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

[d] Developed market exposure represented by companies listed in United Kingdom and United States which have significant exposure to operations from emerging markets.

Market outlook

Fresh waves of COVID-19 infection have continued to test economies and health care systems globally, just as more countries step up the rollout of vaccines. We think that emerging markets are likely to stay resilient in the face of new challenges. Many emerging markets have remained less indebted than developed economies at the sovereign, corporate and household levels. Emerging market banking systems have largely withstood stress despite loan moratoriums. Technology and consumption have also become new drivers of economic growth for many emerging markets. Overall, we expect a sharp earnings rebound in emerging markets this year from a low base last year.

Chinese internet stocks have struggled recently amid tighter regulatory scrutiny, higher US Treasury yields and block trades linked to a troubled hedge fund. China's increased emphasis on fair competition, consumer protection and data security within the internet industry has been a chief concern. Though regulatory news could drive near-term share-price volatility, we remain largely confident in the longer-term fundamentals of several leading internet companies. These companies have grown rapidly by offering superior user experiences and efficiencies, and we expect these strengths to continue underpinning their structural earnings power. We also think that regulators are keen to ensure the sustainable development of the internet space for all stakeholders, rather than curb its growth. We are mindful of the dispersion in valuations across the internet space, and we seek to invest in quality companies trading below what we consider to be their intrinsic worth.

Reflationary expectations and higher US bond yields have stoked market volatility. Although inflation has picked up from low levels last year amid recovering economic activity, firmer commodity prices and near-term supply chain bottlenecks, we believe that considerable slack remains in many economies, especially on the labour front. Also visible to us are longer-term deflationary trends arising from technology advances and demographic headwinds. Rather than position for specific macroeconomic scenarios, we strive to build well-diversified portfolios that can potentially navigate a range of market environments.

We see compelling opportunities to invest in companies that demonstrate sustainable earnings power, with shares trading at discounts to our assessment of their intrinsic worth. We are confident in a long runway of growth for innovative and technology-driven companies extending their leads in areas such as semiconductors and internet services. We also favour companies that could benefit from longer-term consumption growth in emerging markets, reflected in a rising penetration of goods and services or a "premiumisation" in demand.

Portfolio Report (continued)

A second wave of COVID-19 infections in India led to the implementation of new restrictions including lockdowns (at a regional state level rather than nationwide) to contain the outbreak. While this second wave is expected to impact the country's economic recovery in the short term, we expect the economy to bounce back as the government accelerates its vaccine rollout and lockdowns are lifted. In the interim, however, the situation remains fluid and we continue to monitor the developments. In the longer-term, we expect India's economic recovery to continue as economic activity gradually improves. We see corporate earnings on an uptrend toward earnings normalization, following the pandemic-related downturn. The overarching drivers underpinning the Indian market also include low interest rates, high liquidity and fiscal incentives, all of which currently remain intact. However, we are mindful of the risks, including the ongoing virus pandemic, regional and global geopolitical relations and the path of the recovery and infection rates in other regions globally.

However, we expect COVID-19 to remain prevalent this year. While some countries have made solid progress with inoculation; the production and distribution of vaccines in sufficient scale are challenges of a similar scale to their development. As a result, we expect many countries to continue experiencing sporadic COVID-19 outbreaks, which could add volatility to the underlying trend of economic and market recovery.

Chetan Sehgal
Lead Portfolio Manager
4 June 2021

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 2021.

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:* • St. James's Place plc (Chairman designate) 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 (Chair of the Audit Committee) • Fidelity Japan Trust (Chairman) • DSP India Investment Fund (Non-Executive Director) • DSP India Fund (Non-Executive Director) David is an independent Director.

Directors' Report (continued)

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 14 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:

- Oldfield Partners (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)
- F & C Investment Trust PLC (Chair)

Beatrice is an independent Director.

Simon Jeffreys
(Chairman of the Audit and Risk 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 and Risk Committees)
- SimCorp A/S (Chair of Audit and Risk Committee)
- Crown Prosecution Service (Chair of Audit and Risk Committee)
- Henderson International Income Investment Trust (Chairman)

Simon is an independent Director.

Directors' Report (continued)

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.
Medha Samant Date of appointment: 1 October 2020	Medha has 27 years' experience based in Hong Kong, working with asset management firms in the Asia Pacific equities markets covering marketing, business development, portfolio management and research, with a recent focus on ESG. Medha has been based for most of her career in Asia and brings to the Board experience of living and working in managing investments and promoting funds in a key investment area. Medha was an independent Director. Medha resigned on 19 April 2021.

Magdalene Miller was appointed as a director after the end of the period covered by this report, on 10 May 2021. Information on Magdalene Miller and the process followed for her appointment is set out on page 49.

Details of the fees earned by each Director can be found on page 63. The Directors' interest in the Company's shares are noted on page 65.

Directors are initially appointed by the Board after a rigorous selection process and each Director shall be subject to annual re-election by the 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 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.

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

Directors' Report (continued)

risk reporting, regulatory updates, corporate governance and industry issues.

The Board believes in a culture of openness and constructive challenge in its interactions with the Manager and other service providers. During the year under review, the Board challenged the impact of the Manager's decision to switch to working from home, the ability to continue to operate with staff working remotely for an extended period and its oversight of key delegated activities.

The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 March 2021. During the course of its review the Board has not identified or been advised of any failings or weaknesses relating to the Company that have been determined as significant.

Further details of the Directors' responsibilities can be found in the Statement of Directors' Responsibilities on page 72.

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

- Changes to the risk matrix, monitoring such changes carefully and introducing alternative mitigating controls where necessary and practicable to support the operation of an effective control environment;
- Review of the marketing plan with the Manager;
- Approval of a special dividend;
- Pandemic risk affecting the Company's investments and business operations;
- Proposed changes to the Company's investment policy;
- Review of the limit on gearing; and
- Proposal for a stock split.

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 year under review, the annual evaluation process was facilitated by an external agency, Lintstock Ltd. The process included the completion of questionnaires prepared by Lintstock, private discussions between each Director and Lintstock, an independent summary prepared by Lintstock and individual discussions between the Chairman and each Director. The independence of each Director was checked considering the provisions of the Corporate Governance Code. The experience, balance of skills, diversity, time commitment, tenure of each Director, openness, spirit of debate 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. The Chairman instructed the Company Secretary to propose a list of training in areas relevant for TEMIT and the list is updated on periodic basis. An evaluation of the Chairman by his fellow Directors was facilitated by Lintstock and 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

Directors' Report (continued)

re-election at the AGM. 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.

Board diversity

The Board acknowledged the recommendations from the Hampton-Alexander Review on gender diversity and during the reporting period the gender diversity target of 33% set out in that review was reached (this was not impacted by the resignation of Medha Samant in April 2021, and subsequent appointment of a new Director, Magdalene Miller).

The Board welcomes the Parker Review of ethnic representation on boards and the Board had one of six Directors from an ethnic minority background.

Succession planning and recruitment

When considering the succession planning, the Nomination and Remuneration Committee bears in mind the tenure, balance of skills, knowledge, experience and diversity existing on the Board. In 2020 Gregory Johnson retired from his role as a Director of the Company at the conclusion of the 2020 AGM and the Board empowered the Nomination and Remuneration Committee to manage the recruitment process for a new Director. The recruitment process that took place in 2020 was completed with the appointment of Medha Samant. The appointment effective date was 1 October 2020. However, Medha resigned on 19 April 2021 due to her intention to take on a full-time role and the Board resolved to accept the resignation.

The new recruitment process started in April 2021 and it was facilitated by Trust Associates as the appointed external agency. Trust Associates does not undertake any other services for TEMIT and has no connection with any of the Directors. The list of candidates identified was discussed by the Nomination and Remuneration Committee and the preferred candidates were invited for interviews. The Nomination and Remuneration Committee recommended the Board to appoint Magdalene Miller after assessing the candidates against objective criteria and with due regard for the benefits of diversity (including gender, social, ethnic backgrounds) as well as cognitive and personal strengths and time allocated to discharge her responsibility fully and effectively.

Following the conclusion of the recruitment process the Board decided to appoint Magdalene Miller as a non-executive Director of the Company, with effect from 10 May 2021. Magdalene is a former investment director who specialised in investments in global emerging markets. Based in London and Edinburgh, she spent 32 years managing listed equity portfolios, investing in Japanese, Asian Pacific and UK markets. Born in Hong Kong, Magdalene is fluent in Cantonese and Mandarin and has travelled extensively in China and Asia over the course of her career. She is a Non-Executive Director of the Baillie Gifford China Growth Trust and currently serves as a trustee for an educational endowment fund and participates in volunteering work.

The Board continues the management of succession planning and has agreed to phase the introduction of new directors and the retirement of two Directors over the next three years to allow sufficient time for new directors to familiarise themselves with TEMIT whilst retaining the right balance of knowledge, skills, experience, and corporate knowledge on the Board.

The succession plan agreed by the Nomination and Remuneration Committee includes an emergency succession plan identifying contingency arrangements.

The Nomination and Remuneration Committee also reviews and recommends to the Board the re-appointment of the Directors. The recommendation is not automatic and will follow a process of evaluation of each Director's performance and consideration of the Director's independence. The Nomination and Remuneration Committee also takes into account the mix of skills and experience of the current Board members.

Meetings and committees

The Board delegates certain responsibilities and functions to committees. Five Directors are members of all committees. The Chairman is not a member of the Audit and Risk Committee, but sometimes he attends the Audit and Risk Committee meetings by invitation.

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 and Risk Committee meetings, one Management Engagement Committee meeting, and three Nomination and Remuneration Committee meetings.

	Board	Management Engagement Committee	Nomination and Remuneration Committee	Audit and Risk Committee
Paul Manduca	4/4	1/1	3/3	3/3[a]
David Graham	4/4	1/1	3/3	3/3
Beatrice Hollond	4/4	1/1	3/3	3/3
Simon Jeffreys	4/4	1/1	3/3	3/3
Gregory Johnson	1/1	N/A	N/A	N/A
Charlie Ricketts	4/4	1/1	3/3	3/3
Medha Samant[b]	2/2	1/1	1/1	1/1

[a] The Chairman of the Board attended three out of three meetings of the Audit and Risk Committee by invitation including when the Annual Report and Half Yearly Report are being drafted and the special dividend proposal was discussed.
[b] Medha Samant was appointed as a Director commencing 1 October 2020 and she attended all meetings after that date.

The **Audit and Risk Committee** is chaired by Simon Jeffreys. The formal Report of the Audit and Risk Committee is on pages 66 to 71.

The **Management Engagement Committee** is chaired by the Chairman of the Board and all Directors are members of the committee. The primary role of the committee is to review the performance of, and the contractual arrangements with, the Manager. The Management Engagement Committee held one meeting during the year and undertook a formal review of TEMIT's Manager and Investment Manager. 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. When assessing the performance of the Manager and Investment Manager, the committee 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. 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.

The **Nomination and Remuneration Committee** is chaired by the Chairman of the Board and all Directors are members of the committee. The Nomination and Remuneration Committee held three formal meetings and several conference calls to manage the recruitment process 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. During the year under review, the Nomination and Remuneration Committee managed the recruitment process which led to the appointment of Medha Samant on 1 October 2020.

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

The terms of reference for the Audit and Risk 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.

Conflicts of interest

The Company's Articles of Association give the Directors authority to identify, manage and approve conflicts and potential conflicts with the Company's interests. The Board discusses on a regular basis the potential conflicts of interest resulting from significant shareholdings, as well as any other directorships of investment funds managed by FTIS or by the Investment Manager, shared directorships of any commercial company with other Directors, any 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 the 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 believe 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.

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.

Directors' Report (continued)

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.

Results and dividends

The capital profit for the year was £866.2 million (2020: loss of £286.7 million) and the revenue profit was £68.2 million (2020: £59.9 million).

The full results for the Company are disclosed in the Statement of Comprehensive Income on page 80.

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 (2020: 19.00 pence per share) and, if approved by shareholders at the AGM on 8 July 2021, the final dividend will be payable on 15 July 2021 to shareholders on the register at close of business on 18 June 2021. In addition, the Company paid a special dividend of 10.00 pence per share on 11 January 2021.

Gearing

As part of the Company's objective and current investment policy, the Company may borrow up to 10% of its net assets but the overall gearing limit will increase to 20% of NAV if shareholders approve the proposed changes to the investment policy.

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. At the year end, the revolving loan facility has not been utilised (2020: not utilised). The Strategic Report on page 12 includes further commentary on the gearing facility.

Financial

Share capital

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

The price of the Company's existing ordinary shares of 25p each ('Existing Ordinary Shares') has increased substantially over the last 10 years and, as at 24 May 2021 (being the latest practicable date prior to publication of this document), the closing share price was 1,002.0p. To assist monthly savers and those who reinvest their dividends or are looking to invest smaller amounts, the Directors believe that it is appropriate to propose the sub-division of each Existing Ordinary Share into 5 new ordinary shares of 5p each ('New Ordinary Shares'). The Directors believe that the sub-division (the 'Share Split') may also improve the liquidity in and marketability of the Company's shares, which would benefit all shareholders. Following the Share Split, each shareholder will hold 5 New Ordinary Shares for each Existing Ordinary Share that they held immediately prior to the Share Split. Whilst the Share Split will increase the number of ordinary shares the Company has in issue, upon the Share Split becoming effective the net asset value, share price and dividend per share can be expected to become one-fifth of their respective values immediately preceding the Share Split.

A holding of New Ordinary Shares following the Share Split will represent the same proportion of the issued ordinary share capital of the Company as the corresponding holding of Existing Ordinary Shares immediately prior to the Share Split. The Share Split will not affect, therefore, the overall value of a shareholder's holding in the Company. By way of example, taking the net asset value (including current year revenue with debt at par) and share price as at 24 May 2021 of 1,068.0p and 1,002.0p respectively per Existing Ordinary Share, if the Share Split had become effective as at that date, each holder of one Existing Ordinary Share would receive 5 New Ordinary Shares with an aggregate net asset value and share price of 1,068.0p and 1,002.0p respectively immediately following the Share Split. The New Ordinary Shares will rank pari passu with each other and will carry the same rights and be subject to the same restrictions as the Existing Ordinary Shares, including the same rights to participate in dividends paid by the Company.

The ex-dividend date and the payments date for the final dividend payable per share in 2021 are before the date of the Share Split and so dividends payable in July 2021 will not be affected. In future years, dividends per share will be one-fifth of the level that they would otherwise have been but a shareholder who neither buys nor sells shares will continue to receive the same amount in dividends as they would otherwise receive. Communication preferences and mandates and other instructions for the payment of dividends in paper form or via CREST will, unless and until revised, continue to apply to the New Ordinary Shares.

The Share Split will not itself give rise to any liability to UK income tax (or corporation tax on income) for shareholders. For the purposes of UK capital gains tax and corporation tax on chargeable gains, the receipt of the New Ordinary Shares from the Share Split will be a reorganisation of the share capital of the Company. Accordingly, a shareholder's holding of New Ordinary Shares will be treated as the same asset as the shareholder's holding of Existing Ordinary Shares and as having been acquired at the same time, and for the same consideration, as the shareholder's holding of Existing Ordinary Shares.

The Share Split requires the approval of shareholders and, accordingly, Resolution 11 at this year's AGM seeks such approval. The Share Split is conditional on the New Ordinary Shares being admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's main market for listed securities. Applications for such admissions will be made and, if they are accepted, it is proposed that the last day of dealings in the Existing Ordinary Shares will be 23 July 2021 (with the record date for the Share Split being 6.00pm on that date) and that dealings in the New Ordinary Shares will commence on 26 July 2021. If Resolution 11 is passed, the Share Split will become effective on admission of the New Ordinary Shares to the Official List, which is expected to be at 8.00am on 26 July 2021. The aggregate nominal value of the Company's issued share capital as at 24 May 2021 was £59,061,433 comprising 236,245,731 ordinary shares of 25p each (a further 20,765,179 shares were held in treasury). If the Share Split is applied to the issued share capital as at 24 May 2021, the total aggregate nominal value of the share capital will remain at £59,061,433 but will comprise 1,181,228,655 ordinary shares of 5p each in issue and a further 103,825,895 shares in treasury.

The New Ordinary Shares may be held in certificated or uncertificated form. Following the Share Split becoming effective, share certificates in respect of the Existing Ordinary Shares will cease to be valid and will be cancelled. New certificates in respect of the New Ordinary Shares will be issued to those shareholders who hold their Existing Ordinary Shares in certificated form and are expected to be dispatched not later than 9 August 2021. No temporary documents of title will be issued. Transfers of New Ordinary Shares between 26 July 2021 and the dispatch of new certificates will be certified against the Company's register of members held by the Company's Registrars. It is expected that the ISIN (GB0008829292) of the Existing Ordinary Shares will be disabled in CREST at the close of business on 23 July 2021 and the New Ordinary Shares will be credited to CREST accounts on 26 July 2021.

In order for the Share Split to be processed and for trading on the New Zealand Stock Exchange Main Board to continue, a temporary ticker code (TEMZ) with the new ISIN will be created only for use in New Zealand. (TEMZ) will be used from the commencement of trading on 22 July 2021 until close of trading on 23 July 2021. On 26 July 2021, trading will resume using the original ticker code (TEM) with the new ISIN continuing to be used. At this time, trading in the (TEMZ) temporary ticker code will cease.

Share buybacks

The Board is again seeking shareholder permission to continue its programme of share buybacks as outlined on pages 59 and 60. 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 buybacks are in the best 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 for the benefit of continuing 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 2021, the Company held 20,765,179 shares in treasury (2020: 20,765,179 shares).

	2021	2020
Share bought back and cancelled during the year	6,238,408	8,932,031
Proportion of share capital bought back and cancelled	2.6%	3.6%
Total cost of share buybacks	£49.6m	£69.9m
The benefit to NAV	£6.9m	£8.3m
The percentage benefit to NAV	0.3%	0.4%

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 and Risk Committee on page 69.

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.

Directors’ Report (continued)

Substantial shareholdings

As at 24 May 2021 and 31 March 2021, 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	24 May 2021 %	Number of shares	31 March 2021 %
City of London Investment Management Company Limited	40,836,244	17.29	40,485,962	17.14
Lazard Asset Management LLC Group	21,764,539	9.21	22,551,799	9.55
Investec Wealth & Investment Limited	14,874,067	6.30	15,246,469	6.45
Quilter Cheviot Investment Management	11,103,276	4.70	10,935,176	4.63
Rathbone Brothers PLC	10,761,470	4.56	9,914,163	4.20

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”).

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 Company Secretary, who is responsible for advising the Board on all governance matters. The appointment of the Company Secretary was discussed and approved by the Board and the secretarial activity is reviewed on an annual 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 0.80% 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. 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 109.

Directors' Report (continued)

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 FRC, 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). 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 its 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 objective and/or investment 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 objective, philosophy or investment policy of the Company, other than any such changes delegated to the Investment Manager under the Investment Management Agreement.

Directors' Report (continued)

The day to day investment management of the portfolio of the Company is delegated to the Investment Manager, which manages the portfolio in accordance with the 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 20 and 21.

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 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 13 to 15.

Articles of Association

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

Directors' Report (continued)

Further details of the Investment Manager's approach to responsible investing and of votes cast at investee companies' general meetings in 2020 can be accessed on Franklin Templeton's UK web site under "Responsible Investing" at www.franklintempleton.co.uk/investor/our-company/our-firm/responsible-investing.

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 9. This creates potential exposure to the risks as stated on pages 17 to 20. Further details on the AIFMD risk disclosures can be found on our website (www.temit.co.uk).

Internal control

Details of the Company's system of internal controls can be found on pages 70 and 71.

Annual General Meeting

The AGM will be held on Thursday 8 July 2021 at Barber-Surgeons' Hall, Monkwell Square, Wood St, Barbican, London EC2Y 5BL. Further details regarding AGM are set out in the Notice of Meeting on page 102.

Whether you intend to attend the meeting in person or not, you are strongly encouraged to submit your votes on the AGM resolutions in advance of the meeting. Submitting votes by proxy does not preclude you attending the meeting or changing your vote if you attend the AGM but your votes will be counted if restrictions preventing attendance at the AGM are introduced at short notice.

If we are required to change the AGM arrangements we will write to shareholders, make an announcement via the London and New Zealand stock exchanges and post information on www.temit.co.uk.

Ordinary business

The formal business of the Meeting will begin with resolution 1 which seeks shareholders' approval to receive and adopt the Directors' and Auditor's Report and Financial Statements for the year ended 31 March 2021.

Resolution 2 seeks shareholders' approval of the Directors' Remuneration Report for the year ended 31 March 2021. Approval of the Directors' Remuneration Report is sought at each AGM and this year's report is set out in full on pages 62 and 65 of the 2021 Annual Report.

Resolution 3 seeks shareholders' approval to declare a final ordinary dividend of 14.00 pence per share, payable on 15 July 2021 to shareholders on the register as at close of business on 18 June 2021.

Resolutions 4.1 to 4.5 seek shareholders' approval to re-elect Paul Manduca, Beatrice Hollond, Charlie Ricketts, David Graham and Simon Jeffreys as Directors.

Resolution 4.6 seeks shareholders' approval to elect Magdalene Miller as a Director. In accordance with the provisions of the UK Corporate Governance Code, all independent Directors will offer themselves for election at the first AGM following their appointment and for re-election at each subsequent AGM.

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 objectives. All Directors standing for election or 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 45 to 47.

Resolutions 5 and 6 seek shareholders' approval 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 and Risk 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 2022 Annual General Meeting. Shareholders will be asked to grant authority to the Board to determine the remuneration of the auditor.

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 7 (ordinary resolution) and 8 (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 £2,953,000 (being an amount equal to 5% of the issued share capital of the Company as at 24 May 2021) 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 7 and 8 will continue until the AGM of the Company in 2022 and your Directors envisage seeking the renewal of this authority in 2022 and in each succeeding year. Such authorities will only be used when your Directors believe that it would be in the best interests of the Company to do so and only at a price which is at or above the prevailing NAV per share at the time of issue. Please also refer to the description of the proposed Stock Split under Resolution 10 below.

(ii) Investment Policy

Resolution 9, which will be proposed as a special resolution, seeks shareholders' approval to amend the Company's Investment Policy, as described on pages 9 and 10 of this Annual Report.

(iii) Share Split

Resolution 10, which will be proposed as an Ordinary Resolution, seeks shareholders' approval to split each existing share into 5 new shares, as described on pages 52 to 54 of this Annual Report.

(iv) Authority to Purchase Own Shares

At the AGM of the Company held on 9 July 2020, a Special Resolution was passed authorising the Company to purchase its shares in the market, limited to a maximum of 14.99% of the shares in issue on 9 July 2020 or 36,168,190 shares, whichever is lower, up to the conclusion of the AGM in 2021. The present authority expires at the end of the AGM on 8 July 2021.

Under Resolution 11, 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 Company's issued ordinary share capital, excluding treasury shares, at the date of the passing of this resolution (equivalent to 35,413,235 ordinary shares of 25p each at the date of this Notice or if the subdivision of shares pursuant to resolution 10 is passed, 177,066,175 ordinary shares of 5p each). This is set out in resolution 12 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, provided that:

(a) the maximum price which may be paid is the higher of:

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

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

(b) the minimum price payable for the shares will be the nominal value per share; and

(c) shares will only be purchased at a price which is at a discount to the prevailing NAV per share at the time of purchase.

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 FCA, 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 FCA. 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 2022 and in each succeeding year.

(v) Notice period for general meetings

At the AGM of the Company held on 9 July 2020, 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 2021. The Directors are seeking renewal under Resolution 13 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 2022.

This resolution is required to reflect the 2006 Act which requires that all general meetings must be held with at least 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 in the best interests of the shareholders as a whole.

The approval will be effective until the Company's AGM in 2022, 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 clear 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 objective, the nature of the portfolio, net current assets, 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 the period to 31 March 2023, which is at least 12

Directors' Report (continued)

months from the date of approval of the Financial Statements, as such, the going concern basis is appropriate in preparing the Financial Statements.

By order of the Board

Paul Manduca
4 June 2021

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Section 420-422 of the Companies Act 2006, with subsequent amendments. The Directors' Remuneration Policy is subject to a triennial binding shareholder vote and the Directors' Remuneration Report is subject to an annual shareholder vote, both 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 73 to 79.

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 47, details of the Directors' terms of appointments.

The Company has no employees.

Details of the Nomination and Remuneration Committee can be found on pages 50 and 51 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 2020 AGM and passed by 156,547,651 (99.88%) of shareholders voting in favour of the resolution, 192,243 (0.12%) voting against and 104,588 abstaining from voting.

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 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 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 an 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. 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

Non-Executive Directors are entitled to reclaim reasonable expenses incurred in order to perform their duties

Directors' Remuneration Report (continued)

as Non-Executive Directors for the Company. Directors are not entitled to payment for loss of office.

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 2021 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.

Role	Current annual fee	Proposed annual fee
Chairman	£67,000	£69,000
Chairman of the Audit and Risk Committee	£50,500	£52,000
Senior Independent Director	£38,000	£41,500
Independent Directors	£38,000	£39,000

The Chairman of the Board, Chairman of the Audit and Risk Committee and Senior Independent Director 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 2021 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 9 July 2020 and was passed by 156,571,074 (99.89%) of shareholders voting in favour of the resolution, 180,134 (0.11%) voting against and 93,274 abstaining from voting.

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

	2021			2020			
(audited information)	**Annual fee £**	**Taxable benefits [a] £**	**Total £**	**Annual fee £**	**Taxable benefits [a] £**	**Total £**	**Total remuneration change %**
Paul Manduca[b]	67,000	–	67,000	65,000	–	65,000	3.1
Simon Jeffreys[c]	50,500	–	50,500	49,000	37	49,037	3.0
David Graham	38,000	–	38,000	37,000	–	37,000	2.7
Beatrice Hollond	38,000	–	38,000	37,000	–	37,000	2.7
Charlie Ricketts	38,000	3,320	41,320	37,000	6,690	43,690	(5.4)
Gregory E Johnson[d]	–	–	–	–	–	–	–
Medha Samant[e]	19,000	–	19,000	–	–	–	100.0
Total	**250,500**	**3,320**	**253,820**	**225,000**	**6,727**	**231,727**	**9.5**

[a] 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.
[b] Chairman of the Board.
[c] Chairman of the Audit and Risk Committee.
[d] Compensated in his capacity as Executive Chairman of Franklin Resources, Inc. Retired from the Board on 9 July 2020.
[e] Joined the Board on 1 October 2020 and resigned on 19 April 2021.

Directors' Remuneration Report (continued)

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 2011.

Relative cost of Directors' fees

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

	2021 £'000	2020 £'000
Directors' Remuneration[a]	275	247
Distribution to shareholders		
Dividends		
Ordinary	44,897[b]	45,966
Special	23,647	6,336
Share buy back	49,643	69,852

[a] Directors' Remuneration comprises Directors' fees of £250,500 and Employer National Insurance Contributions of £24,500 for the financial year 2021 (2020: £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 24 May 2021 and the interim dividend of 5.00 pence per share paid 15 January 2021.

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

Directors' Remuneration Report (continued)

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 2016 Annual Fee	Change
Annual Fee	All Independent Directors	£38,000	£35,000	+8.6%
Additional Fee	Chairman	£29,000	£25,000	+16.0%
Additional Fee	Chairman of the Audit and Risk Committee	£12,500	£12,000	+4.2%

Statement of Directors' shareholdings

The Directors' interests (including any family interests) existing as at 31 March 2021 in the Company's shares were as follows:

(audited information)	2021	2020
David Graham	18,680	18,680
Beatrice Hollond	6,250	6,250
Simon Jeffreys	5,392	5,392
Paul Manduca	5,000	5,000
Charlie Ricketts	5,000	5,000
Medha Samant	–	–
Gregory Johnson	–	–

Subsequent to the reporting period end, David Graham purchased an additional 2,154 shares, taking his shareholding to 20,834 shares. The Company has not received any further notifications of changes in the above interests as at 24 May 2021.

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 4 June 2021.

Paul Manduca
4 June 2021

Report of the Audit and Risk Committee

As Chairman of the Audit and Risk Committee, I am pleased to present this report to shareholders. The report contains details of the Audit and Risk Committee's activities and responsibilities along with the evaluation of effectiveness of the external and internal audit process for the year ended 31 March 2021.

Composition

As of 31 March 2021 the Audit and Risk Committee comprised Simon Jeffreys (Chairman), David Graham, Beatrice Hollond, Charlie Ricketts and Medha Samant, all independent non-executive directors. Medha Samant joined the Committee in November 2020 and resigned in April 2021.

The Board considers that the members of the Audit and Risk Committee have sufficient recent and relevant financial experience in order for it to perform its functions effectively, noting in particular that the Audit and Risk Committee Chairman is a Chartered Accountant and former senior audit partner. Mr Graham is also a Chartered Accountant. The Directors' biographies are given on pages 45 to 47 of the Annual Report.

Role and responsibilities

The Audit and Risk 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 and Risk Committee were refreshed by the Board in November 2020. The Audit and Risk Committee carried out the following activities to accomplish its principal objectives and reported to the Board on how it discharged its responsibilities:

- Provided advice to 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 all 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;
- Reviewed in detail the contents of the Company's risk matrix; and
- Reviewed other ad hoc items referred to the Audit and Risk Committee by the Board.

Report of the Audit and Risk Committee (continued)

During the year the Audit and Risk Committee, also:

- Reviewed and challenged the scenarios presented by Management to support the use of the going concern basis and the ongoing viability assessment. Upon review and discussion with Management the Committee concluded that the scenarios were appropriate to support the use of the going concern basis and the ongoing viability statement;
- Monitored closely the status of potential tax refunds, receiving regular updates from the Manager's Tax team and discussing with the external auditor;
- Challenged the Manager's proposal for the accounting treatment of the tax refund received from the UK's HM Revenue & Customs, discussed this with the external auditor and was satisfied that the treatment is appropriate;
- Reviewed and responded to questions raised by the FRC as part of their review of the Company's 31 March 2020 Annual Report. The review considered compliance with reporting requirements rather than verified the information provided within the report. The Audit and Risk Committee discussed the recommendations with the Manager and External Auditor and noted that in its view these have been addressed;
- Held conference calls with the Manager to discuss with those responsible all relevant matters relating to financial reporting, company secretarial, taxation, internal audit and risk;
- Met regularly with the external auditor; and
- Received regular updates from the Manager on the transfer of Fund Administration services to J.P. Morgan.

Meetings

The Committee met formally three times during the year. Additionally, in the year under review, the Chairman and 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 draft Annual Report. The Chairman also separately 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 and Risk Committee and its individual Directors, further details of this review can be found on pages 48 and 49. The Board is satisfied with the performance and effectiveness of the Audit and Risk Committee.

Annual Report and Financial Statements

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

Report of the Audit and Risk Committee (continued)

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 Committee satisfied itself that the Manager employs global pricing policy procedures compliant with current regulations as disclosed in the accounting policies on page 86.
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 objective, the nature of the portfolio, net current assets, 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. The scenarios considered included a sustained 20% increase in the value of the portfolio and a 20% decrease in dividend income, and confirmed that the Company could continue as a going concern.
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. The Committee was satisfied with these analyses.
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.

Areas of audit focus

The Committee reviewed and agreed the audit plan including the level of audit materiality which it challenged and concluded was appropriate. The external auditor determined the scope of their work and the Committee also discussed with them key matters they wanted to be covered which included the following:

• 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 ownership and valuations to its independent sources and concluded that the results of their procedures did not identify any material misstatements;

- Income recognition to confirm that income has been correctly recorded and received. The external auditor recalculated all dividend income from independent sources and tested a sample to bank statements and concluded that the results of their procedures did not identify any material misstatements; and

- Although not a key audit matter as determined by the external auditor the Committee focussed on Compliance with S1158 regulations in order to ensure that the Company is meeting its minimum distribution obligations. The external auditor concluded that the Company was in compliance with S1158 regulations as at the balance sheet date.

The Committee notes that there was no significant accounting judgement required in relation to the classification of special dividends received.

Further information on these key audit matters and the external auditor's observations reported to the Committee are detailed within their audit report on pages 75 and 76. The Committee reviewed and were satisfied with the conclusions presented by the external auditor for each of these matters.

Assessment of effectiveness and independence of external audit process

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 and Risk Committee. The Audit and Risk Committee considered an annual independent Audit Quality Review report by the FRC, 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 2020 Transparency Report. Ernst & Young LLP presented its detailed audit plan for the 2021 financial year end at the November 2020 Audit and Risk Committee meeting. The Audit and Risk Committee also reviewed Ernst & Young LLP'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 LLP has a suitable culture, control environment and risk framework to enable it to deliver a high-quality audit.

In addition, the Committee held meetings with the external auditor in private and worked closely with the Manager during the audit process. Taking into consideration all of the above and its review and discussions with the key parties the Committee concluded that the external auditor had delivered a quality audit for the financial year ended 31 March 2021.

Conclusion

As a result of the work undertaken, the Committee has concluded that the Financial Statements for the year ended 31 March 2021, 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 72.

Auditor rotation

The EU regulations on mandatory auditor rotation require an audit tender to take place every ten years. 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 2021 was the second year for which Sue Dawe (Senior Statutory Auditor) has served, she is able to complete

Report of the Audit and Risk Committee (continued)

three more audits before a successor Senior Statutory Auditor must be appointed under current standards.

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 2019. 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 LLP was engaged to perform a review of the Half Yearly Report. This is assurance related and the Committee believes that Ernst & Young LLP is best placed to provide this service for the shareholders.

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

	2021	2020
Audit Services	£36,000	£33,000
Non-Audit Services:		
Review of Half Yearly Report	£7,000	£5,000
Indian tax compliance	–	£8,000
Percentage of Audit Services	19.4%	39.4%

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.

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 and Risk Committee considers appropriate. 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.

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 matrix 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

Report of the Audit and Risk Committee (continued)

Company. The Committee continued to pay particular attention to the Manager's operating arrangement and controls during the COVID-19 pandemic. This 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 and challenged management on 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. The results were satisfactory.
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. The results were satisfactory.
Key service providers	This review confirmed the value and quality of services provided to the Company by third parties were satisfactory. The Committee was also kept updated on its service providers' contingency plans in light of the COVID-19 pandemic and concluded that they were suitably equipped to continue to deliver expected levels of service during this period.

Simon Jeffreys
Audit and Risk Committee Chairman
4 June 2021

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 45 to 51.

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 accounting standards in conformity with the requirements of the Companies Act 2006.

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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 45 to 47, confirms that to the best of their knowledge:

- The Financial Statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, give a fair, balanced and understandable view of the assets, liabilities, financial position and profit or loss of the Company for the year ended 31 March 2021; and
- The Chairman's Statement, Strategic Report and the Report of the Directors include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure Guidance 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 2021

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 2021 which comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act; 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. 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 listed 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 going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of the Company's going concern assessment process by engaging with the Directors and the Company Secretary to determine if all key factors were considered in their assessment.
- We inspected the Directors' assessment of going concern, including the revenue forecast, for the period to 31 March 2023 which is at least 12 months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We reviewed the factors and assumptions, including the impact of the COVID-19 pandemic, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- In relation to the Company's borrowing arrangements, we inspected the directors' assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants in the scenarios assessed by the directors and performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.
- We considered the mitigating factors included in the revenue forecasts and covenant calculations that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments to cover the working capital requirements should revenue decline significantly.
- We reviewed the Company's going concern disclosures included in the Annual Report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the Directors, being the period to 31 March 2023 which is at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income. • Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	• Overall materiality of £25.91m which represents 1% of shareholders' funds as at 31 March 2021.

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.

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 and Risk Committee
Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (as described on page 68 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 85). The total revenue for the year to 31 March 2021 was £59.93m (2020: £75.11m), consisting primarily of dividend income from listed investments. The total amount of special dividends received and accrued by the Company was £7.51m (2020: £10.13m), of which £0.02m (2020: nil) were classified as capital and £7.49m (2020: £10.13m) were classified as revenue. There is a risk of incomplete or inaccurate revenue recognition through the failure to recognise proper income entitlements or to apply an 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' in the Statement of Comprehensive Income.	**We have performed the following procedures:** We obtained an understanding of Franklin Templeton International Services S.a.r.l's the 'Manager') and JP Morgan Europe Ltd's the 'Administrator') processes surrounding revenue recognition and classification of special dividends by performing walkthrough procedures. For 100% of the dividends received, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend rate as agreed to an independent data vendor. We agreed a sample of cash receipts to bank statements and, where applicable, we also agreed the exchange rates to an external source. To test completeness of recorded income, we tested 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 and for accrued dividends we recalculated the amount receivable and agreed the subsequent cash receipts to post year end bank statements. For all investments held during the year, we reviewed the type of dividends paid with reference to an external data source and identified four special dividends had been received or accrued. Two of the identified special dividends were above our testing threshold and we assessed the appropriateness of management's classification by reviewing the underlying rationale of the distribution for both special dividends.	The results of our procedures identified no material misstatement in relation to incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Incorrect valuation or ownership of the investment portfolio (as described on page 68 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 86). The valuation of the portfolio at 31 March 2021 was £2,599.08m (2020: £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. Incorrect 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 listed investments is determined using quoted market bid prices at close of business on the reporting date.	**We performed the following procedures:** We obtained an understanding of the Administrator’s processes surrounding the existence and pricing of listed securities by performing walkthrough procedures. For all 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 compared the Company’s investment holdings at 31 March 2021 to an independent confirmation received directly from the Company’s Depositary and Custodian.	The results of our procedures identified no material misstatement in relation to incorrect valuation or ownership of the investment portfolio.

In the prior year, our auditor’s report included a key audit matter in relation to the impact of COVID-19. The impact of COVID-19 on going concern continued to be relevant to our audit of the Company and we considered this as part of our overall work on going concern which is set out under “Conclusions relating to going concern”. The other elements of the prior year key audit matter have not been included as a separate key audit matter as it was determined that they did not have a significant impact on our audit strategy for this year’s audit.

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 £25.91 million (2020:17.76m), which is 1% (2020: 1%) of shareholders’ funds. We believe that shareholders’ funds provides us with materiality aligned to the key measurement of the Company’s performance.

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% (2020: 75%) of our planning materiality, namely £19.43m (2020: £13.32m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

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 Statement of Comprehensive Income of £2.55m (2020: £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 and Risk Committee that we would report to them all uncorrected audit differences in excess of £1.30m (2020: £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.

Independent Auditor’s Report (continued)

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.

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 contained within the annual report.

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.

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 course of 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 themselves. 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.

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’ report 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.

Corporate Governance Statement

The Listing Rules require us to review the directors’ statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company’s compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors’ statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 60 and 61;
- Directors’ explanation as to its assessment of the Company’s prospects, the period this assessment covers and why the period is appropriate set out on pages 21 and 22;
- Directors’ statement on fair, balanced and understandable set out on page 72;
- Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 18 and 19;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 70 and 71 and;
- The section describing the work of the Audit and Risk Committee set out on pages 66 to 67.

Independent Auditor’s Report (continued)

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement set out on page 72, 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 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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are International Accounting Standards in conformity with the requirements of the Companies Act 2006, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010, and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Committee and Company Secretary, review of the minutes of the Audit and Risk Committee and Board meetings held during period 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 or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Statement of Comprehensive Income. 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

- Following the recommendation from the Audit and Risk Committee, 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.

The period of total uninterrupted engagement including previous renewals and reappointments is two years, covering the years ending 31 March 2020 and 31 March 2021.

- The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independent Auditor's Report (continued)

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.

Sue Dawe (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP, Statutory Auditor
Edinburgh
4 June 2021

Financial Statements

Statement of Comprehensive Income

For the Year Ended 31 March 2021

	Note	Year ended 31 March 2021 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2020 Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments and foreign exchange	8						
Net gains/(losses) on investments at fair value		–	888,402	888,402	–	(271,335)	(271,335)
Net gains/(losses) on foreign exchange		–	(594)	(594)	–	(883)	(883)
Income							
Dividends	2	56,964	–	56,964	74,470	–	74,470
Other income	2	2,965	–	2,965	643	–	643
		59,929	**887,808**	**947,737**	**75,113**	**(272,218)**	**(197,105)**
Expenses							
AIFM fee	3	(6,142)	(14,331)	(20,473)	(5,900)	(13,766)	(19,666)
Other expenses	4	(2,094)	–	(2,094)	(2,095)	–	(2,095)
		(8,236)	**(14,331)**	**(22,567)**	**(7,995)**	**(13,766)**	**(21,761)**
Profit/(loss) before finance costs and taxation		**51,693**	**873,477**	**925,170**	**67,118**	**(285,984)**	**(218,866)**
Finance costs	5	(773)	(1,802)	(2,575)	(873)	(2,037)	(2,910)
Profit/(loss) before taxation		**50,920**	**871,675**	**922,595**	**66,245**	**(288,021)**	**(221,776)**
Tax income/(expense)	6	17,303	(5,469)	11,834	(6,312)	1,350	(4,962)
Profit/(loss) for the year		**68,223**	**866,206**	**934,429**	**59,933**	**(286,671)**	**(226,738)**
Profit/(loss) attributable to equity holders of the Company		**68,223**	**866,206**	**934,429**	**59,933**	**(286,671)**	**(226,738)**
Earnings per share	7	**28.64p**	**363.65p**	**392.29p**	**24.40p**	**(116.75)p**	**(92.35)p**

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 84 to 99 are an integral part of the Financial Statements.

Statement of Financial Position

As at 31 March 2021

	Note	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Non-current assets			
Investments at fair value through profit or loss	8	**2,599,075**	**1,780,253**
Current assets			
Trade and other receivables	9	15,323	10,736
Cash and cash equivalents		85,212	87,830
Total current assets		**100,535**	**98,566**
Current liabilities			
Other payables	10	(3,362)	(3,169)
Total current liabilities		**(3,362)**	**(3,169)**
Net current assets		**97,173**	**95,397**
Non-current liabilities			
Capital gains tax provision	6	(4,961)	–
Other payables falling due after more than one year	11	(100,000)	(100,000)
Total assets less liabilities		**2,591,287**	**1,775,650**
Share capital and reserves			
Equity Share Capital	12	64,253	65,812
Capital Redemption Reserve		18,416	16,857
Capital Reserve		1,952,886	1,136,322
Special Distributable Reserve		433,546	433,546
Revenue Reserve		122,186	123,113
Equity Shareholders' Funds		**2,591,287**	**1,775,650**
Net Asset Value pence per share[a]		1,096.9	732.3

[a] Based on shares in issue at 31 March excluding shares held in treasury.

The Financial Statements of Templeton Emerging Markets Investment Trust PLC (company registration number SC118022) on pages 80 to 99 were approved for issue by the Board and signed on 4 June 2021.

Paul Manduca
Chairman

Simon Jeffreys
Director

Statement of Changes in Equity

For the Year Ended 31 March 2021

	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 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**
Profit for the year		–	–	866,206	–	68,223	934,429
Equity dividends	13	–	–	–	–	(69,150)	(69,150)
Purchase and cancellation of own shares	12	(1,559)	1,559	(49,642)	–	–	(49,642)
Balance at 31 March 2021		**64,253**	**18,416**	**1,952,886**	**433,546**	**122,186**	**2,591,287**

The accompanying notes on pages 84 to 99 are an integral part of the Financial Statements.

Statement of Cash Flows

For the Year Ended 31 March 2021

	Note	For the year to 31 March 2021 £'000	For the year to 31 March 2020 £'000
Cash flows from operating activities			
Profit/(loss) before finance costs and taxation		925,170	(218,866)
Adjustment for:			
Bank and deposit interest		(26)	(622)
Dividend income		(56,964)	(74,470)
Net (gains)/losses on investments at fair value	8	(888,402)	271,335
Net losses on foreign exchange		594	883
Stock dividends received in year		(674)	(103)
(Increase)/decrease in debtors		1,551	(732)
Increase/(decrease) in creditors		5,942	(108)
Cash generated from operations		**(12,809)**	**(22,683)**
Bank and deposit interest received		26	622
Dividends received		52,442	72,987
Tax paid		(11,919)	(6,540)
Tax recovered		23,753	–
Net cash inflow from operating activities		**51,493**	**44,386**
Cash flows from investing activities			
Purchases of non-current financial assets		(415,127)	(440,488)
Sales of non-current financial assets		483,182	553,409
Net cash inflow from investing activities		**68,055**	**112,921**
Cash flows from financing activities			
Equity dividends paid	13	(69,150)	(45,944)
Purchase and cancellation of own shares		(50,455)	(69,453)
Repayment of revolving credit facility		–	(124,679)
Draw down of fixed term loan		–	100,000
Bank loans interest and fees paid		(2,561)	(2,614)
Net cash outflow from financing activities		**(122,166)**	**(142,690)**
Net (decrease)/increase in cash		**(2,618)**	**14,617**
Cash at the start of the year		87,830	73,213
Cash at the end of the year		**85,212**	**87,830**

The accompanying notes on pages 84 to 99 are an integral part of the Financial Statements.

Reconciliation of liabilities arising from bank loans

	Liabilities as at 31 March 2020 £'000	Cash flows £'000	Profit & Loss £'000	Liabilities as at 31 March 2021 £'000
Revolving credit facility	–	–	–	–
Interest and fees payable	111	(474)	483	120
Fixed term loan	100,000	–	–	100,000
Interest and fees payable	350	(2,087)	2,092	355
Total liabilities from bank loans	**100,461**	(2,561)	2,575	**100,475**

Notes to the Financial Statements
As at 31 March 2021

1 Accounting policies

(a) Basis of preparation

The Financial Statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 international accounting standards.

Adoption of new and revised Accounting Standards

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 amendments listed above did not have any impact on the amounts recognised in the current reporting period.

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.

The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the period to 31 March 2023, which is at least 12 months from the date of the approval of the Financial Statements. The Directors reviewed income forecasts covering the next two financial years, including interest and fees arising from the debt facility. The Directors considered the principal and emerging risks and uncertainties disclosed on pages 17 to 20 in particular those relating to COVID-19.

At 31 March 2021, the Company had net current assets of £92,212,000 (31 March 2020: net current assets of £95,397,000), 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 and Risk 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 pages 60 and 61.

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 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 it is probable that the benefit will flow to the entity and the benefit can be reliably measured.
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 revenue 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. 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).

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

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

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

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.

2 Income

	2021 £'000	2020 £'000
Dividends		
Non-EU dividends	54,530	70,670
UK dividends	1,532	2,047
EU dividends	228	1,650
Stock dividends	674	103
	56,964	**74,470**
Other income		
Bank and deposit interest	26	622
Stock lending income	161	21
Interest relating to historic tax reclaims[a]	2,778	–
	2,965	**643**
Total	**59,929**	**75,113**

[a] Historic HMRC claim for exemption of pre 2009 dividend income from Corporation Tax based on the Prudential & CFC FII GLO cases.

Notes to the Financial Statements (continued)

3 AIFM fee

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
AIFM fee	6,142	14,331	**20,473**	5,900	13,766	**19,666**

The Company has a contract with FTIS as Alternative Investment Fund Manager and provider of Secretarial Services, this contract 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 month end total net assets of the Company. From 1 July 2020, the AIFM fee was reduced from 1% of net assets up to £1 billion and 0.85% of net assets above £1 billion to 1% of net assets up to £1 billion and 0.80% of net assets above £1 billion.

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

4 Other expenses

	2021 £'000	2020 £'000
Custody fees	706	679
Shareholder communications and marketing	334	297
Directors' remuneration	275	247
Depository fees	192	182
Membership fees	156	135
Registrar fees	76	113
Printing and postage fees	16	42
Auditor's remuneration		
Audit of the annual financial statements	36	33
Review of the Half Yearly Report	7	5
Indian tax compliance	–	8
Broker fees	32	32
Legal fees	34	30
Other expenses	230	292
Total	**2,094**	**2,095**

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

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Revolving credit facility	145	338	483	753	1,758	2,511
Fixed term loan	628	1,464	2,092	120	279	399
Total	**773**	**1,802**	**2,575**	**873**	**2,037**	**2,910**

Notes to the Financial Statements (continued)

6 Tax on ordinary activities

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	6,450	–	6,450	6,312	–	6,312
Capital gains tax paid	–	508	508	–	228	228
Historic tax claims[a]	(23,753)	–	(23,753)	–	–	–
Total current tax	**(17,303)**	**508**	**(16,795)**	**6,312**	**228**	**6,540**
Capital gains tax provision	–	4,961	4,961	–	(1,578)	(1,578)
Total tax	**(17,303)**	**5,469**	**(11,834)**	**6,312**	**(1,350)**	**4,962**

	2021 £'000	2020 £'000
Profit/(loss) before taxation	922,595	(221,776)
Theoretical tax at UK corporation tax rate of 19% (2020: 19%)	175,293	(42,137)
Effects of:		
- Capital element of profit	(168,684)	51,721
- Irrecoverable overseas tax	6,450	6,312
- Excess management expenses	2,915	2,357
- Overseas capital gains tax	508	228
- Income taxable in different periods	–	(63)
- Dividends not subject to corporation tax	(9,079)	(11,183)
- Movement in overseas capital gains tax liability	4,961	(1,578)
- UK dividends	(291)	(389)
- Overseas tax expensed	(154)	(306)
- Historic tax claims[a]	(23,753)	–
Actual tax charge	**(11,834)**	**4,962**

[a]Historic HMRC claim for exemption of pre 2009 dividend income from Corporation Tax based on the Prudential & CFC FII GLO cases was received in May 2020.

As at 31 March 2021 the Company had unutilised management expenses and non-trade deficits of £268.1 million carried forward (2020: £252.8 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 capital gains tax

	2021 £'000	2020 £'000
Balance brought forward	–	1,578
Charge for the year	5,469	(1,578)
Capital gains tax paid[a]	(508)	–
Balance carried forward	**4,961**	**–**
Provision consists of:		
- Overseas capital gains tax liability	4,961	–
	4,961	**–**

[a]A provision for deferred capital gains tax has been recognised in relation to unrealised gains on Indian holdings.

Notes to the Financial Statements (continued)

7 Earnings per share

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Earnings	68,223	866,206	934,429	59,933	(286,671)	(226,738)

	2021 Revenue pence	2021 Capital pence	2021 Total pence	2020 Revenue pence	2020 Capital pence	2020 Total pence
Earnings per share	28.64	363.65	392.29	24.40	(116.75)	(92.35)

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 238,195,084 (year to 31 March 2020: 245,537,352).

8 Financial assets - investments

	2021 £'000	2020 £'000
Opening investments		
Book cost	1,539,265	1,501,311
Net unrealised gains	240,988	661,124
Opening fair value	1,780,253	2,162,435
Movements in the year:		
Additions at cost	415,812	440,354
Disposals proceeds	(485,392)	(551,201)
Net gains/(losses) on investments at fair value	888,402	(271,335)
	2,599,075	1,780,253
Closing investments		
Book cost	1,553,330	1,539,265
Net unrealised gains	1,045,745	240,988
Closing investments	**2,599,075**	**1,780,253**

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

Transaction costs for the year on purchases were £301,000 (2020: £503,000) and transaction costs for the year on sales were £346,000 (2020: £843,000). The aggregate transaction costs for the year were £647,000 (2020: £1,346,000).

	2021 £'000	2020 £'000
Net gains/(losses) on investments at fair value comprise:		
Net realised gains based on carrying value as at 31 March	83,645	148,802
Net movement in unrealised appreciation/(depreciation)	804,757	(420,137)
Net gains/(losses) on investments at fair value	**888,402**	**(271,335)**

Notes to the Financial Statements (continued)

9 Trade and other receivables

	2021 £'000	2020 £'000
Dividends receivable	11,726	7,204
Overseas tax recoverable	1,844	3,499
Sales awaiting settlement	1,649	33
Other debtors	104	–
Total	**15,323**	**10,736**

10 Other payables

	2021 £'000	2020 £'000
AIFM fee	1,816	–
Amounts owed for share buybacks	–	813
Accrued expenses	1,060	1,895
Interest and fees on borrowings	475	461
Purchase of investments for future settlement	11	–
Total	**3,362**	**3,169**

Interest and fees on borrowings consist of:	2021 £'000	2020 £'000
Fixed term loan	355	350
Revolving credit facility	120	111
Total	**475**	**461**

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 (2020: £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.

Notes to the Financial Statements (continued)

11 Other payables falling due after more than one year

	2021 Book value £'000	2020 Book value £'000
Fixed term loan	100,000	100,000
	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

	2021 Allotted, issued & fully paid		2020 Allotted, issued & fully paid	
	£'000	Number	£'000	Number
Shares of 25p each				
Opening balance	**65,812**	**242,484,139**	**68,045**	**251,416,170**
Purchase and cancellation of own shares	(1,559)	(6,238,408)	(2,233)	(8,932,031)
Purchase of own shares into treasury	–	–	–	–
Closing balance	**64,253**	**236,245,731**	**65,812**	**242,484,139**

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, 6,238,408 shares were bought back for cancellation at a cost of £49,642,624 (2020: 8,932,031 shares were bought back for cancellation at a cost of £69,852,000). All shares bought back in the year were cancelled, with none being placed in treasury (2020: no shares were placed into treasury).

As at 31 March 2021, in addition to the allotted and issued shares above the Company held 20,765,179 shares in treasury (2020: 20,765,179 shares). These shares have a nominal value of £5,191,000 (2020: £5,191,000) which is included in the above closing balance of £64,253,000.

Notes to the Financial Statements (continued)

13 Dividends

	2021		2020	
	Rate (pence)	£'000	Rate (pence)	£'000
Declared and paid in the financial year				
Dividend on shares:				
Final dividends for the years ended 31 March 2020 and 31 March 2019	14.00	33,680	11.00	27,421
Interim dividends for the six-month periods ended 30 September 2020 and 30 September 2019	5.00	11,823	5.00	12,187
Special dividends for the years ended 31 March 2021 and 31 March 2020	10.00	23,647	2.60	6,336
Total	**29.00**	**69,150**	**18.60**	**45,944**
Proposed for approval at the Company's AGM				
Dividend on shares:				
Final dividend for the year ended 31 March 2021	14.00	33,074		

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 from 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.

Accordingly, there were no transactions with related parties, other than the fees paid to the Directors during the year ended 31 March 2021, which have a material effect on the results or the financial position of the Company. Details on fees paid to the Directors is included on page 63.

15 Risk management

In pursuing the Company's objective, set out on page 9 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), liquidity risk and counterparty and credit risk.

The objectives, policies and processes for managing these risks, and the methods used to measure the risks, 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 of a particular country, or securities within one sector. As a result, there is the potential for an 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. Investment risk and a certain degree of concentration risk is a known and necessary effect of the stated investment approach in line with the investment policy. The Directors regularly review the portfolio composition and asset allocation and discuss related developments with the Investment Manager. Security, country, and sector concentrations are monitored by the risk and compliance teams on a regular basis and any concerns are highlighted to the

Notes to the Financial Statements (continued)

Investment Manager for remedial action and brought to the attention of the Directors.

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 and to discuss the risks associated with particular securities, countries or sectors. The Investment Manager selects securities in the portfolio in accordance with the investment policy, and the overall asset allocation parameters described above, and seeks to ensure that individual stocks also meet the intended risk/reward profile.

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% (2020: 100%) of the Company's investment portfolio is listed on stock exchanges. If share prices had decreased by 30% (2020: 20% decrease) 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 £779,723,000 (2020: £356,051,000). A 30% increase (2020: 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:

2021

Currency	Trade and other receivables £'000	Cash at bank £'000	Trade, bank, loans, and other payables £'000	Total net foreign currency exposure £'000	Investment at fair value through profit or loss £'000
Hong Kong dollar	430	–	(430)	–	626,193
Korean won	9,304	–	–	9,304	574,910
Taiwan dollar	4,001	3,213	–	7,214	429,925
US dollar	578	–	(5)	573	357,521
Indian rupee	27	–	–	27	162,049
Other	1,089	–	–	1,089	394,136

2020

Currency	Trade and other receivables £'000	Cash at bank £'000	Trade, bank, loans, and other payables £'000	Total net foreign currency exposure £'000	Investment 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

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 2021, 69.5% (2020: 64.8%) of the investments shown as US dollar and Hong Kong dollar are Chinese companies with exposure to the Chinese yuan. The total exposure to Chinese yuan was £769.7 million (2020: £593.7 million).

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.

	2021		2020	
Financial assets and liabilities	**Revenue £'000**	**Capital Return £'000**	**Revenue £'000**	**Capital Return £'000**
Hong Kong dollar	1,161	62,619	1,762	38,318
Korean won	1,460	58,421	829	30,620
Taiwan dollar	748	43,714	1,098	19,945
US dollar	858	35,809	2,066	44,776
Indian rupee	147	16,208	216	11,500
Total	**4,374**	**216,771**	**5,971**	**145,159**

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

Notes to the Financial Statements (continued)

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.

Interest rate risk profile

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

	2021 £'000	2020 £'000
Cash	85,212	87,830
Net exposure at year end	**85,212**	**87,830**

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 were maintained for a year, a 1.0% increase or decrease in interest rates would impact the net profit after taxation by the following amounts:

	2021		2020	
	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	852	(852)	878	(878)
Capital	–	–	–	–
Total	**852**	**(852)**	**878**	**(878)**

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 2021, based

Notes to the Financial Statements (continued)

on the earliest date on which payment can be required and current exchange rates as at the Balance Sheet date:

As at 31 March 2021	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	2,444	2,089	2,089	101,757	108,379
Other payables	7,968	–	–	–	7,968
Total	**10,412**	**2,089**	**2,089**	**101,757**	**116,347**

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**

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.
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 2021, the market value of the securities on loan and the corresponding collateral received were as follows:

Counterparty	31 March 2021 Market value of securities on loan £'000	31 March 2021 Market value of collateral received £'000	31 March 2020 Market value of securities on loan £'000	31 March 2020 Market value of collateral received £'000
Morgan Stanley	7,820	10,581	–	–
UBS	3,285	4,055	–	–
Citigroup	82	119	–	–
Merrill Lynch International	–	–	7,891	8,335
HSBC Bank	–	–	19	73
Total	**11,187**	**14,755**	**7,910**	**8,408**

The maximum aggregate value of securities on loan at any time during the year was £29,788,419. The collateral received comprised investment grade sovereign bonds and treasury notes and bonds.

Fair value

Fair values are derived as follows:

- Where assets are denominated in a foreign currency, they are converted into the sterling amount using period end rates of exchange;
- Non-current financial assets on the basis set out in the annual accounting policies; and
- Cash at the denominated currency 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); and

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

The hierarchy valuation of listed investments through profit and loss are shown below:

	31 March 2021 Level 1 £'000	31 March 2021 Level 2 £'000	31 March 2021 Level 3 £'000	31 March 2021 Total £'000	31 March 2020 Level 1 £'000	31 March 2020 Level 2 £'000	31 March 2020 Level 3 £'000	31 March 2020 Total £'000
Listed investments	2,548,121	50,954[(a)]	–	2,599,075	1,780,253	–	–	1,780,253

[(a)] The fair value of the Company's holding in Brilliance China Automotive as at 31 March 2021 was £50,954,000. On 31 March 2021 the company listing was suspended from the Hong Kong stock exchange. Given the suspension the previous published market price was not deemed representative of fair value and was subsequently reduced by 10% based on facts and circumstances known at this date.

The fixed term loan is shown at amortised cost within the Statement of Financial Position. If the fixed term loan was shown at fair value the impact would be to decrease the Company's net assets by £2,560,000. The fair value of the Company's fixed term loan at the year-end was £102,560,000 (2020: £100,782,000).
The fair value of the fixed term loan is calculated by aggregating the expected future cash flows which are discounted at a rate comprising the 3 month sterling LIBOR rate plus the borrower's margin. The fixed term loan is considered to be classed as Level 2.

16 Significant holdings in investee undertakings

As at 31 March 2021 and 2020, TEMIT had no significant holdings of 3% or more of any issued class of security within the portfolio.

Notes to the Financial Statements (continued)

17 Contingent liabilities

No contingent liabilities existed as at 31 March 2021 or 31 March 2020.

18 Contingent assets

There are no contingent assets as at reporting date.

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. As at 31 March 2020, a contingent asset of £3,802,000 (inclusive of interest) was reported with respect to the claim for the financial year ended April 2004. The facts and circumstances as at 31 March 2021 have changed and the likelihood of recovery has decreased such that there is no contingent asset reported for the current year.

19 Financial commitments

There were no financial commitments as at 31 March 2021 or 31 March 2020.

20 Capital management policies and procedures

The Company's objective 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.

The Board monitors and regularly reviews the structure of the Company's capital on an ongoing basis. This review includes the investment performance and outlook, discount management mechanisms including share buybacks, gearing and the extent to which revenue in excess of that which is required to be distributed under the investment trust rules should be retained.

The Company's investment policy which allows borrowing of up to 10% of net assets is unchanged but shareholders have been requested to increase this limit at this year's Annual General Meeting.

As at 31 March 2021, the Company had share capital and reserves of £2,591,287,000 (31 March 2020: £1,775,650). The Company's policies and procedures for managing capital are consistent with the previous year.

21 Events after the reporting period

The only material post balance sheet event is in respect of the proposed dividend, which has been disclosed in Note 13.

Securities Financing Transactions

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 2021 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 0.4%. Total lendable assets represent the aggregate value of assets types forming part of the Company's securities lending programme.

Collateral

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

Issuer	Type and quality of collateral[a]	Currency	Maturity Tenor	31 March 2021 £000	31 March 2020 £000
Commonwealth of Australia	Sovereigns	Australian dollar	More than 1 year	560	–
Federal Republic of Germany	Sovereigns	Euro	Less than 1 year	11	–
Federal Republic of Germany	Sovereigns	Euro	More than 1 year	9	–
French Republic Government	Sovereigns	Euro	Less than 1 year	2	–
French Republic Government	Sovereigns	Euro	More than 1 year	8,500	–
Government of Canada	Sovereigns	Canadian dollar	Less than 1 year	1,049	–
Kingdom of Belgium Government	Sovereigns	Euro	Less than 1 year	1	–
Kingdom of Belgium Government	Sovereigns	Euro	More than 1 year	2,376	–
Kingdom of The Netherlands Government	Sovereigns	Euro	More than 1 year	347	–
Republic of Austria Government	Sovereigns	Euro	More than 1 year	8	–
Republic of Finland Government	Sovereigns	Euro	More than 1 year	6	–
U.S. Treasury	Treasury bonds	US dollar	More than 1 year	75	–
U.S. Treasury	Treasury notes	US dollar	More than 1 year	1,811	8,335
United Kingdom	Sovereigns	Sterling	More than 1 year	–	73
Total non-cash collateral received				**14,755**	**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 arrangements 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 the Company's custodian, JPMorgan Chase Bank.

Securities Financing Transactions - Unaudited (continued)

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 2021 £000	31 March 2020 £000
Morgan Stanley	United States of America	7,820	–
UBS	Switzerland	3,285	–
Citigroup	United States of America	82	–
Merrill Lynch International	United Kingdom	–	8,335
HSBC Bank	United Kingdom	–	73
Total gross volume of outstanding transactions		**11,187**	**8,408**

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 2021 £000	31 March 2020 £000
Open maturity	11,187	8,335
Total securities on loan	**11,187**	**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

The AGM will be held on Thursday 8 July 2021 at 12 noon at Barber-Surgeons' Hall, Monkwell Square, Wood St, Barbican, London EC2Y 5BL. If you decide to join the meeting, shareholders must review and follow the latest local COVID-19 restrictions applicable to London and their return location. The health of the Company's shareholders, as well as all attendees to the Annual General Meeting is very important. Voting on the resolutions to be proposed will be conducted on a poll, and the Board encourages shareholders to submit their forms of proxy, appointing the chairman of the meeting as their proxy to ensure that their vote counts. 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. Details of any such changes will be made available via an RNS and on the Company's website. If you have any questions in relation to the Annual Report or the Company's performance over the year, please email TemitCoSec@franklintempleton.com in advance of the meeting. All questions received will be considered and responses will be provided on our website (www.temit.co.uk) in a special section created for the AGM.

The Annual General Meeting will transact the following business:

To consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 7, and 10 will be proposed as ordinary resolutions and resolutions 8, 9, 11 and 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 2021.
2. To approve the Directors' Remuneration Report for the year ended 31 March 2021.
3. To declare a final dividend of 14.00 pence per share for the year ended 31 March 2021.
4. To appoint the Directors:
    4.1. To re-elect Paul Manduca as a Director.
    4.2. To re-elect Beatrice Hollond as a Director.
    4.3. To re-elect Charlie Ricketts as a Director.
    4.4. To re-elect David Graham as a Director.
    4.5. To re-elect Simon Jeffreys as a Director.
    4.6. To elect Magdalene Miller as a Director.
5. 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.
6. To authorise the Directors to determine the auditor's remuneration.

Special Business

As an Ordinary Resolution

7. 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 £2,953,000 (being an amount equal to 5% of the existing issued share capital of the Company as at 24 May 2021, 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 2022 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.

As a Special Resolution

8. That, in substitution for any existing authority, subject to the passing of resolution 7, 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 7, and/or to sell equity securities held as treasury shares for cash pursuant to Section 727 of the Act, in each case as if 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;

(b) any such allotment and/or sale, otherwise than pursuant to sub paragraph (a) above, of ordinary shares having an aggregate nominal value, not exceeding the sum of £2,953,000 (being an amount equal to 5% of the existing issued share capital of the Company as at 24 May 2021, being the latest practicable date before the date of this notice); and

(c) any allotment pursuant to sub-paragraph (b) above being at a price which is at or above the prevailing NAV per share at the time of issue.

The power granted by this resolution will expire on the conclusion of the annual general meeting of the Company to be held in 2022 (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.

As a Special Resolution

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

As an Ordinary Resolution

10. That each of the issued ordinary shares of 25 pence each in the capital of the Company be and is hereby sub-divided into five ordinary shares of 5 pence each (the 'New Ordinary Shares') having the rights and being subject to the restrictions and obligations set out in the articles of association of the Company, provided that such sub-division shall be conditional on, and shall take effect on, the New Ordinary Shares being admitted to the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange, which is expected to be occur at 8.00 a.m. on 23 July 2021 (or such other time and/or date as the Directors may in their absolute discretion determine).

Notice of Meeting (continued)

As a Special Resolution

11. 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 shares in issue, provided that:

    (i) the maximum number of ordinary shares hereby authorised to be purchased shall not exceed 14.99% of the Company's issued ordinary share capital, excluding treasury shares, at the date of the passing of this resolution;

    (ii) the minimum price which may be paid for a share shall be the nominal value of an ordinary share (excluding expenses);

    (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 for the ordinary 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 trading venue where the purchase is carried out;

    (iv) unless renewed, the authority hereby conferred shall expire on the conclusion of the annual general meeting of the Company to be held in 2022, 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; and

    (v) shares will only be purchased at a price which is at a discount to the prevailing NAV per share at the time of purchase.

12. That a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice, such authority to expire at the conclusion of the annual general meeting in 2022.

By order of the Board
Paul Manduca

4 June 2021
Registered Office: 5 Morrison Street, Edinburgh, EH3 8BH

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 6 July 2021 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, however, in light of restrictions on attendees

Notice of Meeting (continued)

at the Meeting, it is recommended that members appoint the chairman of the meeting as their proxy to ensure their vote counts.

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 6 July 2021. 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 5 July 2021 (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 24 May 2021, the Company's issued share capital was 236,245,731 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 24 May 2021 was 236,245,731.

11. Copies of the letters of appointment of the Directors of the Company and the Articles of Association 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

Notice of Meeting (continued)

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 6 July 2021. 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 5 July 2021. 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

Notice of Meeting (continued)

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.

Key Dates

The Company's 32nd Annual General Meeting will be held on Thursday 8 July 2021. Notice of this meeting is given on pages 102 to 107.

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

July 2021

Annual General Meeting held. Final dividend paid.

November 2021

Half yearly results announced.

Half Yearly Report for the period to 30 September 2021 published.

January 2022

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
- Portfolio holdings
- Performance details

Quarterly

- Portfolio report released on quarter ends out-with financial reporting cycles

Ad hoc

- 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)
www.temit.co.uk

REGISTRAR – UK

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
UK
www.equiniti.com
Tel (UK) 0371 384 2505
Tel (overseas) +44 121 415 7047

REGISTRAR – NEW ZEALAND

Computershare Investor Services Limited
159 Hurstmere Road
Takapuna
Auckland 0622
NEW ZEALAND
enquiry@computershare.co.nz
Tel +649 488 8777

ALTERNATIVE INVESTMENT FUND MANAGER, SECRETARY

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
EC4R 2GA
UK

SOLICITOR

CMS Cameron McKenna Nabarro Olswang LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN
UK

SOLICITOR

Buddle Findlay
HSBC Tower
Level 18, 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 (Chairman); David Graham; Beatrice Hollond; Simon Jeffreys; Charlie Ricketts; and Magdalene Miller. All Directors are independent and 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. There are a number of companies that offer these services and may also allow you to include TEMIT as an investment in an ISA or Self-Invested Pension Plan. Some of the most popular include Hargreaves Lansdown, Interactive Investor, Fidelity, Charles Stanley Direct and AJ Bell.

2. The Association of Investment Companies (AIC) provides an independent analysis of platform costs and charges on their website in the 'Ready to Invest' section.

   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.

   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.

3. 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	17 June 2021
Final Dividend Record Date	18 June 2021
AGM	8 July 2021
Final Dividend Payment Date	15 July 2021
Share Split Ex-Date	22 July 2021
Share Split Record Date	23 July 2021
Share Split Implementation Date	26 July 2021
Half Year End	30 September 2021
Half Yearly Report Published	November 2021
Interim Dividend Record Date	December 2021

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). The NAVs include income for the current period ("cum-income").

Total return calculation	2021	2020
a) Opening (as at 31 March 2020/2019)	732.3	842.5
b) Closing (as at 31 March 2021/2020)	1,096.9	732.3
c) Effect of dividend reinvestment[a]	34.4	16.0
d) Adjusted closing (b+c)	1,131.3	748.3
Total NAV return {(d-a)/a}	**54.5%**	**(11.2)%**

[a]Dividends assumed to be reinvested on ex-date. Dividend of 14.00p relating to financial year 2020 went ex on 11 June 2020. Dividend of 15.00p relating to interim and special dividend for financial year 2021 went ex 3 December 2020.

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).

Total return calculation	2021	2020
a) Opening (as at 31 March 2020/2019)	657.0	766.0
b) Closing (as at 31 March 2021/2020)	1,012.0	657.0
c) Effect of dividend reinvestment[a]	35.6	16.0
d) Adjusted closing (b+c)	1,047.6	673.0
Total share price return {(d-a)/a}	**59.5%**	**(12.1)%**

[a]Dividends assumed to be reinvested on ex-date. Dividend of 14.00p relating to financial year 2020 went ex on 11 June 2020. Dividend of 15.00p relating to interim and special dividend for financial year 2021 went ex 3 December 2020.

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 2021 the Company's share price was 1,012.0 pence and the NAV per share was 1,096.9 pence, therefore the discount was (1,012.0 – 1,096.9)/1,096.9 = 7.7% (31 March 2020: 10.3%).
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).

Net gearing calculation	2021 £'000	2020 £'000
a) Fixed term loan	100,000	100,000
b) Cash held	85,212	87,830
c) Net assets (excluding loan)	2,691,287	1,875,650
Total gearing = {(a-b)/c}	**0.5%**	**0.7%**

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 0.97% (31 March 2020: 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.

Ongoing charges calculation	2021 £'000	2020 £'000
a) Total AIFM fee and other expense	22,567	21,761
b) Average net assets	2,322,547	2,133,851
Ongoing charges (a / b)	**0.97%**	**1.02%**

Gross total return

Gross total return is net asset value total return before the deduction of expenses (see page 35).

Excess return

The difference between the gross total return of TEMIT and the benchmark total return (see page 35).

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 35).

Glossary of Alternative Performance Measures (continued)

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.

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