Templeton Emerging Markets Investment Trust

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FRANKLIN TEMPLETON

2023

Templeton Emerging Markets Investment Trust plc

Annual Report and Accounts to 31 March 2023

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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 and 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 £2.0 billion as at 31 March 2023. From its launch to 31 March 2023, TEMIT's net asset value ("NAV") total return was +3,845.7% compared to the benchmark total return of +1,707.2%.

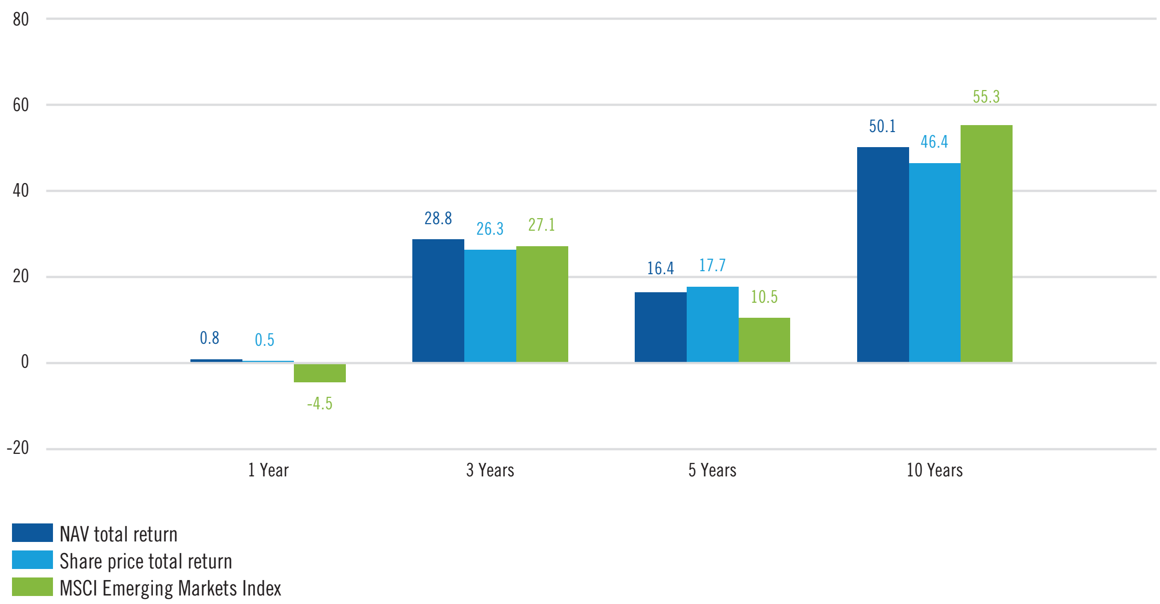
The Company is governed by a Board of Directors who are committed to ensuring that shareholders' best interests, considering the wider community of stakeholders, are at the forefront of all decisions. Under the guidance of the Chairman, the Board of Directors is responsible for the overall strategy of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

TEMIT at a glance

For the year to 31 March 2023

Net asset value total return (cum-income)[a]	Share price total return[a]	MSCI Emerging Markets Index total return[a][b]	Proposed total ordinary dividend[c]
0.8%	0.5%	-4.5%	5.00p
(2022: -17.3%)	(2022: -21.2%)	(2022: -6.8%)	(2022: 3.80p)

Cumulative total return to 31 March 2023 (%)[a]



(a) A glossary of alternative performance measures is included on pages 114 and 115.

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

(c) An annual ordinary dividend of 5.00 pence per share for the year ended 31 March 2023 has been proposed. This comprises the interim dividend of 2.00 pence per share paid by the Company on 27 January 2023 and the proposed final dividend of 3.00 pence per share.

Strategic Report

The Directors present the Strategic Report for the year ended 31 March 2023, 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

2022–2023

	Notes	Year ended 31 March 2023	Year ended 31 March 2022	Capital return %	Total return %
Total net assets (£ millions)		2,017.5	2,100.4		
Net asset value (pence per share)	(a)	174.1	178.2	(3.7)	0.8
Highest net asset value (pence per share)		185.1	223.9		
Lowest net asset value (pence per share)		150.3	161.0		
Share price (pence per share)	(a)	152.2	156.4	(4.2)	0.5
Highest end of the day share price (pence per share)		164.6	208.0		
Lowest end of the day share price (pence per share)		130.6	140.6		
MSCI Emerging Markets Index	(a)			(7.6)	(4.5)
Share price discount to net asset value at year end	(a)	12.6%	12.2%		
Average share price discount to net asset value over the year		13.0%	9.5%		
Ordinary dividend (pence per share)	(b)	5.00	3.80		
Revenue earnings (pence per share)	(c)	5.72	3.44		
Capital earnings (pence per share)	(c)	(5.50)	(40.90)		
Total earnings (pence per share)	(c)	0.22	(37.46)		
Net gearing	(a)(d)	0.0%	1.1%		
Ongoing charges ratio	(a)	0.98%	0.97%		

Source: Franklin Templeton and FactSet.

(a) A glossary of alternative performance measures is included on pages 114 and 115.

(b) An annual ordinary dividend of 5.00 pence per share for the year ended 31 March 2023 has been proposed. This comprises the interim dividend of 2.00 pence per share (2022: 1.00 pence per share) paid by the Company on 27 January 2023 and a proposed final dividend of 3.00 pence per share (2022: 2.80 pence per share).

(c) 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.

(d) A net gearing figure of 0% means that the cash held in the Company is equal to or higher than the total bank loans.

Ten Year Record

2013–2023

Year ended	Total net assets (£m)	NAV[a] (pence per share)	Share price[a] (pence per share)	Year-end discount[b] (%)	Revenue earnings[a] (pence per share)	Annual dividend[a] (pence per share)	Ongoing charges ratio[b] (%)
31 March 2013	2,302.7	140.5	128.1	8.2	1.69	1.25	1.30
31 March 2014	1,913.6	118.4	105.4	10.9	1.83	1.45	1.30
31 March 2015	2,045.0	128.2	111.2	13.3	1.86	1.65	1.20
31 March 2016	1,562.3	104.8	90.8	13.4	1.41	1.65	1.22
31 March 2017	2,148.1	152.6	132.3	13.3	1.32	1.65	1.20
31 March 2018	2,300.8	169.2	148.6	12.2	3.18	3.00	1.12
31 March 2019	2,118.2	168.5	153.2	9.1	3.45	3.20	1.02
31 March 2020	1,775.7	146.5	131.4	10.3	4.88	3.80[c]	1.02
31 March 2021	2,591.3	219.4	202.4	7.7	5.73	3.80[c]	0.97
31 March 2022	2,100.4	178.2	156.4	12.2	3.44	3.80	0.97
31 March 2023	2,017.5	174.1	152.2	12.6	5.72	5.00[d]	0.98

Ten year growth record[e] 2013-2023

Year ended	NAV	NAV total return[b]	Share price	Share price total return[b]	MSCI Emerging Market Index total return[b]	Revenue earnings per share-undiluted	Ordinary dividend per share
31 March 2013	100.0	100.0	100.0	100.0	100.0	100.0	100.0
31 March 2014	84.3	85.4	82.3	83.2	90.1	108.3	116.0
31 March 2015	91.2	93.6	86.8	88.9	102.0	110.1	132.0
31 March 2016	74.6	77.6	70.9	73.8	93.0	83.4	132.0
31 March 2017	108.6	114.7	103.3	109.5	125.8	78.1	132.0
31 March 2018	120.4	128.9	116.0	124.5	140.6	188.2	240.0
31 March 2019	119.9	131.2	119.6	131.9	140.6	204.1	256.0
31 March 2020	104.3	116.5	102.6	115.9	122.1	288.8	304.0
31 March 2021	156.2	179.8	158.0	184.9	174.4	339.1	304.0
31 March 2022	126.8	148.8	122.1	145.7	162.5	203.6	304.0
31 March 2023	123.9	150.1	118.8	146.4	155.3	338.5	400.0

Source: Franklin Templeton and FactSet.

[a] Comparative figures for financial years 2013 to 2021 have been retrospectively adjusted following the sub-division of each existing ordinary share of 25 pence into five ordinary shares of 5 pence each on 26 July 2021.

[b] A glossary of alternative performance measures is included on pages 114 and 115.

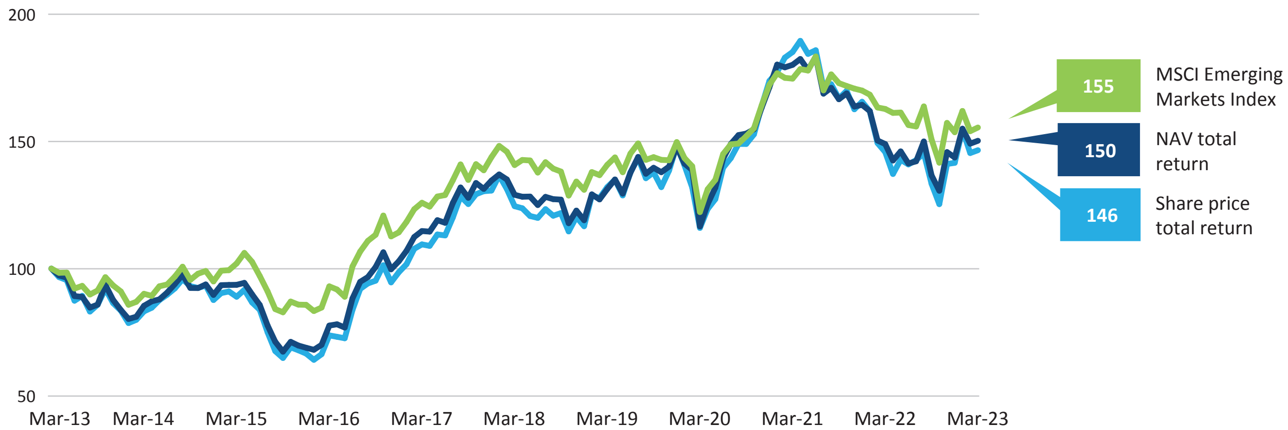
[c] Excludes the special dividend of 0.52 pence per share for the year ended 31 March 2020 and the special dividend of 2.00 pence per share for the year ended 31 March 2021.

[d] An annual ordinary dividend of 5.00 pence per share for the year ended 31 March 2023 has been proposed. This comprises the interim dividend of 2.00 pence per share paid by the Company on 27 January 2023 and a proposed final dividend of 3.00 pence per share.

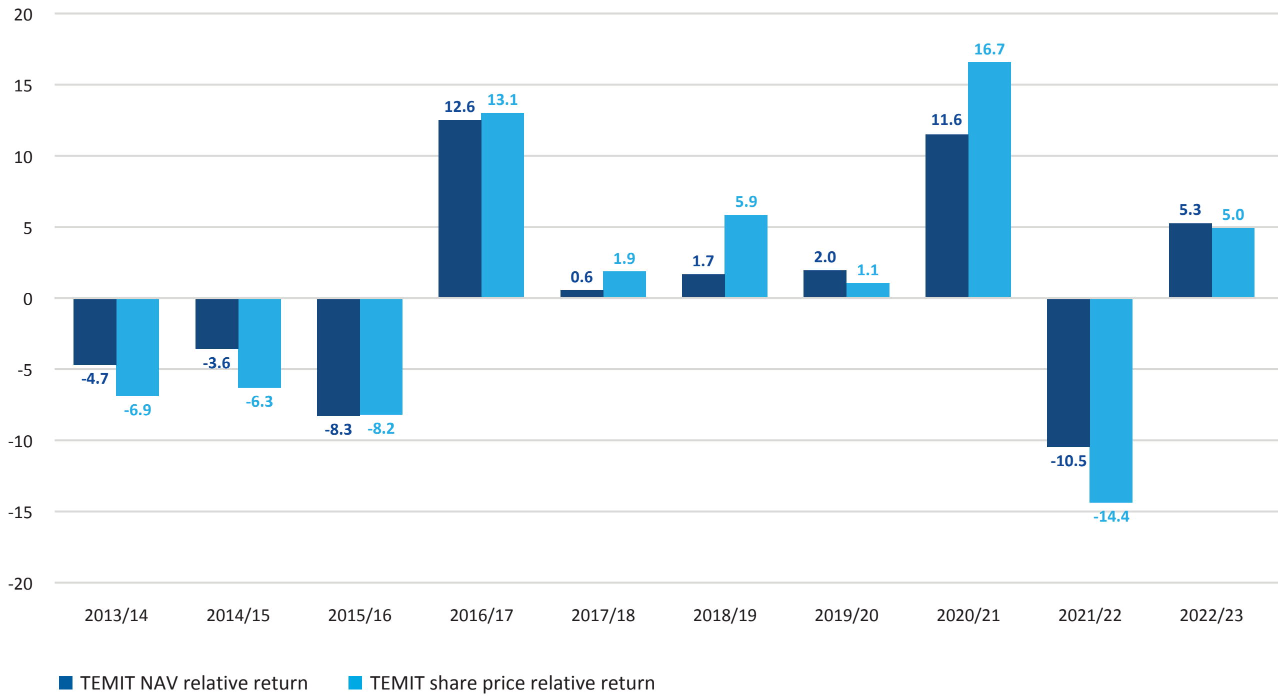
[e] Rebased to 100 at 31 March 2013.

Ten Year Record (continued)

2013–2023 NAV, share price and benchmark total return[a]



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



(a) Rebased to 100 at 31 March 2013.

(b) TEMIT reporting periods to 31 March.

Chairman's Statement

Market overview and investment performance

Our financial year started shortly after the Russian invasion of Ukraine and I would like to repeat the sympathy of the Board and of all of those involved with the management of TEMIT for all victims of the Russian invasion of Ukraine. Market conditions were challenging throughout the year. The war caused a surge in commodity prices. Rapid increases in prices generally result in pressure from individuals to increase their pay, with a risk that inflation then becomes entrenched. Governments and central banks around the world have sought to contain inflation by raising interest rates but need simultaneously to avoid choking economic growth. This is a difficult balance to achieve and only time will tell whether their actions have been successful.

In recent years China has become an important engine for world economic growth as well as a key element of the emerging markets investment universe. For a large part of our financial year there were concerns over the Chinese economy due to the government's continued pursuit of lockdowns to control the spread of COVID-19 as well as its interventions in private companies and political tension with the rest of the world, particularly the United States. The approach to COVID-19 was suddenly and unexpectedly reversed and this, along with more positive regulatory developments, helped to spur the recovery in the country and in other emerging markets. In other countries the higher level of inflation has caused a variety of issues, although some companies have benefited from higher commodity prices, most notably in the energy sector.

The year under review was a volatile period for TEMIT's shares. The second half of our financial year was better than the first; at the half year stage we reported a decline of -8.3% whereas in the second half returns turned around and we ended the financial year with a small positive return over 12 months of +0.8%[(a)], outperforming the benchmark index which produced a total return of -4.5%[(a)].

Revenue and dividend

Net revenue earnings increased markedly to 5.72 pence per share. At the half year stage we announced an increase in the interim dividend from 1.00 pence to 2.00 pence per share. The Board is proposing a final dividend of 3.00 pence per share which, if approved by shareholders at the Annual General Meeting ("AGM") will result in a total dividend for the year of 5.00 pence per share. This will be an increase in the total dividend of 32% compared with the previous financial year. I have regularly emphasised that the primary focus of our Investment Manager is on capital growth. Nevertheless, it is encouraging to see such a strong increase in revenues.

Borrowing

TEMIT has fixed borrowing of £100 million, and a revolving credit facility under which up to £120 million in flexible debt may be drawn down. The revolving facility matured on 31 January 2023 and was extended for a further year. The Investment Manager continues to take a cautious view on borrowing in difficult markets. As at the financial year end, net of cash in the portfolio, TEMIT was not geared.

Share rating

Our managers remain very active in promoting TEMIT's shares to existing and potential investors via a variety of traditional and online channels. As I mentioned in the half yearly report, the Board was delighted that TEMIT won the award in the "Emerging Markets Equity – Active" category in the prestigious AJ Bell Fund and Investment Trust Awards in September 2022 for the third consecutive year. The award is made on the basis of voting by private investors from a shortlist of open-ended funds, ETFs and investment trusts drawn up by investment experts.

(a) See Glossary of Alternative Performance Measures on pages 114 and 115.

Chairman's Statement (continued)

The challenging market conditions naturally led to pressure on the discount. The Board remains consistent in its view that share buybacks are a key tool in managing the balance between supply and demand for the shares. In total over the year, £29.2 million was spent on share buybacks and, as all buybacks were at a discount to the prevailing NAV, this resulted in an increase in the NAV of 0.23% to the benefit of remaining shareholders.

31 March 2023 marked the end of the fourth year of the assessment period for the Conditional Tender Offer, under which the Board undertook to arrange a tender for up to 25% of the Company's shares if the NAV total return underperforms that of the benchmark index over the five years to 31 March 2024. After four years, the return was ahead of the benchmark index over the measurement period by approximately 4 percentage points, but we are aware that returns, both absolute and relative to the benchmark, can be volatile. The Conditional Tender Offer is described in detail on page 35.

Environmental, Social and Governance

Throughout TEMIT's history, governance of investee companies has been a key part of the investment process and in recent years there has been a growing focus on sustainability. A description of the Investment Manager's process is included in this report starting on page 23, along with a summary of the approach to Environmental, Social and Governance matters. Last year the Investment Manager published the first dedicated Stewardship Report for TEMIT and this received favourable comments from shareholders and industry experts. The second report was published simultaneously with this Annual Report and is available to download at www.temit.co.uk.

The Board

As previously announced, Beatrice Hollond retired from the Board at last year's AGM in July 2022 and Simon Jeffreys assumed the position of Senior Independent Director.

Abigail Rotheroe was appointed as a Director with effect from 1 November 2022. Abigail has over 20 years of investment experience, most recently as the Investment Director at Snowball Impact Management, a sustainable and impact-focused asset manager. Previously Abigail managed retail and institutional Asia Pacific portfolios in Hong Kong and London for Schroders, HSBC Asset Management and Columbia Threadneedle Investments. She is a CFA Charterholder and has experience in manager selection, sustainability, and impact measurement.

I will complete nine years as a director on 1 August 2024, shortly after next year's AGM. My colleagues have started the process of identifying the next Chairman of the Company and expect to make an announcement later this year.

Annual General Meeting

I am pleased to be able to invite all shareholders to attend our AGM on 14 July 2023 at Barber-Surgeons' Hall in London. We look forward to welcoming shareholders at the meeting.

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.

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. You can also use these contact details should you have a question at any other time. Any questions that we receive will be considered and responses will be provided on our website www.temit.co.uk.

Chairman's Statement (continued)

Outlook

Recent evidence suggests that the problems stemming from the pandemic and then the Russian invasion of Ukraine have started to abate and attention has returned to the prospects for growth. Nevertheless, difficulties remain particularly in the developed world which is challenged by high levels of inflation and debt. The re-opening of the Chinese economy is a positive development but equally important are efforts to stimulate growth in several parts of the emerging world.

Our Investment Manager expects a recovery in earnings in the second half of 2023 and this is likely to be helped by efforts by governments to stimulate demand. The long-term case for investing in emerging markets is founded on a higher level of economic growth supported by young populations, increasing domestic consumption as the middle-class population expands rapidly and some world-leading companies. Key to investment performance will be identifying the companies best able to capitalise on these factors. Our Investment Manager points to a wide variety of opportunities around the world and, despite the obvious challenges, we continue to look to the long term with some optimism.

Paul Manduca
Chairman
9 June 2023

The Investment Manager

TEMIT's Investment Management is 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"). FTEME have 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 70 investment professionals, based in 13 countries around the world.

The team has a collaborative investment process where all analysts and portfolio managers work together 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 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 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. 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.

The Investment Manager's Report

Review of performance

Emerging markets ("EMs") as measured by our benchmark index declined over the 12 months under review. For a large part of the year, rising inflationary pressures and resultant rate hikes, the ongoing Russian invasion of Ukraine and supply chain challenges depressed consumer and investor sentiment. However, several bright spots emerged towards the end of the year under review—signs of receding inflation, policy support to spur domestic consumption and China's pivot away from zero-COVID restored investor confidence and helped to cap losses. The MSCI Emerging Markets Index returned -4.5% in the 12-month period under review, whilst TEMIT delivered a net asset value total return of +0.8% (all figures are total return in sterling). Full details of TEMIT's performance can be found on page 1.

By region, EMs in Asia fared relatively better than their peers in Latin America and Europe, Middle East and Africa. However, all three regions witnessed declines in some of their underlying markets. Stocks in China contributed to regional gains after the dismantling of the country's zero-COVID policy and measures to spur the economy, such as support for the property sector. Weakening global demand for consumer electronics weighed on technology-heavy markets in South Korea and Taiwan, and the Indian market corrected from its strong performance previously. China's gains at the end of 2022, together with tourism-reliant Thailand (which benefited from optimism from a rebound in tourism), helped to support the emerging Asia region. Latin America was dragged down by the emergence of political concerns which weighed on equity prices. Emerging Europe lost ground due to the fallout from Russia's invasion of Ukraine and the dislocations in regional energy markets. Towards the end of the year, share prices in the Middle East—which had been through a boom—declined as oil prices moderated and liquidity conditions tightened in some of the markets. As at 31 March 2023 TEMIT held three Russian securities which remained fair-valued at zero in view of restrictions around trading these shares and a lack of any price discovery mechanism to provide indications of residual value. We continue to monitor the developments and will look to realise value in the best interests of shareholders, whenever possible.

China was TEMIT's largest market exposure, although the portfolio remained underweight relative to the benchmark. China gained almost 2% in sterling terms over the 12-month period. Regional lockdowns related to the country's zero-COVID policy, prolonged regulatory uncertainty and a reeling real estate market dominated headlines for a large part of the year and capped gains. However, Chinese equities rebounded sharply near the end of the period as the country reopened, and the government reiterated its growth priorities. The Chinese government has clearly defined its agenda in terms of support of common prosperity and the curtailment of monopolies. With this, we see the internet sector now adjusting to the new normal. China's pursuit of higher quality growth with a focus on technology advancement and self-sufficiency will likely shift investment and growth to newer emerging technologies. We expect the opening up of the Chinese economy to spur local and overseas demand as there has been a significant increase in household savings accumulated during the pandemic.

TEMIT's second-largest market position was in **South Korea**, where the portfolio was overweight versus the benchmark. South Korean equities declined by more than 8% during the reporting period, as the technology-heavy market continued to struggle throughout the year on weakening demand for technology products, including consumer electronics which had seen excess demand during the pandemic. Although a downtrend in the global technology sector weighed heavily, expectations of a trough and hopes of a visible end in the destocking cycle started to manifest in March 2023. South Korea has some of the most competitive and innovative companies which span several sectors including semiconductors, electric battery, automobile and renewable energy industries which augur well for future growth.

The Investment Manager's Report (continued)

The **Taiwanese** market ended the reporting period with a loss of more than 7%. The technology-heavy and export-oriented market experienced a lower demand for its technology exports and a fallout from the demand shortfall in many consumer electronic industries. TEMIT's slight overweight allocation to Taiwan was largely attributable to exposure to the island's semiconductor industry and TEMIT's largest portfolio holding, which is in Taiwan Semiconductor Manufacturing ("TSMC"), the world's leading manufacturer of advanced chips.

India was TEMIT's fourth-largest exposure at the end of March 2023. Indian equities fell by 6% over the 12-month period as global volatility, rising inflation and soaring energy prices diminished investor sentiment for most of 2022. India also had a weak start to 2023 over concerns of a consumption slowdown and the impact of the decline in the share prices of different companies in the Adani Group following a negative research report; none of these were held in TEMIT. However, India has the ability to rely on domestic consumption and its massive increase in infrastructure capital expenditure bodes well for further development of the economy. It has also benefited from the diversification of global supply chains away from China alongside a pick-up in manufacturing investments. In the long-term, the diversification of India's power sources into renewables should eventually ease pressure from imported energy and inflation.

Equities in **Brazil** fell 13% over the reporting period. Brazilian equities were volatile due to political and economic uncertainty after its presidential elections in October 2022. Former president Luiz Inacio Lula da Silva won the election by a narrow margin, beating the incumbent president Jair Bolsonaro. In the immediate aftermath of the election, widespread protests that lasted for more than two months plagued the country. A delay in announcing the composition of the new cabinet also caused uncertainty. This backdrop of domestic unrest and post-election uncertainty on future government policy hung over positive developments such as an improvement in economic growth and softening inflation.

Investment strategy, portfolio changes and performance attribution

The following sections show how different investment factors (stocks, sectors and geographies) accounted for TEMIT'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 and active approach to help us to find companies which have high standards of corporate governance, respect their shareholders and also allow us to 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.

Our well-resourced, locally-based teams remain a key competitive advantage and it has certainly been helpful having teams on the ground particularly in the benchmark heavyweight countries of Brazil, China and India. This local presence allows us to understand business models, competitive dynamics and supply chain issues. We also obtain insights into regulatory conversations and

The Investment Manager's Report (continued)

management capabilities, which are factored into our analysis. We view our locally-based teams, which are armed with vast knowledge of the respective countries' macroeconomic issues and views on the ground as vital sources of input into the investment process.

In the portfolio, we remain positioned in long-term themes including consumption premiumisation, digitalisation, health care 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.

Performance attribution analysis %

Year to 31 March	2023	2022	2021	2020	2019
Net asset value total return[a]	0.8	(17.3)	54.5	(11.2)	1.8
Expenses incurred	1.0	1.0	1.0	1.0	1.0
Gross total return[a]	1.8	(16.3)	55.5	(10.2)	2.8
Benchmark total return[a]	(4.5)	(6.8)	42.8	(13.2)	0.1
Excess return[a]	**6.3**	**(9.5)**	**12.7**	**3.0**	**2.7**
Stock selection	6.9	(10.0)	6.0	(2.1)	1.8
Sector allocation	(0.4)	0.3	6.8	3.1	(0.6)
Currency	(0.2)	0.2	(0.3)	1.6	1.0
Share buyback impact	0.2	0.0	0.3	0.4	1.0
Residual return[a]	(0.2)	(0.0)	(0.1)	–	(0.5)
Total contribution	**6.3**	**(9.5)**	**12.7**	**3.0**	**2.7**

Source: FactSet and Franklin Templeton.

(a) A glossary of alternative performance measures is included on pages 114 and 115.

Top 10 contributors to relative performance by security (%)[a]

Top contributors	Country	Sector	Share price total return	Contribution to portfolio relative to MSCI Emerging Markets Index
ICICI Bank	India	Financials	18.9	1.3
Prosus[b][c]	China/Hong Kong	Consumer Discretionary	55.0	1.1
Brilliance China Automotive[b]	China/Hong Kong	Consumer Discretionary	78.2	0.9
Banco Santander Mexico[b]	Mexico	Financials	52.2	0.7
Daqo New Energy	China/Hong Kong	Information Technology	20.7	0.5
Tencent Music Entertainment	China/Hong Kong	Communication Services	81.1	0.5
Unilever[b][c]	United Kingdom	Consumer Staples	25.9	0.4
Genpact[b][c]	United States	Information Technology	14.4	0.4
LG	South Korea	Industrials	11.3	0.4
Petroleo Brasileiro	Brazil	Energy	19.0	0.4

(a) For the period 31 March 2022 to 31 March 2023.

(b) Security not included in the MSCI Emerging Markets Index as at 31 March 2023.

(c) This security, listed on a stock exchange in a developed market, has significant exposure to operations from emerging markets.

The Investment Manager's Report (continued)

ICICI Bank, India's second largest private sector bank, gained during the period following several consistently strong quarters of loan growth, net interest margins and non-interest income. The bank remains well positioned with its healthy capital adequacy ratios and strong franchise.

Prosus is a leading global investment company and the largest shareholder of Tencent, a Chinese technology company. Its share price tracked Tencent's, which ended the period higher on hopes of China's reopening, better-than-expected third quarter results for 2022 and easing of restrictions for the Chinese internet industry.

Shares of **Brilliance China Automotive**, a Chinese car maker noted for its association with German luxury car maker BMW, moved higher after trading resumed in October 2022 following a suspension of one-and-a-half years. It also paid out a special dividend of the proceeds from a stake sale in its affiliate BMW Brilliance Automotive, but uncertainties over further dividends weighed on the stock price in the later part of the period.

Top 10 detractors to relative performance by security (%)[a]

Top detractors	Country	Sector	Share price total return	Contribution to portfolio relative to MSCI Emerging Markets Index
NAVER	South Korea	Communication Services	(41.0)	(1.1)
Americanas[b]	Brazil	Consumer Discretionary	(94.1)	(0.7)
Banco Bradesco	Brazil	Financials	(30.7)	(0.5)
Samsung Electronics	South Korea	Information Technology	(6.6)	(0.4)
Cognizant Technology Solutions[c][d]	United States	Information Technology	(26.4)	(0.4)
China Merchants Bank	China/Hong Kong	Financials	(19.4)	(0.3)
Naspers[b]	South Africa	Consumer Discretionary	74.0	(0.3)
PDD[b]	China/Hong Kong	Consumer Discretionary	101.5	(0.3)
China Resources Cement	China/Hong Kong	Materials	(32.3)	(0.3)
TSMC	Taiwan	Information Technology	(8.8)	(0.2)

[a] For the period 31 March 2022 to 31 March 2023.
[b] Security not held by TEMIT as at 31 March 2023.
[c] Security not included in the MSCI Emerging Markets Index as at 31 March 2023.
[d] This security, listed on a stock exchange in a developed market, has significant exposure to operations from emerging markets.

NAVER is the leading internet search and advertising company in South Korea. The share price was negatively impacted by slower growth in a post-COVID environment. Concerns over expansion into unprofitable new businesses in uncertain macroeconomic conditions and weak earnings (which fell short of consensus estimates) pressured the share price. However, we believe that NAVER is in a good position to build a thriving ecosystem integrating search, e-commerce, payments and digital content based on its solid foundation in search and advertising.

Americanas is a Brazilian e-commerce company and operator of convenience stores. Disappointing results for the third quarter of 2022, news of accounting inconsistencies and the departure of its new leadership team pressured its share price. High inflation and elevated interest rates also made for a difficult environment. We divested our position in the stock in January 2023.

Banco Bradesco is Brazil's leading private sector bank. Weak fourth quarter results and exposure to Americanas weighed on stock prices.

The Investment Manager's Report (continued)

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

Top contributors	MSCI Emerging Markets Index sector total return	Contribution to portfolio relative to MSCI Emerging Markets Index	Top detractors	MSCI Emerging Markets Index sector total return	Contribution to portfolio relative to MSCI Emerging Markets Index
Financials	(7.4)	2.3	Information Technology	(7.8)	(0.0)
Materials	(9.5)	1.0			
Consumer Discretionary	2.2	0.8			
Industrials	0.4	0.5			
Consumer Staples	6.6	0.5			

(a) For the period 31 March 2022 to 31 March 2023.

Favourable stock selection in the **financials** sector added to TEMIT's performance relative to the benchmark index in the period of review. ICICI Bank (described above) and Banco Santander Mexico were both examples of financial companies which aided relative returns. In addition, Banco Santander Mexico is an off-benchmark holding, which is testament to the investment team's knowledge of local companies stemming from our experience and on-the-ground presence. Stock selection in the **materials** sector also aided relative performance. Contribution within this sector was led by South Korea-based steel product manufacturer POSCO. Stock selection in the **consumer discretionary** sector was also another contributor to relative returns.

In contrast, only one sector, **information technology** detracted (marginally) primarily due to an overweight allocation. Semiconductor firms TSMC and Samsung Electronics were key detractors, as they suffered from a cyclical downturn in demand for semiconductors.

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

Top contributors	MSCI Emerging Markets Index sector total return	Contribution to portfolio relative to MSCI Emerging Markets Index	Top detractors	MSCI Emerging Markets Index sector total return	Contribution to portfolio relative to MSCI Emerging Markets Index
China/Hong Kong	1.5	2.2	Brazil	(13.1)	(0.4)
India	(6.0)	2.1	Thailand	5.8	(0.3)
South Africa	(15.0)	0.6	Turkey	63.2	(0.2)
United Arab Emirates	(23.8)	0.6	Indonesia	7.5	(0.2)
United Kingdom	2.5	0.4	Pakistan[(b)]	—	(0.1)

(a) For the period 31 March 2022 to 31 March 2023.

(b) No companies included in the MSCI Emerging Markets Index in this country as at 31 March 2023.

By markets, stock selection in **China**, **India** and **South Africa** were key contributors. Several holdings in China such as Brilliance China Automotive and polysilicon manufacturer Daqo New Energy helped relative returns. In India, ICICI Bank was a key contributor to TEMIT's returns relative to the index. South Africa's contribution was led by general merchandise retailer Massmart.

Brazil was the top detractor from relative performance. The detraction was caused by stock selection with Americanas and Banco Bradesco leading the declines. An overweight position in **Thailand** was a positive contributor to performance but this was negated by poor stock performance. A lack of exposure to **Turkey** also detracted as Turkish equities rallied in 2022. Investors increased their equity allocation within the country to hedge against inflation and a low-yield environment. Turkey has since given up some of its gains in the first quarter of 2023.

The Investment Manager's Report (continued)

Largest holdings

The largest portfolio holding is in computer chip maker **TSMC**. After rising in 2021 on the basis of a positive outlook for the semiconductor industry, TSMC suffered with a weakness in demand at some of its end customers. Although its profits for 2022 were ahead of initial estimates, the slowdown in demand meant that estimates for 2023 profit growth are much more muted. However, we are confident on the resilience of the business model of TSMC as it continues to lead on its business model of being "everyone's foundry".

The second largest portfolio holding is in **Alibaba**, a Chinese e-commerce company. Most recently, Alibaba announced an organisational revamp, resulting in a split into six units. Alibaba has seen a slowdown in growth in the past couple of years due to increased regulations, competition and prolonged COVID-19 lockdowns. With China's economic reopening and the industry's adjustment to the new regulatory environment, we expect growth to resume, albeit at a slower pace. Whilst the e-commerce businesses of Alibaba should deliver steady growth, its other businesses such as cloud, fintech, local commerce and content have significant potential. This could either offer growth opportunities or the possibility of an improvement in profitability. We remain positive on the strength of the e-commerce ecosystem of Alibaba and its ability to generate strong cash flows. In addition, Alibaba's strong buyback policy is another driver of earnings growth.

Global semiconductor manufacturer **Samsung Electronics** was the third-largest holding in the portfolio. Although TEMIT has reduced its holdings in the company due to a cyclical fall in earnings, we continue to believe that Samsung Electronics will be at the forefront of the industry and will benefit from any subsequent revival in demand.

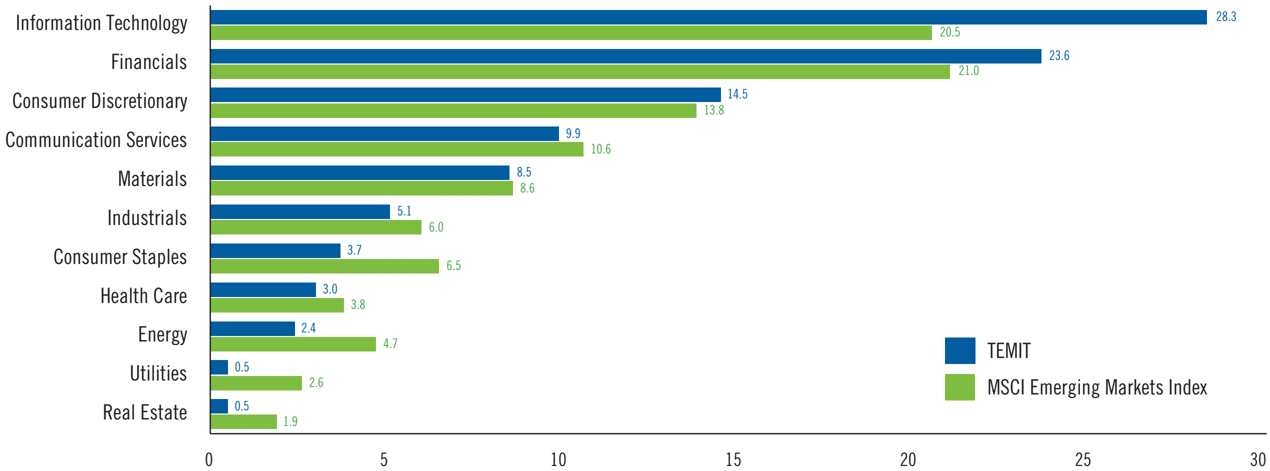
The Investment Manager's Report (continued)

Portfolio changes by sector

Sector	31 March 2022 market value £m	Purchases £m	Sales £m	Market movement £m	31 March 2023 market value £m	Total return in sterling: TEMIT %	Total return in sterling: MSCI Emerging Markets Index %
Information Technology	737	57	(168)	(61)	565	(5.8)	(7.8)
Financials	473	141	(139)	(4)	471	2.3	(7.4)
Consumer Discretionary	266	52	(43)	14	289	6.7	2.2
Communication Services	212	46	(58)	(2)	198	(1.8)	(1.2)
Materials	208	25	(56)	(8)	169	1.3	(9.5)
Industrials	62	51	(16)	4	101	8.6	0.4
Consumer Staples	82	14	(42)	19	73	28.8	6.6
Health Care	33	33	(2)	(4)	60	(7.2)	(9.5)
Energy	36	29	(1)	(15)	49	18.4	2.1
Utilities	–	18	(12)	3	9	45.7	(8.6)
Real Estate	16	–	(6)	(1)	9	(13.2)	(13.2)
Total investments	**2,125**	**466**	**(543)**	**(55)**	**1,993**		

Sector asset allocation
As at 31 March 2023

Sector weightings vs benchmark (%)



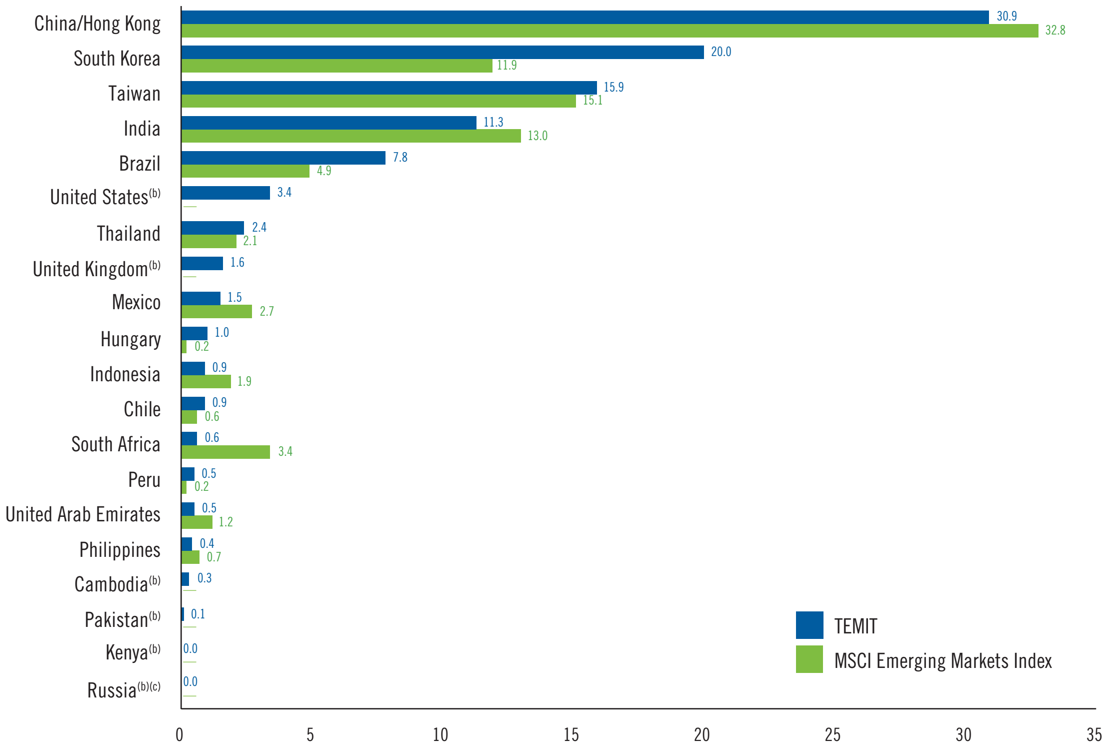
The Investment Manager's Report (continued)

Portfolio changes by country

Country	31 March 2022 market value £m	Purchases £m	Sales £m	Market movement £m	31 March 2023 market value £m	Total return in sterling: TEMIT %	Total return in sterling: MSCI Emerging Markets Index %
China/Hong Kong	605	191	(219)	39	616	9.1	1.5
South Korea	487	60	(107)	(42)	398	(5.8)	(8.4)
Taiwan	363	22	(32)	(37)	316	(6.5)	(7.1)
India	188	73	(65)	30	226	14.5	(6.0)
Brazil	210	33	(29)	(59)	155	(16.6)	(13.1)
Other	272	87	(91)	14	282	–	–
Total investments	**2,125**	**466**	**(543)**	**(55)**	**1,993**		

Geographic asset allocation
As at 31 March 2023

Country weightings vs benchmark (%)[a]



(a) Other countries included in the benchmark are Colombia, Czech Republic, Egypt, Greece, Kuwait, Malaysia, Poland, Qatar, Romania, Saudi Arabia and Turkey.

(b) Countries not included in the MSCI Emerging Markets Index.

(c) All companies held by TEMIT in this country are valued at zero.

The Investment Manager's Report (continued)

Portfolio investments by fair value

As at 31 March 2023

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net assets
TSMC	Taiwan	Information Technology	NT	231,444	11.5
Alibaba[b]	China/Hong Kong	Consumer Discretionary	PS	114,084	5.6
Samsung Electronics	South Korea	Information Technology	PS	113,781	5.6
ICICI Bank	India	Financials	PS	112,103	5.6
Tencent	China/Hong Kong	Communication Services	PS	74,008	3.7
MediaTek	Taiwan	Information Technology	IH	69,319	3.5
NAVER	South Korea	Communication Services	IH	61,205	3.0
Prosus[c]	China/Hong Kong	Consumer Discretionary	IH	56,774	2.8
LG	South Korea	Industrials	PS	52,065	2.6
China Merchants Bank	China/Hong Kong	Financials	IH	45,150	2.2
TOP 10 LARGEST INVESTMENTS				**929,933**	**46.1**
Guangzhou Tinci Materials Technology	China/Hong Kong	Materials	PS	43,448	2.2
Samsung Life Insurance	South Korea	Financials	IH	42,935	2.1
Petroleo Brasileiro[d]	Brazil	Energy	IH	41,238	2.0
Itaú Unibanco[d][e]	Brazil	Financials	IH	40,867	2.0
HDFC Bank	India	Financials	NH	38,345	1.9
Genpact[f]	United States	Information Technology	PS	35,216	1.8
Banco Bradesco[d][e]	Brazil	Financials	IH	34,687	1.7
Vale	Brazil	Materials	PS	34,589	1.7
Baidu	China/Hong Kong	Communication Services	IH	32,193	1.6
Unilever[f]	United Kingdom	Consumer Staples	PS	31,968	1.6
TOP 20 LARGEST INVESTMENTS				**1,305,419**	**64.7**
Cognizant Technology Solutions[f]	United States	Information Technology	IH	31,915	1.6
POSCO	South Korea	Materials	PS	31,627	1.6
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	NT	29,606	1.5
Soulbrain	South Korea	Materials	IH	28,414	1.4
Banco Santander Mexico[e]	Mexico	Financials	PS	25,627	1.3
Ping An Insurance	China/Hong Kong	Financials	IH	24,963	1.2
Techtronic Industries	China/Hong Kong	Industrials	IH	24,812	1.2
Kasikornbank	Thailand	Financials	NT	23,425	1.2
Uni-President China	China/Hong Kong	Consumer Staples	IH	21,144	1.0
NetEase	China/Hong Kong	Communication Services	IH	20,515	1.0
TOP 30 LARGEST INVESTMENTS				**1,567,467**	**77.7**

The Investment Manager's Report (continued)

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net assets
Daqo New Energy[e]	China/Hong Kong	Information Technology	PS	20,392	1.0
Gedeon Richter	Hungary	Health Care	IH	19,603	1.0
Meituan	China/Hong Kong	Consumer Discretionary	NH	18,962	0.9
Doosan Bobcat	South Korea	Industrials	NH	17,977	0.9
Bajaj Holdings & Investments	India	Financials	PS	17,872	0.9
Astra International	Indonesia	Consumer Discretionary	PS	17,313	0.9
WuXi Biologics	China/Hong Kong	Health Care	IH	17,250	0.9
Banco Santander Chile[e]	Chile	Financials	NH	16,659	0.8
Fila	South Korea	Consumer Discretionary	PS	15,867	0.8
Zomato	India	Consumer Discretionary	NH	14,093	0.7
TOP 40 LARGEST INVESTMENTS				**1,743,455**	**86.5**
Infosys Technologies	India	Information Technology	IH	14,015	0.7
Netcare	South Africa	Health Care	IH	12,735	0.6
One 97 Communications	India	Information Technology	NH	12,481	0.6
China Resources Cement	China/Hong Kong	Materials	PS	11,887	0.6
Hon Hai Precision Industry	Taiwan	Information Technology	PS	11,824	0.6
Ping An Bank	China/Hong Kong	Financials	PS	10,588	0.5
Beijing Oriental Yuhong Waterproof Technology	China/Hong Kong	Materials	NH	10,262	0.5
Tata Consultancy Services	India	Information Technology	PS	10,201	0.5
H&H Group	China/Hong Kong	Consumer Staples	IH	10,150	0.5
LegoChem Biosciences	South Korea	Health Care	IH	9,885	0.5
TOP 50 LARGEST INVESTMENTS				**1,857,483**	**92.1**
Samsung SDI	South Korea	Information Technology	NH	9,627	0.5
Intercorp Financial Services	Peru	Financials	IH	9,501	0.5
Emirates Central Cooling Systems	United Arab Emirates	Utilities	NH	9,416	0.5
LG Chem	South Korea	Materials	PS	9,012	0.5
Thai Beverage	Thailand	Consumer Staples	IH	8,680	0.4
Kiatnakin Phatra Bank	Thailand	Financials	NT	8,279	0.4
Star Petroleum Refining	Thailand	Energy	NH	8,251	0.4
Tencent Music Entertainment[e]	China/Hong Kong	Communication Services	PS	8,107	0.4
BDO Unibank	Philippines	Financials	NT	7,931	0.4
PB Fintech	India	Financials	NH	6,930	0.3
TOP 60 LARGEST INVESTMENTS				**1,943,217**	**96.4**

The Investment Manager's Report (continued)

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net assets
NagaCorp	Cambodia	Consumer Discretionary	PS	6,819	0.3
COSCO SHIPPING Ports	China/Hong Kong	Industrials	IH	5,961	0.3
China Resources Land	China/Hong Kong	Real Estate	PS	5,033	0.2
Nemak	Mexico	Consumer Discretionary	PS	4,689	0.2
Greentown Service Group	China/Hong Kong	Real Estate	PS	4,070	0.2
Yageo	Taiwan	Information Technology	NH	3,730	0.2
Hankook Tire	South Korea	Consumer Discretionary	NT	3,292	0.2
MCB Bank	Pakistan	Financials	PS	2,807	0.1
XP Inc	Brazil	Financials	NT	2,473	0.1
Weifu High-Technology	China/Hong Kong	Consumer Discretionary	NT	2,410	0.1
TOP 70 LARGEST INVESTMENTS				**1,984,501**	**98.3**
BAIC Motor	China/Hong Kong	Consumer Discretionary	NT	2,152	0.1
KT Skylife	South Korea	Communication Services	NT	2,114	0.1
JD.com	China/Hong Kong	Consumer Discretionary	NT	2,042	0.1
TOTVS	Brazil	Information Technology	PS	817	0.1
East African Breweries	Kenya	Consumer Staples	PS	801	0.1
Chervon Holdings	China/Hong Kong	Consumer Discretionary	PS	348	–
Yandex[g]	Russia	Communication Services	NT	–	–
LUKOIL[g]	Russia	Energy	NT	–	–
Sberbank of Russia[g]	Russia	Financials	NT	–	–
TOTAL INVESTMENTS				**1,992,775**	**98.8**
NET ASSETS				**24,728**	**1.2**
TOTAL NET ASSETS				**2,017,503**	**100.0**

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

[b] TEMIT holds in this company shares listed on the Hong Kong stock exchange and American Depository Receipts listed on the New York stock exchange.

[c] 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.

[d] Preferred shareholders are entitled to dividends before ordinary shareholders.

[e] US listed American Depository Receipt.

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

[g] This company is fair valued at zero as a result of its trading being suspended on international stock exchanges.

The Investment Manager's Report (continued)

Portfolio summary

As at 31 March 2023

All figures are a % of the net assets

	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	Total Equities	Net assets/ (liabilities)[a]	31 March 2023 Total	31 March 2022 Total
Brazil	–	–	–	2.0	3.8	–	–	0.1	1.7	–	–	**7.6**	–	**7.6**	**10.0**
Cambodia	–	0.3	–	–	–	–	–	–	–	–	–	**0.3**	–	**0.3**	**0.4**
Chile	–	–	–	–	0.8	–	–	–	–	–	–	**0.8**	–	**0.8**	**–**
China/Hong Kong	6.7	11.1	1.5	–	3.9	0.9	1.5	1.0	3.3	0.4	–	**30.3**	–	**30.3**	**28.8**
Egypt	–	–	–	–	–	–	–	–	–	–	–	**–**	–	**–**	**0.1**
Germany	–	–	–	–	–	–	–	–	–	–	–	**–**	–	**–**	**0.1**
Hungary	–	–	–	–	–	1.0	–	–	–	–	–	**1.0**	–	**1.0**	**0.7**
India	–	0.7	–	–	8.7	–	–	1.8	–	–	–	**11.2**	–	**11.2**	**9.1**
Indonesia	–	0.9	–	–	–	–	–	–	–	–	–	**0.9**	–	**0.9**	**0.9**
Kenya	–	–	0.1	–	–	–	–	–	–	–	–	**0.1**	–	**0.1**	**0.2**
Mexico	–	0.2	–	–	1.3	–	–	–	–	–	–	**1.5**	–	**1.5**	**1.6**
Pakistan	–	–	–	–	0.1	–	–	–	–	–	–	**0.1**	–	**0.1**	**0.4**
Peru	–	–	–	–	0.5	–	–	–	–	–	–	**0.5**	–	**0.5**	**0.5**
Philippines	–	–	–	–	0.4	–	–	–	–	–	–	**0.4**	–	**0.4**	**0.3**
Russia[b]	0.0	–	–	0.0	0.0	–	–	–	–	–	–	**0.0**	–	**0.0**	**0.0**
South Africa	–	–	–	–	–	0.6	–	–	–	–	–	**0.6**	–	**0.6**	**0.6**
South Korea	3.1	1.0	–	–	2.1	0.5	3.5	6.1	3.5	–	–	**19.8**	–	**19.8**	**23.2**
Taiwan	–	–	–	–	–	–	–	15.8	–	–	–	**15.8**	–	**15.8**	**17.3**
Thailand	–	–	0.4	0.4	1.6	–	–	–	–	–	–	**2.4**	–	**2.4**	**2.1**
United Arab Emirates	–	–	–	–	–	–	–	–	–	–	0.5	**0.5**	–	**0.5**	**–**
United Kingdom	–	–	1.6	–	–	–	–	–	–	–	–	**1.6**	–	**1.6**	**1.4**
United States	–	–	–	–	–	–	–	3.4	–	–	–	**3.4**	–	**3.4**	**3.4**
Net assets/(liabilities)[a]	–	–	–	–	–	–	–	–	–	–	–	**–**	**1.2**	**1.2**	**(1.1)**
31 March 2023 Total	**9.8**	**14.2**	**3.6**	**2.4**	**23.2**	**3.0**	**5.0**	**28.2**	**8.5**	**0.4**	**0.5**	**98.8**	**1.2**	**100.0**	**–**
31 March 2022 Total	**10.2**	**12.7**	**3.8**	**1.7**	**22.6**	**1.5**	**2.9**	**35.1**	**9.9**	**0.7**	**–**	**101.1**	**(1.1)**	**–**	**100.0**

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

[b] All companies held by TEMIT in this country are valued at zero.

The Investment Manager's Report (continued)

Market capitalisation breakdown (%)	Less than £1.5bn	£1.5bn to £5bn	£5bn to £25bn	Greater than £25bn	Net assets/ (liabilities)[a]
31 March 2023	5.1	11.2	22.9	59.6	1.2
31 March 2022	7.7	8.0	16.5	68.9	(1.1)

Split between markets[b] (%)	31 March 2023	31 March 2022
Emerging markets	93.3	95.6
Developed markets[c]	5.0	4.9
Frontier markets	0.5	0.6
Net assets/(liabilities)[a]	1.2	(1.1)

Source: FactSet Research System, Inc.

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

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

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

Outlook for emerging markets

Heading into 2023, while we remain watchful for developments that could change our overall outlook, including China's relationship with Taiwan and the United States, we find many reasons to be positive about EMs. Many countries are towards the end of the rate tightening cycle. Most markets in Latin America have traditionally had a significant real interest rate and their economic potential has been curtailed because of the need for macroeconomic stability.

We expect any policy pivot in EMs to revive consumption and spur economic growth as inflation slows. In addition, after a slowdown in earnings in 2022, there is the prospect of a recovery in earnings growth in 2023, with China being the last major country to emerge from the pandemic. However, in the short-term, earnings are likely to remain weak with subdued consumption and inventory digestion and a recovery is expected more towards the second half of 2023. A pickup in earnings revisions in EMs would signify better times ahead for equity markets.

Although the current global outlook remains weak, economies with a greater focus on domestic demand are better placed to weather this in the near term. Many emerging markets such as China, India, Indonesia and Brazil have huge domestic consumption bases and are well-positioned to remain resilient from external demand shortfalls. In addition, policy makers in several markets are providing incentives to manufacturing companies to expand operations in order to remain self-sufficient and competitive. For example, India is driving investments through its Production Linked Incentive program. South Korea plans to offer tax breaks to semiconductor and other technology companies investing within the country whilst reforming stock market regulations. Thailand has also approved a budget to boost tourism in the country, one of its biggest growth drivers.

The long-term structural tailwind of consumption growth in EMs via expansion of the middle class and premiumisation of buying patterns is now more significant than ever. Some US$2.6 trillion in Chinese bank deposits were amassed in 2022[a] and middle-class households are looking to spend on experiences, products and services. In our view, China's reopening could benefit many markets as the country has strong trade links with many EMs. Chinese tourism has also been a vital source of revenue for many countries.

[a] Source: People's Bank of China

The Investment Manager's Report (continued)

After the removal of most COVID-related constraints, we have seen economic activity in China starting to recover in the first quarter of 2023, where retail sales, industrial production and investment in fixed assets increased. More importantly, companies are now able to operate their businesses without COVID protocols which removes the pressure of unplanned outages and improves overall efficiency.

Markets in Eastern Europe will benefit from the normalisation of energy dislocations, although the conflict in Ukraine will continue to be an overhang. Markets in the Middle East continue to see a boom in initial public offering activity which bodes well for future capital market developments in the region.

These uncorrelated drivers of returns in EM economies present an investment opportunity which our team's deep experience, local expertise and a bottom-up investment approach can uncover.

EMs also continue to make strides towards climate goals and with the cost of renewable energy expected to fall in 2023, we might well see EMs make further climate commitments.

It is an interesting time to be looking at the emerging world today. We believe that the breadth of opportunity, growth, innovation, sustainability of business models and the much stronger institutional resilience compared to decades past when considered together create an attractive future for EMs.

Chetan Sehgal
Lead Portfolio Manager
9 June 2023

The Investment Manager's Process

Investment philosophy and approach

FTEME's long-term approach is driven by the 3 S's, seeking ***Structural*** growth opportunities in emerging markets, investing in businesses with ***Sustainable*** earnings power at a discount to intrinsic worth, and believing in responsible ***Stewardship*** of client capital. FTEME seeks to capture the growth potential of emerging market companies and believes that this is best achieved by employing a bottom-up and fundamental security selection process. FTEME conducts in-depth proprietary company research with a long-term and independent perspective. FTEME believes in the responsible stewardship of clients' capital and that governance and sustainability factors create risks and opportunities for companies. ESG analysis is therefore integrated alongside fundamental bottom-up analysis.

TEMIT's performance in different market environments

FTEME's approach aims for outperformance over the long term. 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. 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 views as unsustainable factors such as short-term demand/supply imbalances or inorganic growth.

Investment process

The three broad stages of FTEME's investment process comprise: idea generation, stock research, and portfolio construction and management; with governance and sustainability considerations and risk management fully integrated at all stages.

1. Idea generation

The key source of idea generation is FTEME's team of over 70 analysts and portfolio managers located around the globe. Their experience and expertise allow them to identify trends which they may want to explore further through company research. In addition, FTEME's local presence, network and understanding of local dynamics may help to identify trends and opportunities that other market participants may filter out through standard quantitative screens. FTEME analysts speak the local language and are part of the local culture and fabric of the countries where they conduct research.

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, FTEME seeks to gain insights into the quality and risks of companies. FTEME's research platform currently has coverage of over 700 companies across emerging markets using a proprietary and rigorous bottom-up research approach, along with extensive knowledge of the wider investment universe.

FTEME's research analysts form detailed views of companies by collecting and analysing a variety of information. 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 Investment Manager's Process (continued)

The assessment of ability to sustain stable or growing economic profits over time is typically driven by a combination of factors, including (i) sound business models; (ii) sustainable competitive advantages; (iii) management foresight; and (iv) low debt levels. 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, and differentiating between operational earnings and financial earnings. They evaluate internal versus external drivers to earnings and prefer companies with earnings which can be affected through management action. A key element of earnings power is therefore quality, as signified by (i) products and services with low regulatory and macro risk; (ii) financial strength; and (iii) management strength.

Each research recommendation may incorporate several valuation methods extending typically 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. It seeks to identify what the market consensus expectations are for a stock and how the team's fundamental views may differ.

3. Portfolio construction

FTEME seeks to build a high-conviction stock-centric portfolio that is primarily driven by company-specific factors and focused on the long term. A bottom-up approach to stock selection is used, with country and sector allocations a residual of this process.

Portfolio Style and Characteristics

The strategy typically displays the following characteristics:

- Core style: The strategy aims to deliver outperformance irrespective of market direction. The portfolio construction process leads to the majority of active risk being focused.
- Quality and growth but not at excessive valuation levels: The philosophy typically leads to a portfolio with higher quality and growth than the aggregate of the benchmark index.
- High conviction portfolio: The top-10 holdings typically account for over 40% of the portfolio which overall is well-diversified across the market cap spectrum.
- Low turnover: FTEME's high conviction and long-term approach means that the typical annual portfolio turnover is less than 20%.

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; FTEME's sell discipline is designed to capture the opposite. 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.

The Investment Manager's Process (continued)

Investment risk management

Investment in emerging markets equities inevitably involves risk in a volatile asset class. 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. Risk management is embedded through all stages of the investment process, in collaboration with dedicated resources from Franklin Templeton's Investment Risk Management Group of over 80 risk management professionals, which is independent from the portfolio management team. Various risk management tools are used to predict and decompose the portfolio's active risk in order to understand and manage the portfolio's active risk profile.

For additional information with respect to the AIFM risk management framework, please read the Investor Disclosure Document on our website (www.temit.co.uk).

FTEME's approach to stewardship

FTEME's focus is on a total sustainability approach including business, economic, environmental and social sustainability. How FTEME monitors and manages client assets is not just about focusing on governance and sustainability factors. It demands a holistic approach incorporating proactive long-term engagement with the managers of the companies which FTEME invests in, on behalf of TEMIT and its other clients.

Part of being a responsible steward of clients' assets is acknowledging that governance and sustainability factors create risks and opportunities for companies. It therefore makes sense to integrate these factors alongside fundamental bottom-up analysis and engage with companies as active owners on behalf of clients. Responsible stewardship is not a single act but a continuous process that includes engagement and voting. Being responsible stewards of our clients' capital is reflected in:

How we act as investors	How we treat our clients	How we behave as a business
- ESG integration - Company engagement - Policy advocacy	- Putting clients first - Being responsible fiduciaries of our clients' capital	- Building relationships - Achieving quality results - Working with integrity

Integrating ESG factors

Analyses of governance and sustainability factors are embedded components of our rigorous fundamental bottom-up research. The driving factors of the decision to purchase or sell a stock centre on the following:

- Its sustainable earnings power and whether its price is at a discount to intrinsic worth; and
- The sustainability of its business model, which is critical to maintaining its competitive positioning.

The Investment Manager's Process (continued)

Our proprietary three-pillar ESG framework is a key component of how we aim to achieve our goal of being an emerging market leader in sustainable investing.

Intentionality

Assessing companies' intentionality toward managing material ESG factors with our proprietary scoring system and linking ESG factors into our valuation models.

Alignment

Mapping the alignment of companies' products and services to positive social and environmental outcomes and UN Sustainable Development Goals (SDGs).

Transition

Identifying companies' transition potential linked to their incremental progress, using our on-the-ground capabilities and experience as active owners to foster positive change.

We have summarised one of our case studies from the full Stewardship Report to give TEMIT shareholders a snapshot of the typical analysis undertaken.

Soulbrain – a prominent South Korean player in the electronic materials and chemicals industry.

ESG Topic: Environmental Footprint

Materiality and Risk: Companies operating in the materials processing sector have the potential to cause significant environmental damage if they are not managed properly. The reliability of service and safe operation of company assets is key.

Analysis:

To minimise leaks of hazardous materials in the event of disasters such as fires, earthquakes, or floods, measures such as explosion-proofing equipment, negative pressure equipment, and ventilation have been implemented to standards exceeding those required by South Korea's Ministry of Environment.

Wastewater and sewage from plants are pooled in collecting wells and processed at an on-site treatment facility operated by the government. Soulbrain not only complies with legal water quality standards, but also treats water pollutants as much as possible and sends the remaining wastewater for further treatment at an industrial complex that is operated by the government.

ESG Thesis: As a chemical product manufacturer, Soulbrain focuses on the management of environmental issues, whilst also contributing to nearby communities. The company has expressed active commitment to the protection of the environment through the establishment of its own Environmental Health, Safety and Energy Management Policy. We note that the company has been exposed to fires in the past. Post these incidents the company has implemented an Emergency Response System and other prevention measures such as regular monthly prevention exercises. The CEO has since been replaced with one who is specialised in health and safety of factory operations. With some history of disruption and environmental impact in the past, we have applied a discount to our valuation but are confident in the new management's ability to manage future fire risk in its operations.

The Investment Manager's Process (continued)

Climate change

Within emerging markets, the landscape varies considerably, ranging from countries that have announced meaningful carbon targets to those that have yet to declare any significant policies. FTEME's objective is to understand the climate commitments of investee companies incorporating both local and global perspectives, recognising that the pace of decarbonisation and the associated strategies will differ across countries and cultures.

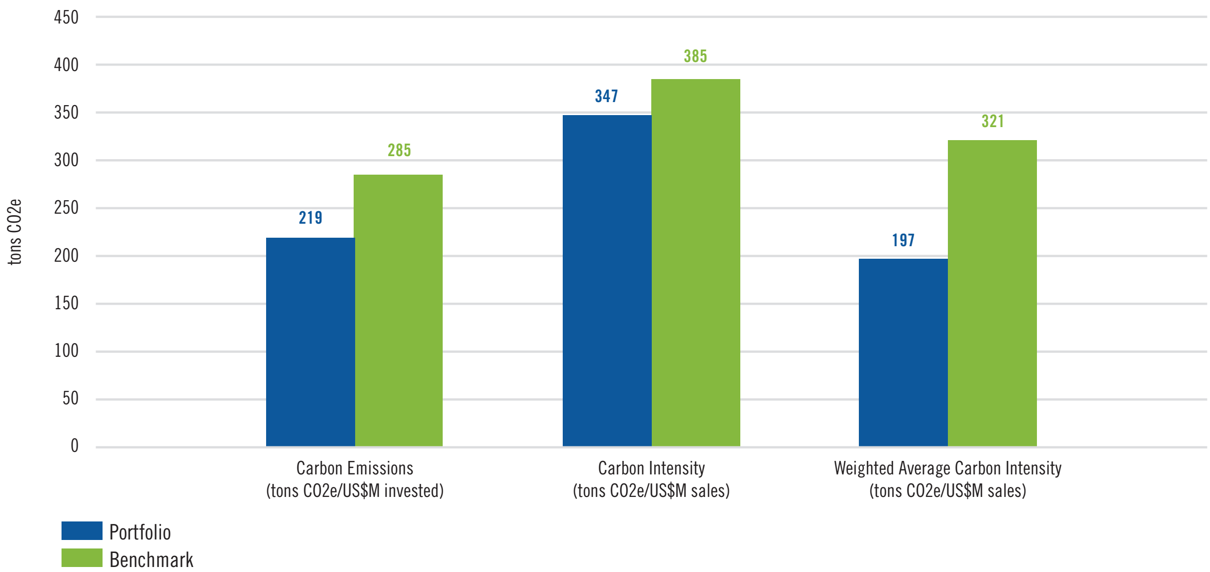
Where material, FTEME integrates climate change/carbon analysis into its bottom-up research process, focusing on assessing the impact on long-term business values. This is part of the holistic approach of integrating ESG analysis with traditional financial analysis so that FTEME can gain valuable insights into the quality and risks of businesses which FTEME invests in.

FTEME's analysts and portfolio managers look at climate risks and opportunities closely for relevant sectors and geographies where climate change plays an important role. FTEME closely tracks climate related factors into estimates, models and valuations for those businesses materially exposed to the issue.

Our portfolio managers also seek to understand the carbon risk profile at a portfolio level to understand its carbon risk exposures. The data helps with the engagement agenda.

TEMIT Carbon Footprint vs. MSCI EM Index – 31 March 2023[a]

Portfolio Carbon Emissions are 23% lower (31 March 2022: 6% lower) than the benchmark, Carbon Intensity is 10% lower (31 March 2022: 7% lower) and Weighted Average Carbon Intensity is 38% lower (31 March 2022: 16% lower).



[a] Source: MSCI ESG as at 5 April 2023, portfolio coverage 97% (86% reported, 11% estimated); MSCI EM coverage 100% (84% reported, 16% estimated). Carbon emissions include scope 1 and 2.

Carbon Emissions – Measures the portfolio's normalised carbon footprint per $1 million invested.

Carbon Intensity – Measures the portfolio's efficiency in terms of the level of carbon emissions per dollar of sales generated by a company.

Weighted Average Carbon Intensity ("WACI") – Measures the portfolio's exposure to carbon-intensive companies.

The Investment Manager's Process (continued)

TEMIT's portfolio carbon risk is concentrated amongst a small number of companies, with the top 5 companies in terms of carbon intensity representing 7.2% of the portfolio and accounting for 69.0% of the portfolio WACI. From a sector perspective, 48.2% of the portfolio WACI contributions come from the materials sector. On a relative basis, portfolio selection in materials contributes positively, whilst the utilities sector also contributes positively to WACI, as TEMIT is underweight in this sector. China Resources Cement and LG, exhibit the largest carbon intensities in TEMIT's portfolio, representing 3.2% of the portfolio and accounting for 48.8% of the portfolio WACI. TSMC's carbon intensity is low, however due to it representing 11.6% of the portfolio, it is third in terms of contribution to the portfolio WACI.

We emphasise that the data does not always fully represent the actual carbon risk of the portfolio.

We remain willing to invest in companies in carbon-intensive sectors, such as cement, steel and extractive industries. This is because we are pragmatic investors who understand that not every company can have a perfect sustainability profile today.

In the full Stewardship Report, available on our website (www.temit.co.uk), we spotlight and focus this year on the steel industry. The transition to a low-carbon economy will require a change in the way we manufacture steel. Accounting for nearly 8% of global emissions from the energy sector, the steel industry will play an important role in mitigating climate change by reducing the CO2 emissions in the production process.

As investors in the steel industry in TEMIT, we profile our observations with POSCO, one of the largest steel producers in the world, headquartered in South Korea.

POSCO

ESG observations and analysis:

- POSCO is one of the most efficient and cost competitive steel makers globally, but it has recognised that the "survival" of steel companies depends on net-zero carbon.
- In order to achieve their net-zero by 2050 target, the company plans to optimise low-carbon solutions that are already in use such as hydrogen reduction steelmaking, expansion of renewable energy and carbon capture and storage.
- POSCO has a clear timeline in place for the commercialisation of their hydrogen reduction steelmaking technology. Clear progress has been made over recent years, but the technology in its current state is not sufficient to enable fast enough progress for low-carbon steelmaking.

Our thesis:

POSCO is a market leader in terms of ESG disclosures and efforts to move towards net-zero steel production. We acknowledge the significant steps that POSCO's management has undertaken to improve the company's environmental initiatives with the implementation of clear disclosures, documentation, and establishment of timelines.

There are several steps that the company will have to take to fully utilise its hydrogen-reduction technology. POSCO is supported by a strong financial position and has committed a substantial capital investment, which has been factored into our valuation.

The Investment Manager's Process (continued)

Active ownership

As investors with a significant presence in emerging markets, FTEME's active ownership efforts are a key part of the overall approach to stewardship. FTEME analysts conduct almost 2,000 company meetings a year across the investment platform using its industry-leading research footprint across emerging markets, where FTEME seek to gain a number of fundamental and sustainability insights. We believe that our engagement efforts are key to developing a detailed understanding of companies and improving outcomes for shareholders as well as stakeholders more broadly.

Engagement statistics

FTEME's analysts are in a continual dialogue with companies on a range of topics including sustainability and governance. There are also companies that FTEME identify where dedicated discussion on ESG topics are necessary. Active engagements with companies in the TEMIT portfolio for the year ended 31 March 2023 are summarised below:

ESG Issue
Identify material ESG issues and rationale for engagement

Objectives and Process
Set goal and/or rationale for the engagement and approach

Outcome
Review outcomes, next steps and investment thesis

ESG discussion by engagement type	Number of interactions	% of interactions
Environmental	**12**	**34**
Carbon risk and climate change	6	17
Environmental consideration	6	17
Social	**4**	**11**
Human and social capital	4	11
Governance	**20**	**55**
Corporate governance	14	39
Strategic risk and communication	6	16
Total	**36**	**100**

ESG discussion outcome	Number of interactions	% of interactions
No progress	1	3
Feedback noted by company	17	47
Company plans to make changes	7	19
Company has made changes	11	31
Total	**36**	**100**

The Investment Manager's Process (continued)

Below is an ESG engagement example with an investee company headquartered in South Korea.

KT Skylife

ESG engagement topic: Governance – to recommend a more transparent and attractive payout policy.

Objectives:

- Pay-tv is a mature market in South Korea and the business generates significant cash. Thus, we continue to engage with the company on their shareholder return policy, encouraging management to align its policy with minority shareholder interests.

Outcome: Company plans to make changes

- We engaged with the management to highlight that, despite previous engagements, KT Skylife's dividend distribution remained low despite cash levels matching the company's market capitalisation at one point in time.
- We also noted that in 2021, the company acquired a cable TV operator, a low growth business, at a valuation that was at a significant premium to its own valuation. However, we believed that a share buyback would have added more value than the acquisition.
- The company responded with confirmation that they would actively consider a new dividend policy, and that while share buybacks may be considered, they preferred to prioritise strengthening their dividend payout.
- Management confirmed that, once finalised, they would share the company's strategy and vision for the year ahead with us.

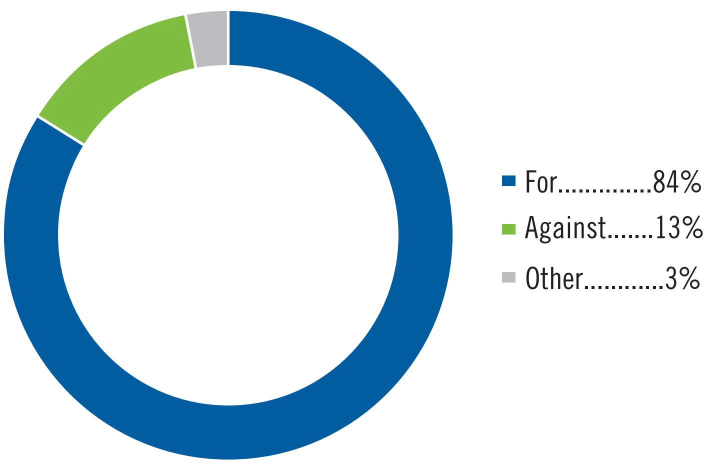
Proxy voting

In the year ended 31 March 2023, FTEME voted on over 900 management proposals at annual and special general meetings for TEMIT.

Most of the proposals which FTEME voted on related to companies' director appointments, routine business proposals and capital structures. Of the voteable management proposals, FTEME voted "For" proposals 84% of the time.

FTEME voted "Against" management proposals in 13% of cases. By proposal category, as a percentage of votes within each category, votes against were largely concentrated on capital structure, non-salary compensation and management-related proposals.

FTEME views votes against proposals as a formal way to communicate our views to management, and FTEME undertakes them based on the investment team's assessment of each motion in line with clients' best interests.



The Investment Manager's Process (continued)

"Other" votes were cast in 3% of cases. These were mainly related to director votes in Brazil, where FTEME abstained from voting when they did not support the candidates put forward for election, or where the company bundled several proposals into one, preventing voting on individual items.

The number of resolutions proposed by shareholders is increasing around the world, particularly on environmental and social issues, although they remain relatively uncommon in emerging markets. FTEME will continue to closely examine the merits of views raised by fellow shareholders.

We encourage you to download the full TEMIT Stewardship Report from www.temit.co.uk for further, detailed information.

Business Review

Strategy and Business Model

Company purpose and objective

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 via exposure to global emerging markets, supported by a culture of both strong customer service and corporate governance.

Investment policy

The Company seeks long-term capital appreciation through investment in companies listed in emerging markets or companies which earn a significant amount of their revenues in emerging markets but are 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 UK's Financial Conduct Authority ("FCA") and the approval of its shareholders by ordinary resolution.

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. 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.

Business Review (continued)

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

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 buyback programme will be subject to shareholder approval at each AGM.

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.

Since 1 October 2021, Franklin Templeton Investment Trust Management Limited ("FTITML", "AIFM" or the "Manager") has been the Company's AIFM and Company Secretary.

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 the Company's stakeholders.

Strategy

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, whose aim is to identify value and achieve superior long-term 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 seeking exposure to global emerging markets by investing in companies that they believe offer long-term sustainable growth and good value, combined with strong management and sound governance. See pages 23 to 31 for details of the investment process.

Environmental, Social and Governance ("ESG") matters

As TEMIT is an investment trust, the key ESG consideration is the stewardship of its portfolio of investments. The Board has reviewed and fully supports the Investment Manager's approach to stewardship, which is described under "FTEME's approach to stewardship" starting on page 25 of this report. It receives regular reports on Franklin Templeton's policies and controls.

TEMIT has no greenhouse gas emissions to report from the operations of the Company, as all of its activities are outsourced to third parties. While as an investment trust TEMIT is exempt from disclosures recommended by the Task Force on Climate-related Financial Disclosures ("TCFD"), Franklin Templeton continues to develop metrics for our carbon footprint. Further information on our approach to climate change can be found under "FTEME's approach to stewardship" above and in more detail in the full Stewardship Report, available on our website (www.temit.co.uk).

TEMIT has no employees and is not an organisation that provides goods or services as defined in the Modern Slavery Act 2015 and thus the Company considers that the Act does not apply. The Company's own supply chain consists predominantly of professional services advisers.

Business Review (continued)

Culture and values

The Board believes in a culture of openness and constructive challenge in its interactions with the Manager and other service providers. The Board aims to maintain open and regular communication with shareholders, as set out under Communication on page 36.

The Company is committed to acting professionally, fairly and with integrity in all of its business dealings and relationships. The Board has a zero-tolerance policy towards bribery and looks to ensure that its service providers and associated persons have effective policies and procedures designed to actively prevent bribery which are proportionate, and risk based. In relation to the corporate offence of failing to prevent tax evasion, it is the Company's policy to conduct all business in an honest and ethical manner. The Company takes a zero-tolerance approach to any facilitation of tax evasion whether under UK law or under the law of any foreign country. The Board notes that the Manager has a robust whistleblowing policy in place.

Information on the Company's approach to Diversity is set out in the Directors' Report on pages 49 to 51.

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

Fixed term loan

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. The fixed term loan is denominated in pounds sterling and will remain in place until 31 January 2025. Full details of the loan are set out in Note 11 of the Notes to the Financial Statements on page 94.

Revolving credit facility

On 31 January 2020, the Company entered into a three-year £120 million unsecured multi-currency revolving loan facility with The Bank of Nova Scotia, London Branch. Drawings 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. On 31 January 2023 the agreement was amended to extend the maturity date to 30 January 2024. Further details of the facility are set out in Note 10 of the Notes to the Financial Statements on pages 93 and 94.

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 has no other debt. The net gearing position was 0.0% (net of cash in the portfolio) at the year-end (2022: 1.1%) which means that the cash held by the Company is equal to or higher than the total bank loans.

The Board continues to monitor the level of gearing and currently considers gearing of up to 20% to be appropriate, measured at the time of borrowing.

Business Review (continued)

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.

Stability – Share buybacks and Conditional Tender Offer

The Company has powers to buy back its shares as a discount control mechanism and when this is in the best interests of the Company's shareholders and in 2019 introduced a Conditional Tender Offer. The share price discount to net asset value is discussed under Key Performance Indicators on pages 40 and 41.

Under the Conditional Tender Offer, if over the five-year period from 31 March 2019 to 31 March 2024 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 (and less the costs of the tender offer). There will be no tender offer if the Company's net asset value total return exceeds the benchmark total return (MSCI Emerging Markets Index) over the five-year period. Any tender offer would take place following the Company's 2024 AGM and will also be conditional on shareholders approving the continuation vote in 2024 which is described under "Affirmation of shareholder mandate" above.

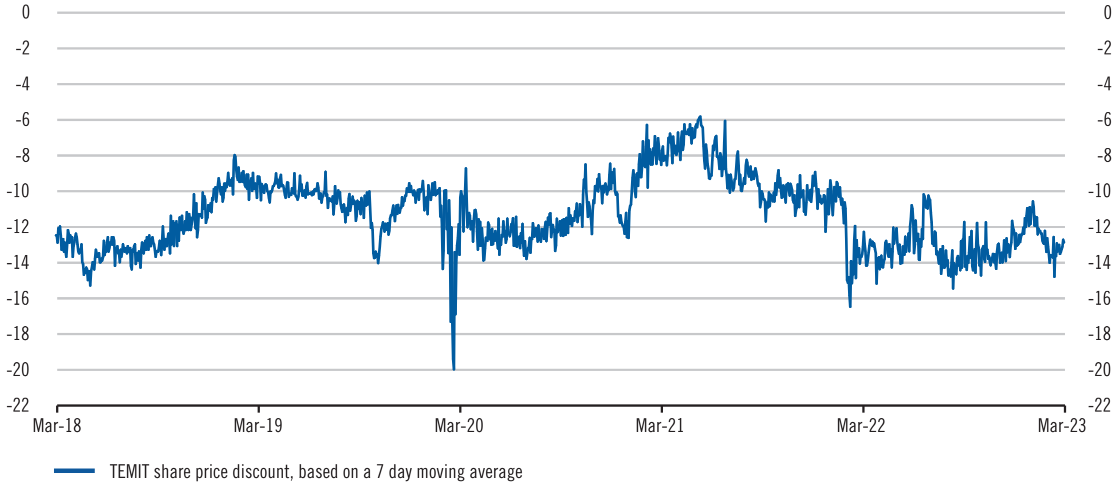
A key point in the Investment Manager's mandate is to take a long-term view of investments and one of the advantages of a closed-end fund is that the portfolio structure is not disrupted by large inflows or outflows of cash. However, the Board and the Investment Manager recognise that the returns experienced 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 and that the Company should continue its active share buyback programme. 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 in the share price and where buybacks are in the best interests of shareholders. Details of the share buybacks are included in the following table. All shares bought back in the year were cancelled, with none being placed in treasury. As at 31 March 2023, the Company held 103,825,895 shares in treasury (2022: 103,825,895 shares in treasury).

	2023	2022
Shares bought back and cancelled during the year	19,758,613	2,331,670
Proportion of share capital bought back and cancelled	1.7%	0.2%
Total cost of share buybacks	£29.2m	£3.6m
The benefit to NAV	£4.6m	£0.5m
The percentage benefit to NAV	0.23%	0.03%

Discount management is reviewed regularly by the Board to ensure that it remains effective in the light of prevailing market conditions. 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.

Business Review (continued)

Share price discount to NAV



Communication

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

TEMIT won the prestigious Best Campaign Award at the AIC Shareholder Awards 2022 in recognition of the quality of the "Your future is emerging" campaign undertaken to attract new shareholders. The innovative use of broadcast media has helped to increase TEMIT's profile, advertise the benefits of the Company and communicate the growth story of emerging markets to a wider audience.

A new corporate identity was launched in January 2022 providing TEMIT with a unique brand for the first time.

TEMIT seeks to keep shareholders updated on performance and investment strategy through its regular annual and half yearly reports, along with monthly factsheets and commentaries. 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 to understand how their investment is managed. We also communicate via @TEMIT on Twitter and continue to develop the Company's presence across social media platforms. The Board encourages registration to our monthly email that keeps subscribers appraised of the latest performance, insights and announcements.

TEMIT has an active public relations programme. Our Investment Manager provides comments to journalists, hosts media briefings 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. At each AGM the Investment Manager makes a presentation with the opportunity for all shareholders to ask questions.

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 and aim to address their concerns as far as practically possible. Shareholders are welcome to contact the Chairman or the Senior Independent Director at any time via temitcosec@franklintempleton.com.

Business Review (continued)

Section 172 Report – Promoting the success of the Company

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain 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.

Section 172 Matter	Board's Statement
The likely consequences of any decision in the long term.	The Board is focused on promoting the long-term success of the Company and regularly reviews the Company's long-term strategic objectives, including consideration of the impact of the Investment Manager's actions on the marketability and reputation of the Company and the likely impact on the Company's stakeholders of the Company's strategy.
The interests of the Company's employees.	The Company has no direct employees.
The need to foster the Company's business relationships with suppliers, customers and others.	The Board's approach to its key stakeholders is set out below.
The impact of the Company's operations on the community and the environment.	The Board's approach is set out in the section on ESG under Strategy and Business Model on page 33.
The desirability of the Company maintaining a reputation for high standards of business conduct.	The Board's approach is set out in "Culture and values" on page 34.
The need to act fairly between members of the Company.	The Board's approach to its key stakeholders is set out below.

In addition to the primary focus of the Board, and with due regard to its obligations under Section 172 of the Companies Act 2006, the following important and non-routine matters were considered at Board meetings during the year:

- Recruitment of Abigail Rotheroe as a non-executive Director;
- 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;
- Pandemic risks affecting the Company's investments and business operations;
- Risks resulting from the Russian invasion of Ukraine and the valuation of Russian assets;
- Rebalancing dividend payments by increasing the interim dividend;
- Review of the marketing plan with the Manager;
- Review of the share buyback programme; and
- Review of the gearing facility.

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.

Business Review (continued)

Stakeholders	Area of Engagement	Consideration	Engagement	Outcome
Shareholders 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 32. 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 commentary commencing on page 8 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. 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 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.	Dividend payments are discussed in the Chairman's Statement on page 5.
Shareholders 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 110. Shareholders are invited to submit questions for the Board to address at the Company's Annual General Meeting.

Business Review (continued)

Stakeholders	Area of Engagement	Consideration	Engagement	Outcome
Shareholders and potential investors	Discount management	To smooth the volatility in the discount.	The Board monitors the discount closely 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 has a Conditional Tender Offer. Details of these can be found under "Stability – Share buybacks and Conditional Tender Offer" on pages 35 and 36. Further details of the current discount and discount management are detailed in the Chairman's Statement under "Share rating" on pages 5 and 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 Company 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 long-term returns from investments and on the other functions of the Manager to fulfil their roles effectively.

Stakeholders	Area of Engagement	Consideration	Engagement	Outcome
Third-party service providers	Engagement with service providers	The Board acknowledges the importance of ensuring that the Company's service providers are delivering 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 delivered by service 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 the Company's service providers. This review also includes the level of fees paid. The Board meets with 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.	On behalf of the Company the Investment Manager engages with investee companies implementing corporate governance principles and discusses the portfolio with the Board on a quarterly basis.	The Investment Manager has a dedicated research team that is employed in making investment decisions and when voting at shareholder meetings of investee companies.

Key Performance Indicators

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

- Net asset value and share price total return over various periods, compared to its benchmark;
- Share price discount to net asset value;
- 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 and share price total return[(a)]

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

The Chairman's Statement on pages 5 to 7 and the Investment Manager's Report on pages 9 to 22 include further commentary on the Company's performance.

Share price discount to net asset value[(a)]

Details of the Company's share price discount to net asset value are presented within the Financial Summary on page 2. On 24 May 2023, the latest practicable date for which information was available, the discount was 14.8%.

(a) A glossary of alternative performance measures is included on pages 114 and 115.

Business Review (continued)

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 has a Conditional Tender Offer mechanism. These are described under "Stability – Share buybacks and Conditional Tender Offer" on pages 35 and 36.

Dividend and revenue earnings

Total income earned in the year was £80.6 million (2022: £54.3 million) which translates into net revenue earnings of 5.72 pence per share (2022: 3.44 pence per share), an increase of 66.3% over the prior year. The increase in revenue earnings per share was attributable to the increase in underlying revenues, mainly dividends earned from Petroleo Brasileiro.

The Company paid an interim dividend of 2.00 pence per share on 27 January 2023. The Board is proposing a final dividend of 3.00 pence per share, making total ordinary dividends for the year of 5.00 pence per share.

Ongoing charges ratio[a] ("OCR")

The OCR rose to 0.98% for the year ended 31 March 2023, compared to 0.97% in the prior year. This was driven by the reduction in average net assets during the year, offsetting the AIFM fee reduction effective from 1 July 2022. The OCR has been calculated in line with the Association of Investment Companies ("AIC") recommended methodology.

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 pages 92 and 93.

Principal and emerging risks

At least quarterly, the Board reviews with the AIFM and the Investment Manager a wide range of risk factors that may impact the Company. A full review of risks and internal controls is held every September by the Audit and Risk Committee. These reviews include 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 page 69. 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 114 and 115.

Business Review (continued)

Due to the nature of the Company's business, investment risk is a key focus and is reviewed on an ongoing basis by the Investment Manager as part of every investment decision. Further information on this process is detailed on page 25.

Principal risk	Mitigation
Market and geopolitical 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. 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 the marketability of its investments. Emerging markets can be subject to greater price volatility than developed markets. Geopolitical risk was highlighted by the Russian invasion of Ukraine in February 2022 and the escalating trade war between the United States and China and military tensions over the Taiwan Strait. All these factors have depressed investor sentiment and the Russian invasion of Ukraine has impacted global trade posed by supply shocks, sanctions, higher levels of inflation and volatility in asset prices.	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 reports from the Manager's risk, legal and compliance teams.
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. Restrictive measures implemented to control such outbreaks could adversely affect the economies of individual 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 (including the ability to "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.
Technology Failure or breach of the security 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 technology control environment.

Business Review (continued)

Principal risk	Mitigation
Concentration Concentration risk arises from investing in relatively few holdings, few sectors or a restricted geographic area. Performance may be more volatile than with a greater number of securities.	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.
Sustainability and climate change The Company's portfolio, and also the Company's service providers and the Investment Manager, are exposed to risks arising from governance and sustainability factors, including 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, and 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.
Foreign currency Currency exchange rate 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 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.
Discount Risk The discount/premium at which the Company's shares trade relative to its net asset value can change. The risk of a widening discount, and/or related volatility, could reduce shareholder returns and confidence in the Company.	The Board monitors the level of discount/premium at which the shares trade and has an active investor relations programme. The Company has authority to buy back its existing shares when deemed by the Board to be in the best interests of the Company and its shareholders.
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. 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.

Business Review (continued)

Principal risk	Mitigation
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 numerous 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.

Emerging risks

The key emerging risk faced by the Company during the year under review was the continuing ramifications of the Russian invasion of Ukraine, discussed under market and geopolitical risk above. The extent of this risk will depend on the length of the conflict, impacts on commodity prices and associated inflationary pressure. In addition, the Board and Investment Manager discussed the growing tensions between the United States and China. The Board is also monitoring the potential risks on the portfolio and investee companies posed by the dramatic progress of Artificial Intelligence (AI).

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 Governance 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.

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 various scenarios of possible future circumstances including a material increase in expenses and a continued significant and prolonged fall in emerging equity markets. The Board also considered the latest assessment of the portfolio's liquidity. 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 foresees no issues with meeting interest payments and other principal obligations of the borrowing facilities. A significant proportion of the Company's expenses is the ad valorem AIFM fee, which would naturally reduce if the market value of the Company's assets were to fall.

Considering the above, and with careful consideration given to the current market situation, the continuing ramifications of the Russian invasion of Ukraine, growing tensions between the United States and China over trade and the Taiwan Strait and the challenges posed by climate change, 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.

Business Review (continued)

Future Strategy

The Company was founded, and continues to be managed, based on 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.

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
9 June 2023

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 that 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 2023.

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) • W.A.G Payment Solutions plc (Chairman) Paul is an independent Director.
Simon Jeffreys (Chairman of the Audit and Risk Committee: 13 July 2017, Senior Independent Director: 14 July 2022) Date of appointment: 15 July 2016	Simon has extensive experience in audit and he has a wide-ranging understanding of the business. He 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. Simon was Chair of the Audit Committee and a member of the Remuneration and Risk Committees of St James's Place plc until 18 May 2023. *Other Current Appointments:* • SimCorp A/S (Chair of Audit and Risk Committee) • Crown Prosecution Service (Chair of Audit and Risk Committee) • Post Office Limited (Chair of Audit, Risk and Compliance Committee) Simon is an independent Director.

Directors' Report (continued)

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 extensive experience of Asia and other emerging markets. *Other Current Appointments:* • Fidelity Japan Trust (Chairman) • JPMorgan China Growth & Income plc (Chair of the Audit Committee) • DSP India Investment Fund (Non-Executive Director) • DSP India Fund (Non-Executive Director) David is an independent Director.
Magdalene Miller Date of appointment: 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 currently serves as a trustee for an educational endowment fund and participates in volunteering work. *Other Current Appointments:* • Baillie Gifford China Growth Trust (Non-Executive Director) Magdalene 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.
Abigail Rotheroe Date of appointment: 1 November 2022	Abigail has over 20 years of investment experience, most recently as the Investment Director at Snowball Impact Management, a sustainable and impact-focused asset manager. Previously Abigail has managed retail and institutional Asia Pacific portfolios in Hong Kong and London for Schroders, HSBC Asset Management Hong Kong and Colombia Threadneedle Investments. She is a CFA Charterholder and has experience in manager selection, sustainability, and impact measurement. *Other Current Appointments:* • Baillie Gifford Shin Nippon plc (Non-Executive Director) • HydrogenOne Capital Growth plc (Non-Executive Director) Abigail is an independent director.

Details of the fees earned by each Director can be found on page 61. The Directors' interests in the Company's shares are noted on page 63.

Appointment and re-election of Directors

Directors are initially appointed by the Board after a rigorous selection process and each Director is then subject to annual re-election by the shareholders. At the first AGM following appointment a Director is subject to election by the shareholders. Thereafter, a Director's appointment is subject to a performance evaluation carried out each year and the approval of shareholders at each AGM, in accordance with corporate governance best practice. When making a recommendation, the Board considers 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 initial appointment other than in exceptional circumstances. 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 annual performance evaluation. A director may resign by notice in writing to the Board at any time and there is no notice period for resignation.

The Board

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

The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 March 2023. During its review the Board has not identified or been advised of any significant failings or weaknesses relating to the Company.

Further details of the Directors' responsibilities can be found in the Statement of Directors' Responsibilities on page 70.

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.

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. The Board notes that where cross-directorships exist the Board has discussed and is satisfied that these are not material and do not impair the Directors' independence. Regular reviews of the Directors' training needs are carried out by the Chairman by means of the evaluation process described above. An evaluation of the Chairman by his fellow Directors was facilitated by Simon Jeffreys, 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 the annual performance evaluation, each Director's performance continues to be effective, demonstrating commitment to their role and each independent Director is recommended for re-election at the AGM. Abigail Rotheroe is subject to election by shareholders as this is the first AGM of the Company since her appointment on 1 November 2022. 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. Lintstock Ltd undertook a formal performance evaluation of the Board, its Committees and individual directors in the financial year ended 31 March 2021.

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 on ethnic representation. The Nomination

Directors' Report (continued)

and Remuneration Committee considers diversity generally when making recommendations for appointments to the Board, considering 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 is always 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.

The Board has made a commitment to consider diversity when reviewing the composition of the Board and notes the new Listing Rules requirements (LR9.8.7 R) regarding the targets on board diversity:

- at least 40% of individuals on the Board are women;
- at least one senior Board position (chairman, chief executive officer ("CEO"), senior independent director or chief financial officer ("CFO")) is held by a woman; and
- at least one individual on the Board is from a minority ethnic background, defined to include those from an ethnic group other than a white ethnic group, as specified in categories recommended by the Office for National Statistics.

As required by the Listing Rules the reporting for TEMIT against these targets is set out in the tables below in the prescribed format. The data was collected on a self-identifying basis. The Board notes that as at 31 March 2023 it does not currently meet the targets in relation to the number of women on the Board or the number of senior Board positions which should be held by a woman and will be considering the targets when future Board appointments are made. The Board confirms it has not met these targets but for continuity and succession planning the Directors will always select the best candidate based on objective criteria and merit. The Board notes that as an externally managed investment trust there is no CEO or CFO and the Board considers the Chairman of the Company, the Chairman of any of the Company's Committees and the Senior Independent Director to be senior positions.

Sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	4	67%	2
Women	2	33%	0
Not specified/prefer not to say	0	0%	0

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	5	83%	2
Mixed/Multiple Ethnic Groups	0	0%	0
Asian/Asian British	1	17%	0
Black/African/Caribbean/Black British	0	0%	0
Other ethnic group, including Arab	0	0%	0
Not specified/prefer not to say	0	0%	0

Directors’ Report (continued)

Diversity at the Manager

The Board also takes a close interest in diversity at the Manager. Franklin Templeton has a culture which embraces individual differences and the wealth of perspectives brought by 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. In 2022, Franklin Templeton was pleased to earn a top score of 100 percent on the Human Rights Campaign (“HRC”) Foundation’s 2023 Corporate Equality Index (“CEI”) which measures corporate policies and practices related to LGBTQ+ workplace equality, for the seventh consecutive year. Franklin Templeton was also awarded a bronze achievement award in Stonewall’s 2022 Workplace Equality Index. 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 partner and supporter of several organisations that promote inclusion and social mobility such as the Diversity Project, 10,000 Black Interns, the Robertson Trust, Leonard Cheshire and Career Ready.

Succession planning and recruitment

When considering succession planning, the Nomination and Remuneration Committee bears in mind the tenure, balance of skills, knowledge, experience and diversity existing on the Board.

The recruitment process which led to the appointment of Abigail Rotheroe commenced in March 2022 and 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 that the Board appoint Abigail Rotheroe after assessing the candidates against objective criteria and with due regard to the benefits of diversity (including gender, social, ethnic backgrounds) as well as cognitive and personal strengths and time available to discharge her responsibilities fully and effectively. Abigail Rotheroe was appointed as a non-executive Director of the Company, with effect from 1 November 2022.

As set out in the Chairman’s Statement on page 6, Simon Jeffreys is leading a process to identify a successor for Paul Manduca. A search company has been appointed and further announcements will be made in due course. Paul Manduca will not take part in the process to identify his successor.

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 reappointment 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 considers 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 he attends the Audit and Risk Committee meetings by invitation.

Directors' Report (continued)

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

	Board	Audit and Risk Committee	Management Engagement Committee	Nomination and Remuneration Committee
Paul Manduca	5/5	3/3[(a)]	1/1	2/2
Simon Jeffreys	5/5	3/3	1/1	2/2
David Graham	5/5	3/3	1/1	2/2
Beatrice Hollond[(b)]	1/1	1/1	–	–
Magdalene Miller	5/5	3/3	1/1	2/2
Charlie Ricketts	5/5	3/3	1/1	2/2
Abigail Rotheroe[(c)]	3/3	1/1	1/1	1/1

(a) Attended three out of three meetings of the Audit and Risk Committee by invitation including when the Annual Report and Half Yearly Report were being drafted and the Company's risk matrix was being reviewed.

(b) Stepped down from the Board at the conclusion of the AGM on 14 July 2022.

(c) Appointed on 1 November 2022.

The **Audit and Risk Committee** is chaired by Simon Jeffreys. The formal Report of the Audit and Risk Committee is on pages 64 to 69.

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 the Manager and of the 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 of the 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 during the year and discussed the annual evaluation process for the Board, the individual Directors and the Chairman and succession planning. The role of the Nomination and Remuneration Committee is to regularly review 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 Nomination and Remuneration Committee also considers the effectiveness of individual Directors and makes recommendations to the Board in respect of re-elections. The Nomination and Remuneration Committee keeps under review the balance of

Directors' Report (continued)

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 Abigail Rotheroe.

The Nomination and Remuneration Committee annually reviews the level of fees paid to the Chairman, the Chairman of the Audit and Risk Committee, the Senior Independent Director and other Directors relative to other comparable companies and in the light of the Directors' responsibilities. The Committee may engage independent external advisors if it considers this to be necessary.

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 maintains a register of Directors' interests which has been disclosed to, and approved by, the Board. The list of interests of each Director is reviewed at every Board meeting. Directors who have potential conflicts of interest will not take part in any discussions which relate to that particular conflict. The Board confirms that at 31 March 2023 and the date of this report there were no conflicts of interest.

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 Companies Act 2006. The Company maintains appropriate insurance cover in respect of legal action against the Directors.

The Company

Principal activity and investment company status in the UK

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 loss for the year was £64.3 million (2022: loss of £483.1 million) and the revenue profit was £66.9 million (2022: £40.7 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 3.00 pence per share. Including the interim dividend of 2.00 pence per share, which was paid by the Company on 27 January 2023, this represents an annual ordinary dividend of 5.00 pence per share (2022: 3.80 pence per share) and, if approved by shareholders at the AGM on 14 July 2023, the final dividend will be payable on 28 July 2023 to shareholders on the register at close of business on 23 June 2023.

Directors' Report (continued)

Financial

Share capital and gearing

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

As part of the Company's objective and current investment policy, the Company may borrow up to 20% of its net assets. The current gearing is discussed in the Business Review on page 34.

Share buybacks

The Board is again seeking shareholder permission to continue its programme of share buybacks as outlined under "Stability – Share buybacks and Conditional Tender Offer" on pages 35 and 36.

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 pages 67 and 68.

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

Substantial shareholdings

As at 24 May 2023, 31 March 2023 and 31 March 2022, the Company had been notified that the following were interested in 3% or more of the issued share capital of the Company.

	24 May 2023		31 March 2023		31 March 2022	
Name	**Number of shares**	**%**	**Number of shares**	**%**	**Number of shares**	**%**
City of London Investment Management Company Limited	279,045,828	24.20	278,947,968	24.07	238,591,539	20.24
Lazard Asset Management LLC Group	108,523,992[a]	9.41	108,822,695	9.39	108,822,695	9.23
Allspring Global Investments, LLC	79,262,342	6.87	63,527,818	5.48	63,527,818	5.39
Investec Wealth & Investment Limited[b]	61,700,274	5.35	74,370,335	6.42	74,370,335	6.31
Brewin Dolphin	49,814,378	4.32	35,371,979	3.05	n/a	n/a
Quilter Cheviot Investment Management	41,942,497	3.64	55,516,380	4.79	55,516,380	4.71
Rathbone Brothers PLC[b]	35,111,413	3.04	53,807,350	4.64	53,807,350	4.56

[a] Number of shares held as at 2 June 2023.

[b] As at 4 April 2023 Investec Wealth & Investment Limited and Rathbone Brothers PLC announced an intention to merge.

Directors’ Report (continued)

Principal service providers

Alternative Investment Fund Manager, Secretary and Administrator

FTITML is the Alternative Investment Fund Manager, Secretary and Administrator with the role of investment management delegated to TAML and FTIML. Portfolio managers from TAML and FTIML form part of the wider FTEME as mentioned on page 8.

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.

With effect from 1 July 2022 the annual fee rate for the services provided by FTITML, including investment management, risk management, secretarial and administration services, was reduced to:

- 1% of the first £1 billion of net assets;
- 0.75% of net assets between £1 billion and £2 billion; and
- 0.5% of net assets over £2 billion.

The previous fee structure was 1% of net assets up to £1 billion and 0.80% of net assets above £1 billion.

The agreement between the Company and FTITML may be terminated by either party giving one year’s notice, but in certain circumstances the Company may be required to pay compensation to FTITML 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. In the opinion of the Directors, the continuing appointment of FTITML 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 111.

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.

Directors’ Report (continued)

Association of Investment Companies Code of Corporate Governance

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 2021, 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.

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.

Activities in the Field of Research and Development

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

Directors' Report (continued)

Disclosures in Strategic Report
The Company has chosen, in accordance with Section 414C(11) of the Companies Act 2006, 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.

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

Internal control
Details of the Company's system of internal controls can be found on page 69.

Annual General Meeting
The AGM will be held on Friday 14 July 2023 at Barber-Surgeons' Hall, Monkwell Square, Wood St, Barbican, London EC2Y 5BL. Further details regarding the AGM are set out in the Notice of Meeting on page 105.

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.

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 Reports and Financial Statements for the year ended 31 March 2023.

Resolution 2 seeks approval of the Directors' Remuneration Policy at this year's AGM. Shareholders are invited to approve the Directors' Remuneration Policy as set out on page 60, which sets the Company's forward-looking policy on Directors' Remuneration. This policy was last approved by shareholders at the AGM in 2020.

Resolution 3 seeks shareholders' approval of the Directors' Remuneration Report for the year ended 31 March 2023. Approval of the Directors' Remuneration Report is sought at each AGM and this year's report is set out in full on pages 60 to 63 of the 2023 Annual Report.

Resolution 4 seeks shareholders' approval to declare a final ordinary dividend of 3.00 pence per share, payable on 28 July 2023 to shareholders on the register as at close of business on 23 June 2023.

Resolutions 5.1 to 5.5 seek shareholders' approval to re-elect Paul Manduca, Charlie Ricketts, David Graham, Simon Jeffreys and Magdalene Miller as Directors.

The Board recommends that each director is re-elected, as set out under Board Evaluation on page 49.

Resolution 5.6 seeks shareholders' approval to elect Abigail Rotheroe 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.

Resolutions 6 and 7 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

Directors' Report (continued)

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 2024 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 AGM is:

(i) Authority for the Allotment of New Shares

The resolutions to allot shares are set out in resolutions 8 (ordinary resolution) and 9 (special resolution) in the Notice of Annual General Meeting. These resolutions, if passed, will give your Directors power to allot for cash equity securities of the Company and/or to sell equity securities held as treasury shares up to a maximum aggregate nominal amount of £2,883,000 (being an amount equal to 5% of the issued share capital of the Company as at 24 May 2023) as if Section 561 of the Companies Act 2006 ("the 2006 Act") did not apply (this section requires, when shares are to be allotted for cash or shares held as treasury shares are sold, that such shares first be offered to existing shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights"). The authorities contained in resolutions 8 and 9 will continue until the AGM of the Company in 2024 and your Directors envisage seeking the renewal of this authority in 2024 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.

(ii) Authority to Purchase Own Shares

At the AGM of the Company held on 14 July 2022, 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 14 July 2022 equivalent to 176,454,456 shares. The present authority expires at the conclusion of the AGM on 14 July 2023.

Under Resolution 10, the Directors are seeking renewal of the authority to purchase the Company's shares in the market, limited to 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 172,879,887 ordinary shares of 5 pence per share each as at 24 May 2023). This is set out in resolution 10 of the notice of the AGM.

Any shares purchased pursuant to this authority may be cancelled or held in treasury pursuant to the Companies (Acquisition of own shares) (Treasury Shares) Regulations 2003. Purchases will only be made for cash, 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 of 5 pence per share; and

(c) shares will only be purchased at a price which is at a discount to the prevailing net asset value 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. 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 2024 and in each succeeding year.

(iii) Notice period for general meetings

At the AGM of the Company held on 14 July 2022, 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 2023. The Directors are seeking renewal under Resolution 10 of the authority to call general meetings (other than Annual General Meetings) on 14 days' clear notice.

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 2024, 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 compliance with loan covenants, the principal and emerging risks and uncertainties described within the Annual Report, and with due consideration to the continuing ramifications of the Russian invasion of Ukraine and growing tensions between the United States and China over trade and the Taiwan Strait, the Directors are satisfied that the Company has adequate resources to continue to operate as a going concern for the period to 31 March 2025, which is at least 12 months from the date of approval of the Financial Statements, and are satisfied that the going concern basis is appropriate in preparing the Financial Statements.

By order of the Board

Paul Manduca
9 June 2023

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 71 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 pages 48 and 49, details of the Directors’ terms of appointment.

The Company has no employees.

Details of the Nomination and Remuneration Committee can be found on pages 52 and 53 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 has not changed and will be subject to shareholder approval at the AGM on 14 July 2023.

The Board’s policy, which has been designed to support the Company’s strategy and promote long-term sustainable success, 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.

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. 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 as non-executive Directors for the Company. Directors are not entitled to payment for loss of office and may be removed from office by the Company on three months’ notice.

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 Report (continued)

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 AGM. A review was carried out during the financial year to 31 March 2023 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	£71,000	£73,000
Chairman of the Audit and Risk Committee and Senior Independent Director	£56,000	£58,500
Independent Directors	£40,000	£41,000

The Chairman of the Board, Chairman of the Audit and Risk Committee (who is also the 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 2023 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 14 July 2022 and was passed by 749,695,535 (99.86%) of shareholders voting in favour of the resolution, 1,056,931 (0.14%) voting against and 218,284 abstaining from voting.

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

	2023			2022				
(audited information)	Annual fee £	Taxable benefits[a] £	Total £	Annual fee £	Taxable benefits[a] £	Total £	2023 total remuneration change %	2022 total remuneration change %
Paul Manduca[b]	71,000	229	71,229	69,000	119	69,119	3.1	3.2
Simon Jeffreys[c]	55,287	679	55,966	52,000	397	52,397	6.8	3.8
Charlie Ricketts	40,000	3,952	43,952	39,000	752	39,752	10.6	(3.8)
Magdalene Miller[d]	40,000	1,751	41,751	34,807	461	35,268	18.4	100
David Graham	40,000	–	40,000	39,000	252	39,252	1.9	3.3
Abigail Rotheroe[e]	16,667	–	16,667	–	–	–	100	–
Beatrice Hollond[f]	12,242	194	12,436	41,500	132	41,632	(70.1)	9.6
Medha Samant[g]	–	–	–	1,978	–	1,978	(100)	(89.6)
Total	**275,196**	**6,805**	**282,001**	**277,285**	**2,113**	**279,398**		

(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 and appointed Senior Independent Director effective 14 July 2022.
(d) Joined the Board on 10 May 2021.
(e) Joined the Board on 1 November 2022.
(f) Retired from the Board on 14 July 2022. Senior Independent Director up to date of retirement.
(g) 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 over the past 10 years.

[a] Figures rebased to 100 at 31 March 2013.

Relative cost of Directors' fees

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

	2023 £'000	2022 £'000
Directors' Remuneration[a]	303	304
Distribution to shareholders:		
Dividends	57,860[b]	44,751
Share buybacks	29,207	3,604

[a] Directors' Remuneration comprises Directors' fees of £275,196 and Employer National Insurance Contributions of £27,594 for the financial year 2023 (2022: £277,285 and £26,767 respectively).

[b] Based on a proposed final dividend of 3.00 pence per share calculated using shares in issue as at 24 May 2023 and the interim dividend of 2.00 pence per share paid 27 January 2023.

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

Five year change comparison

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

Role	Current annual fee	31 March 2018 annual fee	Change
Chairman	£71,000	£63,000	+12.7%
Chairman of the Audit and Risk Committee and Senior Independent Director	£56,000	£48,000[a]	+16.7%
Independent Directors	£40,000	£36,000	+11.1%

[a] Annual fee received by the Chairman of the Audit and Risk Committee. Simon Jeffreys is Chairman of the Audit and Risk Committee and was appointed Senior Independent Director on 14 July 2022. The Senior Independent Director position was held by a different director during the year ended 31 March 2018.

Directors' Remuneration Report (continued)

Statement of Directors' shareholdings

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

(audited information)	2023 Number of shares	2022 Number of shares
David Graham	107,755	106,452
Abigail Rotheroe	27,110	–
Simon Jeffreys	26,960	26,960
Paul Manduca	25,000	25,000
Charlie Ricketts	25,000	25,000
Magdalene Miller	7,000	–

The Company has not received any notifications of changes in the above interests as at 24 May 2023.

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 9 June 2023.

Paul Manduca
9 June 2023

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 2023.

Composition

As of 31 March 2023, the Audit and Risk Committee comprised Simon Jeffreys (Chairman), David Graham, Magdalene Miller, Charlie Ricketts and Abigail Rotheroe, all independent non-executive Directors.

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. David Graham is also a Chartered Accountant. The Directors' biographies are given on pages 46 to 48.

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 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;
- Monitored the integrity of the Financial Statements including the review of and agreeing the appropriateness of the Company's accounting policies, accounting estimates and judgements, alternative performance measures and compliance with the appropriate reporting requirements;
- Oversaw the relationship with the external auditor, including monitoring of any non-audit services in accordance with the policy;
- 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;
- Monitored, reviewed and confirmed the effectiveness of the internal financial controls and internal controls and risk management systems on which the Company is reliant;
- Reviewed the effectiveness of the internal audit function of Franklin Templeton and its reports, and was satisfied with the results;
- Reviewed the internal and external audit plans and the findings of the audits, including the external Auditor's Report;
- Reviewed and confirmed that the value and quality of services provided to the Company by third parties were satisfactory;
- 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)

Activities during the year

The Committee met formally three times during the year. In addition some members of the Committee members visited Edinburgh twice in the year to meet with the external auditor and representatives of the Manager's internal audit, financial reporting, taxation and risk departments. Also, while in Singapore separately on other business, the Chairman and other members of the committee visited Franklin Templeton's office and met with representatives of the portfolio, research and risk teams.

The Chairman and other members of the Committee, also:

- Reviewed and challenged the scenarios presented by the Manager to support the use of the going concern basis and the ongoing viability assessment. Upon review and discussion with the Manager the Committee concluded that the scenarios were appropriate to support the use of the going concern basis and the ongoing viability statement;
- Reviewed the effects of the AIFM fee change;
- Met with the Manager to discuss its approach to ESG matters including the implementation of the Stewardship Report;
- Held meetings with the Manager to discuss with those responsible all relevant matters relating to financial reporting, company secretarial, taxation, internal audit and risk and control framework;
- Received regular updates on the ongoing Russian invasion of Ukraine and the resulting portfolio valuation impacts;
- Discussed with the investment and risk teams the potential ramifications of the growing tensions between the United States and China over trade and sovereignty of Taiwan. This includes the impact of sanctions on certain companies as well as potential restrictions on the ability to invest in certain companies;
- Challenged the Manager on the valuation basis for the Russian securities and Brilliance China Automotive which suspended trading on 31 March 2021 and resumed on 5 October 2022. Following discussions with the Manager, the Committee concluded that the valuations applied are reasonable and appropriate given the circumstances and information available;
- Discussed with the Manager the classification of the special dividend of £8.4 million received from Brilliance China Automotive as a revenue or capital item in the Statement of Comprehensive Income. Considering that the special dividend was paid out of the net proceeds from the disposal of a 25% equity interest in Brilliance China Automotive's joint venture with BMW, the Committee concluded that the treatment as a capital item in the Statement of Comprehensive Income is appropriate and therefore no significant judgement was required;
- Challenged the Manager on the appropriate recognition of recoverable taxes and concluded that the accounting treatment was appropriate; and
- Reviewed options and selected the new Senior Statutory Auditor from Ernst & Young LLP.

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 of its individual Directors, further details of this review can be found on page 49. The Board is satisfied with the performance and effectiveness of the Audit and Risk Committee.

Report of the Audit and Risk Committee (continued)

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.

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

Portfolio valuation	The Directors receive regular portfolio reports, liquidity information and presentations from the Manager and the Investment Manager. The Committee reviews valuation reports from the Manager and is satisfied that valuations are compliant with the accounting policies commencing on page 85. In particular the Committee challenged the Manager on the basis of valuation, and the assumptions made, for the valuation of Russian securities and of Brilliance China Automotive. Trading in shares of Brilliance China Automotive on the Hong Kong stock exchange was suspended on 31 March 2021 and resumed on 5 October 2022.
Misappropriation of assets and counterparty risk	The Committee considers the risk of counterparty failure. The Company has appointed an independent custodian (JPMorgan Chase Bank) to hold its investments. The Manager reconciles the investment portfolio to the custodian's records on a regular basis and any material variances are reported to the Committee. In addition, the Committee receives from the Manager an annual review evaluating JPMorgan Chase Bank's global custody and sub-custody network including the results of an ISAE 3402 report by PricewaterhouseCoopers. The results were satisfactory.
Going concern and viability	The Committee considers that the Company's assets consist of equity shares in companies listed on recognised stock exchanges which in most circumstances are realisable within a short timescale. Having made suitable enquiries, including consideration of the Company's objective, the nature of the portfolio, net current assets, expenditure forecasts, the compliance with loan covenants, the principal and emerging risks and uncertainties described within the Annual Report, and with due consideration to the continuing ramifications of the Russian invasion of Ukraine and growing tensions between the United States and China over trade and the Taiwan Strait, the Committee is satisfied that the Company has adequate resources to continue to operate as a going concern for the period to 31 March 2025, which is at least 12 months from the date of approval of the Financial Statements. The Committee therefore concludes that it is appropriate to prepare the Financial Statements on a going concern basis, and makes its recommendations to the Board. The scenarios considered include the liquidity of the portfolio, a sustained increase in the value of the portfolio (which would result in an increase in running costs, particularly the AIFM fee), a significant drop in value of the assets and a similar decrease in dividend income, and confirms that the Company could continue as a going concern. The Committee also considers such scenarios over a five-year period to support the Company's ongoing viability as noted in the Viability Statement on page 44.
Recognition of investment income	Each quarter the Committee receives and reviews annual income forecast reports which detail 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 is 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 & 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.

Report of the Audit and Risk Committee (continued)

Areas of audit focus

The Committee reviewed and agreed the external 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 which they wanted to be covered and 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 focused 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.

Significant estimates and assumptions were used for the valuation of the Level 3 Russian investments. As noted above the Committee challenged the Manager on the basis of the valuation and were satisfied that this was appropriate. 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 73 to 75. The Committee reviewed and were satisfied with the conclusions presented by the external auditor for each of these matters.

Conclusion

As a result of the work undertaken by the Committee as noted on page 66 and from the conclusions presented by the external auditor, the Committee has concluded that the Financial Statements for the year ended 31 March 2023, 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 70.

External Auditor

Assessment of effectiveness and independence of the 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 2022 Transparency Report. Ernst & Young LLP presented its detailed audit plan for the 2023 financial year end at the December 2022 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.

Report of the Audit and Risk Committee (continued)

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 assessing the quality of the audit the Committee considered areas where the auditor had demonstrated professional scepticism and challenged management's assumptions. They noted that this had been demonstrated around the valuation of the Russian assets and how the auditor had challenged management on their assumptions with the Committee noting these discussions and concluding that a zero valuation was appropriate. 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 2023.

Auditor rotation

The 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. During the year, Sue Dawe, who pursued a career development opportunity, was replaced by Ashley Coups, who was selected from a short list of candidates by the Committee, as Senior Statutory Auditor. The year ended 31 March 2023 was the first year for which Ashley Coups (Senior Statutory Auditor) has served. Sue Dawe previously occupied this role for three financial years.

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.

After expiry of a three-year fee agreement following the Auditor's initial appointment, audit fees were renegotiated during the year. The fees paid to the Auditor in the year were as follows:

	2023	2022
Audit Services	£52,000	£34,000
Non-Audit Services:		
Review of Half Yearly Report	£10,000	£8,000
Percentage of Audit Services	19.2%	23.5%

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.

Report of the Audit and Risk Committee (continued)

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 engages Franklin Templeton's internal audit function to carry out a review of specific areas that the Audit and Risk Committee considers appropriate.

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 Company. The Committee also confirmed the effectiveness of the key operational procedures and oversight by the Manager and the Board.

Other areas

TEMIT is able to rely on the Financial Markets Conduct (Overseas FMC Reporting Entities) Exemption Notice 2021, that exempts it from requirements to prepare audited financial statements in accordance with the New Zealand Financial Market Conduct Act 2013. This exemption recognises that companies with a primary listing in the United Kingdom prepare Financial Statements and are audited in accordance with UK requirements. This exempts TEMIT from the New Zealand requirement that firms be audited by a New Zealand unlimited liability entity.

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

Simon Jeffreys
Audit and Risk Committee Chairman
9 June 2023

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 46 to 53.

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 UK adopted International Accounting Standards.

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 UK adopted International Accounting Standards 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
- Assess 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 46 to 48, confirms that to the best of their knowledge:

- The Financial Statements, which have been prepared in accordance with UK adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company for the year ended 31 March 2023; 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 for shareholders to assess the Company's position and performance, business model and strategy, and include a description of the principal risks and uncertainties.

By order of the Board

Paul Manduca
9 June 2023

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 2023 which comprise 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 UK adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

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:

- Confirming 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.
- Inspecting the Directors' assessment of going concern, including the revenue forecast, for the period to 31 March 2025 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.

Independent Auditor’s Report (continued)

- Reviewing the factors and assumptions, including the impact of the current economic environment, 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 and calculations, that the methods, 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 reviewed the Directors’ reverse stress testing in order to identify and challenge the factors which would lead to the Company breaching the financial covenants.
- We considered the mitigating factors included in the revenue forecasts 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.
- Reviewing the Company’s going concern disclosures included in the Annual Report in order to assess that 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 a period assessed by the Directors, being the period to 31 March 2025 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 £20.18m (2022: £21.00m) which represents 1% (2022: 1%) of shareholders’ funds.

Independent Auditor’s Report (continued)

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. All audit work was performed directly by the audit engagement team.

Climate change

Stakeholders are increasingly interested as to how climate change will impact companies. The Company has determined that the impact of climate change could affect the Company’s investments, and potentially shareholder returns. This is explained in the principal and emerging risks section on page 43, which forms part of the “Other information,” rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company’s disclosures in the financial statements as set out in note 1(a) and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by UK adopted International Accounting Standards. In line with UK adopted International Accounting Standards, investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets. Investments which are designated at level 3 are priced using market-based valuation approaches. All investments therefore reflect the market participants’ view of climate change on risk on the investments held by the Company. We also challenged the Directors’ considerations of climate change in their assessment of viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

Independent Auditor's Report (continued)

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 67 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 86). The total revenue for the year to 31 March 2023 was £88.98m (2022: £54.27m), consisting primarily of dividend income from listed investments. The Company received special dividends amounting to £14.00m (2022: £3.85m) of which £8.44m (2022: £nil) was classified as capital and £5.56m (2022: £3.85m) was 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. The directors may be 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 the processes and controls surrounding revenue recognition and classification of special dividends by performing walkthrough procedures. For all dividends received and accrued we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed all exchange rates to an external source and, for a sample of dividends received and dividends accrued, we agreed amounts to bank statements. For all accrued dividends, we assessed whether the dividend obligations arose prior to 31 March 2023 with reference to an external source. To test completeness of recorded income, we verified that all expected dividends for each investee company had been recorded as income with reference to investee company announcements obtained from an independent data vendor. For all investments held during the year, we reviewed the type of dividends paid with reference to an external data source to identify those which were special dividends. We confirmed seven special dividends were received during the year, consistent with the dividends recognised by the Administrator. For one revenue dividend and one capital dividend above our testing threshold, we assessed the appropriateness of management's classification as revenue or capital by reviewing the underlying rationale for the distributions.	The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

Independent Auditor’s Report (continued)

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 67 in the Report of the Audit and Risk Committee and as per the accounting policy set out on page 88). The valuation of the portfolio at 31 March 2023 was £1,992.78m (2022: £2,124.53m) consisting of £1,992.78m (2022: £2,103.73m) of level 1 listed investments, and three nil valued Russian securities designated as level 3 investments (2022: five nil valued Russian securities plus one suspended investment valued at £20.80m). 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 process surrounding the existence and pricing of securities by performing walkthrough procedures. For all listed investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the valuations as at the year-end. We inspected the security price movement reports produced by the Administrator to identify prices that have not changed within five days from year end and verified whether the listed price is a valid fair value through review of trading activity. Our testing identified no prices which had not changed within five days of the year end. We compared the Company’s investment holdings at 31 March 2023 to independent confirmations received directly from the Company’s Depositary and Custodian. For each of the level 3 investments, we assessed the reasonableness and appropriateness of the valuation method used by the Manager with reference to the Company’s accounting policies, UK adopted International Accounting Standards and the International Private Equity and Venture Capital Valuation (IPEV) Guidelines and assessed whether the assumptions used to estimate fair value were appropriate.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.

There have been no changes to the areas of audit focus raised in the above risk table from prior year.

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.

Independent Auditor’s Report (continued)

We determined materiality for the company to be £20.18m (2022: £21.00m), which is 1% (2022: 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% (2022: 75%) of our planning materiality, namely £15.13m (2022: £15.75m). 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 investment trusts we also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £3.62m (2022: £2.24m) 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 £1.01m (2022: £1.05m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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 this gives rise to 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

We have reviewed 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 by the Listing Rules.

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 page 59;
- 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 page 44;
- Director’s statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 59;
- Directors’ statement on fair, balanced and understandable set out on page 70;
- Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 41 to 44;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 69; and
- The section describing the work of the audit committee set out on pages 64 and 65.

Independent Auditor's Report (continued)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 70, 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 UK Adopted International Accounting Standards, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies as issued by the Association of Investment Companies, 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 board and committee minutes and review of papers provided to the Audit and Risk Committee.
- 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.

Independent Auditor's Report (continued)

- 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 four years, covering the years ending 31 March 2020 to 31 March 2023.

- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

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

Ashley Coups (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP, Statutory Auditor
London
9 June 2023

Financial Statements

Statement of Comprehensive Income

For the Year Ended 31 March 2023

		Year ended 31 March 2023			Year ended 31 March 2022		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net losses on investments and foreign exchange							
Net losses on investments at fair value	8	–	(54,645)	(54,645)	–	(460,585)	(460,585)
Net losses on foreign exchange		–	(442)	(442)	–	(168)	(168)
Income							
Dividends	2	77,463	8,431	85,894	54,020	–	54,020
Other income	2	3,088	–	3,088	250	–	250
		80,551	**(46,656)**	**33,895**	**54,270**	**(460,753)**	**(406,483)**
Expenses							
AIFM fee	3	(5,232)	(12,209)	(17,441)	(6,316)	(14,738)	(21,054)
Other expenses	4	(1,979)	–	(1,979)	(2,338)	–	(2,338)
		(7,211)	**(12,209)**	**(19,420)**	**(8,654)**	**(14,738)**	**(23,392)**
Profit/(loss) before finance costs and taxation		**73,340**	**(58,865)**	**14,475**	**45,616**	**(475,491)**	**(429,875)**
Finance costs	5	(962)	(2,239)	(3,201)	(858)	(1,998)	(2,856)
Profit/(loss) before taxation		**72,378**	**(61,104)**	**11,274**	**44,758**	**(477,489)**	**(432,731)**
Tax expense	6	(5,520)	(3,232)	(8,752)	(4,081)	(5,596)	(9,677)
Profit/(loss) for the year		**66,858**	**(64,336)**	**2,522**	**40,677**	**(483,085)**	**(442,408)**
Profit/(loss) attributable to equity holders of the Company		**66,858**	**(64,336)**	**2,522**	**40,677**	**(483,085)**	**(442,408)**
Earnings per share	7	**5.72p**	**(5.50)p**	**0.22p**	**3.44p**	**(40.90)p**	**(37.46)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 85 to 102 are an integral part of the Financial Statements.

Statement of Financial Position

As at 31 March 2023

	Note	As at 31 March 2023 £'000	As at 31 March 2022 £'000
Non-current assets			
Investments at fair value through profit or loss	8	**1,992,775**	**2,124,530**
Current assets			
Trade and other receivables	9	7,886	16,928
Cash and cash equivalents		132,988	125,855
Total current assets		**140,874**	**142,783**
Current liabilities			
Other payables	10	(6,402)	(57,718)
Total current liabilities		**(6,402)**	**(57,718)**
Net current assets		**134,472**	**85,065**
Non-current liabilities			
Capital gains tax provision	6	(9,744)	(9,205)
Other payables falling due after more than one year	11	(100,000)	(100,000)
Total assets less liabilities		**2,017,503**	**2,100,390**
Share capital and reserves			
Equity Share Capital	12	63,148	64,136
Capital Redemption Reserve	1(j)	19,521	18,533
Capital Reserve	1(j)	1,372,654	1,466,197
Special Distributable Reserve	1(j)	433,546	433,546
Revenue Reserve	1(j)	128,634	117,978
Equity Shareholders' Funds		**2,017,503**	**2,100,390**
Net asset value pence per share[a]		174.1	178.2

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

The Financial Statements of Templeton Emerging Markets Investment Trust plc (company registration number SC118022) on pages 80 to 102 were approved for issue by the Board and signed on 9 June 2023.

Paul Manduca
Chairman

Simon Jeffreys
Director

Statement of Changes in Equity

For the Year Ended 31 March 2023

	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 2021		**64,253**	**18,416**	**1,952,886**	**433,546**	**122,186**	**2,591,287**
(Loss)/profit for the year		–	–	(483,085)	–	40,677	(442,408)
Equity dividends	13	–	–	–	–	(44,885)	(44,885)
Purchase and cancellation of own shares	12	(117)	117	(3,604)	–	–	(3,604)
Balance at 31 March 2022		**64,136**	**18,533**	**1,466,197**	**433,546**	**117,978**	**2,100,390**
(Loss)/profit for the year		–	–	(64,336)	–	66,858	2,522
Equity dividends	13	–	–	–	–	(56,202)	(56,202)
Purchase and cancellation of own shares	12	(988)	988	(29,207)	–	–	(29,207)
Balance at 31 March 2023		**63,148**	**19,521**	**1,372,654**	**433,546**	**128,634**	**2,017,503**

The accompanying notes on pages 85 to 102 are an integral part of the Financial Statements.

Statement of Cash Flows

For the Year Ended 31 March 2023

	Note	For the year to 31 March 2023 £'000	For the year to 31 March 2022 £'000
Cash flows from operating activities			
Profit/(Loss) before taxation		11,274	(432,731)
Adjustments to reconcile Profit/(Loss) before taxation to cash used in operations:			
Bank and deposit interest income recognised		(3,082)	(130)
Dividend income recognised		(85,894)	(54,020)
Finance costs		3,201	2,856
Net losses on investments at fair value	8	54,645	460,585
Net losses on foreign exchange		442	168
Decrease in debtors		12	16
Decrease in creditors		(310)	(614)
Cash used in operations		**(19,712)**	**(23,870)**
Bank and deposit interest received		3,082	130
Dividends received		86,727	57,522
Bank overdraft interest paid		(2)	(2)
Tax paid		(5,971)	(6,250)
Realised gains on foreign currency cash and cash equivalents[a]		179	377
Net cash inflow from operating activities[a]		**64,303**	**27,907**
Cash flows from investing activities			
Purchases of non-current financial assets		(465,539)	(600,482)
Sales of non-current financial assets[a]		548,504	612,872
Net cash inflow from investing activities[a]		**82,965**	**12,390**
Cash flows from financing activities			
Equity dividends paid	13	(56,202)	(44,885)
Purchase and cancellation of own shares		(30,453)	(2,041)
(Repayment)/draw down from revolving credit facility		(50,000)	50,000
Interest and fees paid on bank loans		(3,457)	(2,728)
Net cash (outflow)/inflow from financing activities		**(140,112)**	**346**
Net increase in cash[a]		**7,156**	**40,643**
Cash at the start of the year		125,855	85,212
Unrealised losses on foreign currency cash and cash equivalents[a]		(23)	0
Cash at the end of the year		**132,988**	**125,855**

[a] Net unrealised losses on cash and cash equivalents have been shown separately as part of the reconciliation of cash and cash equivalents. Net realised gains arising from cash and cash equivalents have been allocated to the corresponding cash flow activities to which they relate. Comparative figures have been updated for the consistency of the presentation in line with IAS 8 requirements.

The accompanying notes on pages 85 to 102 are an integral part of the Financial Statements.

Statement of Cash Flows (continued)

Reconciliation of liabilities arising from bank loans

	Liabilities as at 31 March 2022 £'000	Cash flows £'000	Profit & Loss £'000	Liabilities as at 31 March 2023 £'000
Revolving credit facility	50,000	(50,000)	–	–
Interest and fees payable	249	(1,351)	1,102	–
Fixed term loan	100,000	–	–	100,000
Interest and fees payable	352	(2,106)	2,097	343
Total liabilities from bank loans	**150,601**	(53,457)	3,199	**100,343**

	Liabilities as at 31 March 2021 £'000	Cash flows £'000	Profit & Loss £'000	Liabilities as at 31 March 2022 £'000
Revolving credit facility	–	50,000	–	50,000
Interest and fees payable	120	(628)	757	249
Fixed term loan	100,000	–	–	100,000
Interest and fees payable	355	(2,100)	2,097	352
Total liabilities from bank loans	**100,475**	47,272	2,854	**150,601**

Notes to the Financial Statements

As at 31 March 2023

1 Accounting Policies

(a) Basis of preparation

The Financial Statements of the Company have been prepared in accordance with UK adopted International Accounting Standards. 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 ("AIC") in July 2022 insofar as the SORP is compatible with International Accounting Standards.

The Financial Statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments. All financial assets and financial liabilities are recognised (or derecognised) on the date of the transaction by the use of "trade date accounting". The principal accounting policies adopted are set out below.

Adoption of new and revised Accounting Standards

At the date of authorisation of these Financial Statements, the following standard was assessed to be relevant and is effective for annual periods beginning on or after 1 January 2022:

- Annual Improvements to IFRS Standards 2018 – 2020: IFRS 9 Amendment. This amendment relates to situations where there is a substantial change in the terms of a financial liability.

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

At the date of authorisation of these Financial Statements, the following standards and interpretations which have not been applied in these Financial Statements were in issue but not yet applicable:

Accounting Standards	Effective date for annual periods beginning on or after
IAS 1 Amendments: Disclosure of Accounting Policies	1 January 2023
IAS 8 Amendments: Definition of Accounting Estimates	1 January 2023
IAS 1 Amendments: Non-current Liabilities with Covenants	1 January 2024

The Directors expect that the amendments listed above will have either no impact or that any impact will not be material to the Financial Statements of the Company in the next reporting periods.

Going concern

The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the period to 31 March 2025, 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 41 to 44 in particular those relating to the continuing ramifications of the Russian invasion of Ukraine.

At 31 March 2023, the Company had net current assets of £134,472,000 (31 March 2022: net current assets of £85,065,000). In addition, 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 £100 million fixed term loan

Notes to the Financial Statements (continued)

does not fall due until 31 January 2025. The Directors also reviewed scenarios of a significant drop in value of the assets and noted that in those scenarios they would still be significantly higher than the Company's 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 page 59.

Functional currency

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.

Estimates, assumptions and judgements

Significant estimates and assumptions have been used to fair value the Level 3 Russian investments held by the Company. Further details are given in the fair value section of Note 15 and in the Report of the Audit and Risk Committee. There have been no other significant judgements, estimates or assumptions for the year.

In preparing these Financial Statements, the Directors have considered the impact of climate change as a principal risk as set out on page 43 and have concluded that there was no further impact of climate change to be considered as the investments are valued based on market pricing. In line with UK adopted International Accounting Standards the investments are valued at fair value, which for the Company are the bid prices quoted on the relevant stock exchange at the date of the Statement of Financial Position and therefore reflect market participants' views of climate change risk on the investments held.

(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 revenue column 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 column of the Statement of Comprehensive Income.

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

Stock lending income is shown gross of associated costs and recognised in revenue as earned.

Notes to the Financial Statements (continued)

(d) Expenses

All expenses are accounted for on an accrual 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 relating to bank loans are accounted for on an accrual basis using the effective interest method in the Statement of Comprehensive Income according to the Directors' expectations of future returns. Finance costs relate to interest and fees on bank loans and overdrafts. 70% of the finance costs, except for interest and fees on overdrafts, 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 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.

Notes to the Financial Statements (continued)

(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 do not meet 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 accrual basis in the Statement of Comprehensive Income. The amortisation of direct issue costs is accounted for on an accrual 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. This reserve is undistributable.

Capital Redemption Reserve – represents the nominal value of shares repurchased and cancelled. This reserve is undistributable.

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 realised component of the Capital Reserve. The Company's Articles of Association preclude it from making any distribution of capital profits by way of dividend.

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. This reserve is fully distributable.

Revenue Reserve – represents net income earned that has not been distributed to shareholders. This reserve is fully distributable.

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

Notes to the Financial Statements (continued)

2 Income

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Dividends[(a)]						
International dividends	76,287	8,431	84,718	52,714	–	52,714
UK dividends	1,176	–	1,176	1,306	–	1,306
	77,463	**8,431**	**85,894**	**54,020**	**–**	**54,020**
Other income						
Bank and deposit interest	3,082	–	3,082	130	–	130
Stock lending income	6	–	6	120	–	120
	3,088	**–**	**3,088**	**250**	**–**	**250**
Total	**80,551**	**8,431**	**88,982**	**54,270**	**–**	**54,270**

(a) The Company received special dividends amounting to £14.0 million (2022: £3.9 million) of which £8.4 million (2022: £nil) was classified as capital and £5.6 million (2022: £3.9 million) was classified as revenue.

3 AIFM fee

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
AIFM fee	5,232	12,209	**17,441**	6,316	14,738	**21,054**

On 1 October 2021, FTITML replaced Franklin Templeton International Services S.à r.l as the Company's AIFM and Company Secretary. The contract with FTITML 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 2022, the AIFM fee was reduced to 1% of the first £1 billion of net assets, 0.75% of net assets between £1 billion and £2 billion, and 0.50% of net assets over £2 billion. The previous fee structure was 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

	2023 £'000	2022 £'000
Custody fees	526	775
Marketing fees	321	362
Directors' remuneration	303	304
Membership fees	180	176
Depository fees	148	207
Registrar fees	86	132
Auditor's remuneration		
Audit of the annual financial statements	52	34
Review of the Half Yearly Report	10	8
Broker fees	36	33
Printing and postage fees	13	21
Other expenses	304	286
Total	**1,979**	**2,338**

Notes to the Financial Statements (continued)

5 Finance costs

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Fixed term loan	629	1,468	2,097	629	1,468	2,097
Revolving credit facility	331	771	1,102	227	530	757
Bank overdraft interest	2	–	2	2	–	2
Total	**962**	**2,239**	**3,201**	**858**	**1,998**	**2,856**

6 Tax on ordinary activities

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Irrecoverable overseas withholding tax	5,520	–	5,520	4,081	–	4,081
Capital gains tax paid	–	2,693	2,693	–	1,352	1,352
Total current tax	**5,520**	**2,693**	**8,213**	**4,081**	**1,352**	**5,433**
Capital gains tax provision	–	539	539	–	4,244	4,244
Total tax	**5,520**	**3,232**	**8,752**	**4,081**	**5,596**	**9,677**

	2023 £'000	2022 £'000
Profit/(loss) before taxation	11,274	(432,731)
Theoretical tax at UK corporation tax rate of 19% (2022: 19%)	2,142	(82,219)
Effects of:		
- Capital element of loss	8,865	87,543
- Irrecoverable overseas withholding tax	5,520	4,081
- Excess management expenses	2,539	3,101
- Overseas capital gains tax paid	2,693	1,352
- Dividends not subject to corporation tax	(13,152)	(7,924)
- Movement in overseas capital gains tax liability	539	4,244
- UK dividends	(224)	(248)
- Overseas tax expensed	(170)	(253)
Actual tax charge	**8,752**	**9,677**

As at 31 March 2023 the Company had unutilised management expenses and non-trade deficits of £295.5 million carried forward (2022: £284.4 million). These balances have been generated because a large part of the Company's income is derived from dividends which are not taxed. Based on current UK tax law, the Company is not expected to generate taxable income in a future period in excess of deductible expenses for that period and, accordingly, is unlikely to be able to reduce future tax liabilities by offsetting these excess management expenses. These excess management expenses are therefore not recognised as a deferred tax asset of £73.9 million (2022: £54.0 million) based on a prospective corporation tax rate of 25% (2022: 19%). The UK corporation tax rate is currently 25% with effect from 1 April 2023.

Notes to the Financial Statements (continued)

Movement in provision for capital gains tax[a]

	2023 £'000	2022 £'000
Balance brought forward	9,205	4,961
Charge for the year	3,232	5,596
Capital gains tax paid	(2,693)	(1,352)
Balance carried forward	**9,744**	**9,205**

[a] A provision for deferred capital gains tax has been recognised in relation to unrealised gains for holdings in India and Pakistan.

7 Earnings per share

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Earnings	66,858	(64,336)	**2,522**	40,677	(483,085)	**(442,408)**

	2023			2022		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Earnings per share	5.72	(5.50)	**0.22**	3.44	(40.90)	**(37.46)**

The earnings per share is based on the profit attributable to equity holders and on the weighted average number of shares in issue, excluding shares held in treasury, during the year of 1,169,095,903 (year to 31 March 2022: 1,181,093,110).

8 Financial assets - investments

	2023 £'000	2022 £'000
Opening investments		
Book cost	1,732,693	1,553,330
Net unrealised gains	391,837	1,045,745
Opening fair value	2,124,530	2,599,075
Movements in the year:		
Additions at cost	466,037	603,763
Disposals proceeds	(543,147)	(617,723)
Net losses on investments at fair value	(54,645)	(460,585)
	1,992,775	2,124,530
Closing investments		
Book cost	1,705,635	1,732,693
Net unrealised gains	287,140	391,837
Closing investments	**1,992,775**	**2,124,530**

All investments have been recognised at fair value with gains and losses recorded through the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

Transaction costs for the year on purchases were £638,000 (2022: £749,000) and transaction costs for the year on sales were £1,068,000 (2022: £1,209,000). The aggregate transaction costs for the year were £1,706,000 (2022: £1,958,000).

	2023 £'000	2022 £'000
Net losses on investments at fair value comprise:		
Net realised gains based on carrying value at 31 March	50,052	193,323
Net movement in unrealised depreciation	(104,697)	(653,908)
Net losses on investments at fair value	**(54,645)**	**(460,585)**

9 Trade and other receivables

	2023 £'000	2022 £'000
Dividends receivable	7,391	8,224
Overseas tax recoverable	419	2,661
Other debtors	76	88
Sales awaiting settlement	–	5,955
Total	**7,886**	**16,928**

10 Other payables

	2023 £'000	2022 £'000
Purchase of investments for future settlement	3,790	3,292
AIFM fee	1,396	1,515
Accrued expenses	556	747
Interest and fees on borrowings	343	601
Amounts owed for share buybacks	317	1,563
Revolving credit facility payable	–	50,000
Total	**6,402**	**57,718**

Interest and fees on borrowings consist of:	2023 £'000	2022 £'000
Fixed term loan	343	352
Revolving credit facility	–	249
Total	**343**	**601**

Revolving credit facility

On 31 January 2020, the Company entered into a £120 million multi-currency unsecured revolving credit facility (the "facility") for a period of three years with The Bank of Nova Scotia, London Branch. The agreement was amended on 31 January 2023 extending the maturity date to 30 January 2024. The commitment fee on unutilised commitments was also amended to a flat fee of 0.40% per annum. The previous fee structure was 0.40% per annum charged on undrawn balances in excess of £60 million and 0.35% per annum on any undrawn portion below £60 million.

Notes to the Financial Statements (continued)

Under the facility balances can be drawn down in GBP, USD or CNH. The interest margin was increased to 1.20% from 1.125% following the amendment of the agreement as follows: USD drawdowns bear interest at 1.20% per annum over the daily secured overnight financing rate (“SOFR”) administered by the Federal Reserve Bank of New York, while any GBP drawdowns bear interest at 1.20% per annum over the daily sterling overnight index average (“SONIA”) published by the Bank of England. The rate for any CNH drawdowns is 1.20% per annum over the Hong Kong Interbank Offered Rate. GBP drawdowns were also charged a credit adjustment spread, but this has been removed following the amendment of the agreement on 31 January 2023.

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.

On 19 October 2022, the Company fully repaid the £50 million revolving facility drawdown (2022: £50 million was outstanding under the revolving credit facility).

Any facility drawdown is shown at amortised cost and revalued for exchange rate movements. Any gain or loss arising from changes in exchange rates is included in the capital reserves and shown in the capital column of the Statement of Comprehensive Income. Interest costs are charged to capital (70%) and revenue (30%) in accordance with the Company’s accounting policies.

11 Other payables falling due after more than one year

	2023 Book value £’000	2022 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 million. With effect from 28 September 2022, the term loan was transferred by novation from Scotiabank Europe plc to The Bank of Nova Scotia, London Branch. All other contractual terms and conditions remain the same.

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

	2023		2022	
Ordinary shares in issue	**£’000**	**Number**	**£’000**	**Number**
Opening ordinary shares of 5 pence	**58,945**	**1,178,896,985**	**59,062**	**1,181,228,655[a]**
Purchase and cancellation of own shares	(988)	(19,758,613)	(117)	(2,331,670)
Closing ordinary shares of 5 pence	**57,957**	**1,159,138,372**	**58,945**	**1,178,896,985**

	2023		2022	
Ordinary shares held in treasury	**£’000**	**Number**	**£’000**	**Number**
Opening ordinary shares of 5 pence	**5,191**	**103,825,895**	**5,191**	**103,825,895[a]**
Closing ordinary shares of 5 pence	**5,191**	**103,825,895**	**5,191**	**103,825,895**
Total ordinary shares in issue and held in treasury at the end of the year	**63,148**	**1,262,964,267**	**64,136**	**1,282,722,880**

[a] Comparative figures for the year ended 31 March 2022 have been retrospectively adjusted following the sub-division of each existing ordinary share of 25 pence into five ordinary shares of 5 pence each on 26 July 2021.

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, 19,758,613 shares were bought back for cancellation at a cost of £29,207,000 (2022: 2,331,670 shares were bought back for cancellation at a cost of £3,604,000). All shares bought back in the year were cancelled, with none being placed in treasury (2022: no shares were placed into treasury).

13 Dividends

	2023 Rate (pence)	2023 £'000	2022 Rate (pence)	2022 £'000
Declared and paid in the financial year				
Dividend on shares:				
Final dividends for the years ended 31 March 2022 and 31 March 2021	2.80	32,941	2.80[a]	33,074
Interim dividends for the six-month periods ended 30 September 2022 and 30 September 2021	2.00	23,261	1.00	11,811
Total	**4.80**	**56,202**	**3.80**	**44,885**
Proposed for approval at the Company's AGM				
Dividend on shares:				
Final dividend for the year ended 31 March 2023	3.00	34,599		

[a] Comparative figures for the year ended 31 March 2022 have been retrospectively adjusted following the sub-division of each existing ordinary share of 25 pence into five ordinary shares of 5 pence each on 26 July 2021.

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. The proposed final dividend of 3.00 pence per share will be funded from the revenue reserve and the payment of this dividend will not threaten the going concern or viability of the Company.

14 Related party transactions

There were no transactions with related parties, other than the fees paid to the Directors and the AIFM during the financial years ended 31 March 2023 and 31 March 2022 respectively, which have a material effect on the results or the financial position of the Company. Details of fees paid to the Directors are included on page 61 and details of the fee paid to the AIFM are included on page 90.

15 Risk management

In pursuing the Company's objective, as set out on page 32 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.

Notes to the Financial Statements (continued)

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 Manager's risk and compliance teams on a regular basis and any concerns are highlighted to the 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% (2022: 100%) of the Company's investment portfolio is listed on stock exchanges. If share prices as at 31 March 2023 had decreased by 30% (2022: 30% 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 £597,833,000 (2022: £637,359,000). A 30% increase (2022: 30% 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.

Notes to the Financial Statements (continued)

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.

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

2023

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	–	–	(1,786)	(1,786)	421,688
Korean won	5,561	–	(1,834)	3,727	397,800
Taiwan dollar	1,494	98	–	1,592	316,317
US dollar	420	–	–	420	232,164
Indian rupee	–	–	–	–	226,039
Other	320	4,680	(72)	4,928	366,798

2022

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
Korean won	6,523	–	–	6,523	486,879
Hong Kong dollar	19	–	(219)	(200)	376,797
Taiwan dollar	3,791	2,069	(2,069)	3,791	363,488
US dollar	53	–	(1,000)	(947)	252,082
Indian rupee	–	323	–	323	188,326
Other	6,473	116	(23)	6,566	427,793

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 2023, 68.8% (2022: 65.4%) 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 £616.3 million (2022: £604.9 million), out of which £109.4 million (2022: £158.5 million) were investments denominated in Chinese yuan.

Notes to the Financial Statements (continued)

Foreign currency sensitivity

The following table illustrates the foreign currency sensitivity on the revenue and capital return. The revenue return impact represents the impact on total income (which is mainly comprised of dividend income) had sterling strengthened relative to the top 5 currencies by 10% throughout the year. The capital return impact represents the impact of the financial assets and liabilities of the Company 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.

	2023		2022	
	Revenue Return £'000	**Capital Return £'000**	**Revenue Return £'000**	**Capital Return £'000**
Hong Kong dollar	657	41,990	482	37,660
Korean won	1,008	40,153	1,083	48,688
Taiwan dollar	1,226	31,791	955	36,349
US dollar	917	23,258	994	25,108
Indian rupee	241	22,604	169	18,865
Total	**4,049**	**159,796**	**3,683**	**166,670**

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

Interest rate risk

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

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

Interest rate risk profile

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

	2023 £'000	**2022 £'000**
Cash	132,988	125,855
Revolving credit facility	–	(50,000)
Net exposure at year end	**132,988**	**75,855**

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.

Notes to the Financial Statements (continued)

Interest rate sensitivity

If the above level of cash was maintained for a year (2022: level of cash and revolving credit facility were maintained for a year) and interest rates were 100 basis points higher or lower, the net profit after taxation would be impacted by the following amounts:

	2023		2022	
	100 basis points increase in rate £'000	100 basis points decrease in rate £'000	100 basis points increase in rate £'000	100 basis points decrease in rate £'000
Revenue	1,330	(1,330)	1,109	(1,109)
Capital	–	–	(350)	350
Total	**1,330**	**(1,330)**	**759**	**(759)**

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 2023, based on the earliest date on which payment can be required and current exchange rates as at the balance sheet date:

As at 31 March 2023	In one year or less £'000	More than one year and not later than two years £'000	More than two years and not later than three years £'000	More than three years £'000	Total £'000
Fixed term loan	2,089	102,095	–	–	104,184
Revolving credit facility	401	–	–	–	401
Other payables	6,059	–	–	–	6,059
Total	8,549	102,095	–	–	**110,644**

As at 31 March 2022	In one year or less £'000	More than one year and not later than two years £'000	More than two years and not later than three years £'000	More than three years £'000	Total £'000
Fixed term loan	2,089	2,089	102,095	–	106,273
Revolving credit facility	51,117	–	–	–	51,117
Other payables	7,117	–	–	–	7,117
Total	**60,323**	**2,089**	**102,095**	**–**	**164,507**

Notes to the Financial Statements (continued)

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 amounts under trade and other receivables and cash and cash equivalents shown in the Statement of Financial Position represent the maximum credit risk exposure at the year end.

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 and is typically invested in overnight time deposits in the name of TEMIT with an approved list of counterparties. Any excess cash not invested 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. All securities on loan are Level 1 financial instruments, and their value is determined by reference to the trading prices on the stock market. As at 31 March 2023, the market value of the securities on loan and the corresponding collateral received were as follows:

	31 March 2023		31 March 2022	
Counterparty	Market value of securities on loan £'000	Market value of collateral received £'000	Market value of securities on loan £'000	Market value of collateral received £'000
Merrill Lynch International	543	739	2,908	4,047
Citigroup	17	22	382	558
Total	**560**	**761**	**3,290**	**4,605**

The maximum aggregate value of securities on loan at any time during the year was £9,470,125. Full details of the collateral received is noted on page 103.

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;
- Investments held by the Company on the basis set out in the accounting policies included in Note 1;
- Cash at the denominated currency of the account; and
- Other financial assets and liabilities at the carrying value which is a reasonable approximation of the fair value.

Notes to the Financial Statements (continued)

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 2023				31 March 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed investments	1,992,775	–	–[(a)]	**1,992,775**	2,103,727	–	20,803[(a)(b)]	**2,124,530**

(a) Russian investments in LUKOIL, Sberbank of Russia, and Yandex continue to be fair valued at zero as at 31 March 2023 as a result of trading being suspended on international stock exchanges in February 2022. These investments were transferred from Level 1 to Level 3 during the financial year ended 31 March 2022.

(b) Trading in Brilliance China Automotive shares on the Hong Kong stock exchange was suspended from 31 March 2021 and, as a result, the stock was fair valued using a beta model (which applied an index movement to observed trade prices) until 5 October 2022 when trading resumed. The fair value as at 31 March 2022 was £20,803,000 and the stock was disclosed as Level 3. After the shares resumed trading, the stock has been transferred from Level 3 to Level 1.

Given the current market conditions and the inability of the Company to access the local Moscow equity markets and the very limited access to the over-the-counter market, the Russian investments continued to be valued based on a liquidity discount of 100% to the last traded price for an exit price of zero.

The following table presents the movement in Level 3 investments for the year ended:

	31 March 2023 £000	31 March 2022 £000
Opening balance	20,803	–
Transfers from Level 1 into Level 3	–	149,593
Transfers from Level 2 into Level 3	–	50,954
Transfers from Level 3 into Level 1	(17,734)	–
Disposal proceeds – sale of Level 3 assets[(a)]	(1,613)	–
Net losses on investments at fair value	(1,456)	(179,744)
Level 3 closing balance	**–**	**20,803**

(a) Represents the sale of the holdings in Gazprom on 25 April 2022 for £617,000, and the sale of VK on 9 March 2023 for £996,000.

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:

	31 March 2023 £000	31 March 2022 £000
Fixed term loan at amortised cost	100,000	100,000
Fixed term loan at fair value	94,470	100,390
Increase/(decrease) in net assets	**5,530**	**(390)**

The fair value of the fixed term loan included in the table above is calculated by aggregating the expected future cash flows which are discounted at a rate comprising the sum of SONIA rate plus a static spread. The fixed term loan at fair value is considered to be classed as Level 2.

Notes to the Financial Statements (continued)

16 Significant holdings in investee undertakings

As at 31 March 2023 and 2022, TEMIT had no significant holdings of 3% or more of any issued class of security within the portfolio whose shares are admitted to trading.

17 Contingent liabilities

No contingent liabilities existed as at 31 March 2023 or 31 March 2022.

18 Contingent assets

No contingent assets existed as at 31 March 2023 or 31 March 2022.

19 Financial commitments

No financial commitments existed as at 31 March 2023 or 31 March 2022.

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 allows borrowing of up to 20% of net assets, measured at the time of borrowing.

As at 31 March 2023, the Company had share capital and reserves of £2,017,503,000 (31 March 2022: £2,100,390,000). 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 final dividend, which is disclosed in Note 13.

Securities Financing Transactions – Unaudited

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365) as a result of its stock lending programme. 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 2023 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 0.03%. Total lendable assets represent the aggregate value of assets 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 2023 £000	31 March 2022 £000
Commonwealth of Australia	Sovereigns	Australian dollar	More than 1 year	739	–
Federal Republic of Germany	Sovereigns	Euro	More than 1 year	–	8
Federal Republic of Germany	Sovereigns	Euro	Less than 1 year	–	24
French Republic Government	Sovereigns	Euro	More than 1 year	–	865
French Republic Government	Sovereigns	Euro	Less than 1 year	–	38
Kingdom of Belgium Government	Sovereigns	Euro	More than 1 year	–	14
Kingdom of The Netherlands Government	Sovereigns	Euro	More than 1 year	–	612
Republic of Austria Government	Sovereigns	Euro	More than 1 year	–	85
Republic of Austria Government	Sovereigns	Euro	Less than 1 year	–	20
Republic of Finland Government	Sovereigns	Euro	More than 1 year	–	1
Republic of Finland Government	Sovereigns	Euro	Less than 1 year	–	15
Republic of Switzerland Government	Sovereigns	Euro	More than 1 year	–	29
United States Treasury	Treasury bonds	US dollar	More than 1 year	22	1,170
United States Treasury	Treasury notes	US dollar	More than 1 year	–	1,232
United States Treasury	Treasury notes	US dollar	Less than 1 year	–	390
United Kingdom Government	Sovereigns	Sterling	More than 1 year	–	102
Total non-cash collateral received				**761**	**4,605**

(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 2023 £000	31 March 2022 £000
Merrill Lynch International	United Kingdom	543	2,908
Citigroup	United States of America	17	382
Total gross volume of outstanding transactions		**560**	**3,290**

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 2023 £000	31 March 2022 £000
Open maturity	560	3,290
Total securities on loan	**560**	**3,290**

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

Investor Information

Notice of Meeting

Notice is hereby given that the Annual General Meeting ("AGM") will be held on Friday 14 July 2023 at 12 noon at Barber-Surgeons' Hall, Monkwell Square, Wood St, Barbican, London EC2Y 5BL.

The AGM will transact the following business:

To consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 to 11 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 2023.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31 March 2023.
4. To declare a final dividend of 3.00 pence per share for the year ended 31 March 2023.
5. To appoint the Directors:
   - 5.1. To re-elect Paul Manduca as a Director.
   - 5.2. To re-elect Charlie Ricketts as a Director.
   - 5.3. To re-elect David Graham as a Director.
   - 5.4. To re-elect Simon Jeffreys as a Director.
   - 5.5. To re-elect Magdalene Miller as a Director.
   - 5.6. To elect Abigail Rotheroe as a Director.
6. To re-appoint Ernst & Young LLP as auditor of the Company, to act until the conclusion of the next general meeting of the Company at which audited accounts are laid before the members.
7. To authorise the Directors to determine the auditor's remuneration.

Special Business

As an Ordinary Resolution

8. That, in substitution for any existing authority, the Directors be generally and unconditionally authorised to allot equity securities (as defined in Section 560 of the Companies Act 2006 (the "Act")) pursuant to Section 551 of the Act, up to an aggregate nominal amount of £2,883,000 (being an amount equal to 5% of the existing issued share capital of the Company as at 24 May 2023, 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 on 30 September 2024 or, if earlier, the conclusion of the Company's AGM to be held in 2024 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

9. That, in substitution for any existing authority, subject to the passing of resolution 8, the Directors be given the general power pursuant to sections 570 and 573 of the Act to allot equity securities (as defined by Section 560 of the Act) for cash pursuant to the authority conferred

Notice of Meeting (continued)

by resolution 8, and/or to sell equity securities held as treasury shares for cash pursuant to Section 727 of the Act, in each case as if 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 £2,883,000 (being an amount equal to 5% of the existing issued share capital of the Company as at 24 May 2023, 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 30 September 2024 or, if earlier, at the conclusion of the Company's AGM to be held in 2024 (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot and/or sell equity securities held as treasury shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

10. That in substitution for any existing authority, the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006), of its ordinary 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 15 months after the date of passing of this resolution or, if earlier, at the conclusion of the Company's AGM to be held in 2024, 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.

Notice of Meeting (continued)

11. That a general meeting, other than an AGM, may be called on not less than 14 clear days' notice, such authority to expire at the conclusion of the AGM in 2024.

By order of the Board
Paul Manduca

9 June 2023
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 12 July 2023 shall be entitled to vote at the annual general meeting (the "Meeting").
4. A member of the Company entitled to vote at the Meeting may appoint a proxy or proxies to vote thereat instead of him. A proxy need not be a member of the Company.
5. A member may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares held by that member. A member may not appoint more than one proxy to exercise rights attached to one share. Please contact the Company's registrar Equiniti, at Aspect House, Lancing, West Sussex BN99 6DA to appoint more than one proxy. In the case of joint holders, the vote of the senior holder who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
7. A proxy form is enclosed with copies of this Report which are sent to registered shareholders. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
8. A proxy form must be returned to the Company's registrar, Equiniti, Aspect House, Lancing, West Sussex BN99 6DA to arrive not later than 12 noon on 12 July 2023. New Zealand registered shareholders must return a proxy form to Computershare, Private Bag 92119, Victoria Street West, Auckland 1142, New Zealand (if sent by post) or to Computershare, Level 2, 159 Hurstmere Road, Takapuna, Auckland 0622, New Zealand (if delivered in person or by courier) to arrive not later than 5.00pm on 11 July 2023 (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 2023, the Company's issued share capital was 1,153,301,453 shares of 5 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 2023 was 1,153,301,453.
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).

Notice of Meeting (continued)

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 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 12 July 2023. 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 to be provided by Computershare, 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 11 July 2023. 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.

Notice of Meeting (continued)

15. A member of the Company may make a request in accordance with Section 527 of the Companies Act 2006 to have a statement published on the Company's website setting out an audit concern. This allows a member or members having a right to vote at the Meeting and holding at least 5% of the total voting rights of the Company, or at least 100 members having a right to vote at the Meeting and holding, on average, at least £100 of the paid up share capital, to make a request so that the Company must publish on its website a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting. Where the Company is required to publish such a statement on its website: (i) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request; (ii) it must forward the statement to the Company's auditor no later than the time at which the statement is made available on the Company's website; and (iii) the statement may be dealt with as part of the business of the Meeting. A member wishing to request publication of such a statement on the Company's website must send the request to the Company in hard copy form to the Company Secretary or by email to enquiries@ franklintempleton.co.uk. The request must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported and be received by the Company at least one week before the Meeting. Please note that any electronic communication found to contain a computer virus will not be accepted.
16. Any member has the right to ask questions. Pursuant to Section 319A of the Companies Act 2006, the Company must provide an answer to any question which is put by a member relating to the business being considered, except if a response would not be in the interests of the Company or for the good order of the Meeting or if to do so would involve the disclosure of confidential information. The Company may, however, elect to provide an answer to a question within a reasonable period of days after the conclusion of the Meeting. The answers to questions raised by shareholders will be provided on our website.
17. In accordance with Section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website, www.temit. co.uk.
18. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

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]
- Stock exchange announcements

You can also download important documents such as the latest Investor Disclosure Document and Company Policies from our website www.temit.co.uk.

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
Level 2, 159 Hurstmere Road
Takapuna Auckland 0622
NEW ZEALAND
enquiry@computershare.co.nz
Tel +649 488 8777

ALTERNATIVE INVESTMENT FUND MANAGER AND COMPANY SECRETARY

Franklin Templeton Investment
Trust Management Limited
5 Morrison Street
Edinburgh
EH3 8BH
UK

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
25 Churchill Place
Canary Wharf
London
E14 5EY
UK

Shareholder Information

How to invest

There are three 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 Individual Savings Account ("ISA") or Self-Invested Pension Plan ("SIPP"). Some of the most popular include Hargreaves Lansdown, Interactive Investor, Fidelity, Charles Stanley Direct and AJ Bell.

   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.

   The Association of Investment Companies ("AIC") provides an independent analysis of platform costs and charges on their website in the 'Ready to Invest' section.
2. Directly through the stock market. You can invest directly in TEMIT by purchasing shares in the stock market through a stockbroker or authorised Financial Adviser.
3. Through Equiniti, the Registrar, which offers an online or telephone service where you can buy shares in TEMIT as part of an Investment Account or an ISA.

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
ISIN	GB00BKPG0S09
SEDOL	BKPG0S0

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 application 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 calling 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	22 June 2023
Final Dividend Record Date	23 June 2023
AGM	14 July 2023
Final Dividend Payment Date	28 July 2023
Half Year End	30 September 2023
Half Yearly Report Published	December 2023
Interim Dividend Record Date	December 2023
Year End	31 March 2024

Glossary of Alternative Performance Measures

Net asset value total return

A measure showing how the net asset value ("NAV") per share has performed over a period of time, considering 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") and the debt at fair value to be consistent with the daily NAV released to the stock exchange and with common market practice and the requirements of statistics agencies.

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

Total return calculation	2023	2022
a) Opening (as at 31 March 2022/2021) (see following table)	178.1	219.2
b) Closing (as at 31 March 2023/2022) (see following table)	174.5	178.1
c) Effect of dividend reinvestment[a]	5.1	3.2
d) Adjusted closing (b+c)	179.6	181.3
NAV total return {(d-a)/a}	**0.8%**	**(17.3)%**

[a] Dividends assumed to be reinvested on ex-date. Final dividend of 2.80p relating to financial year 2022 first traded ex-dividend on 30 June 2022 (2022: final dividend of 2.80p related to financial year 2021 first traded ex-dividend on 17 June 2021). Interim dividend of 2.00p for financial year 2023 first traded ex-dividend 15 December 2022 (2022: interim dividend of 1.00p for financial year 2022 first traded ex-dividend 2 December 2021).

The following table sets out the difference between NAV with debt at cost and NAV with debt at fair value:

	2023 £'000	2022 £'000	2021 £'000
a) Net assets per the Statement of Financial Position	2,017,503	2,100,390	2,591,287
b) Difference between debt at cost and debt at fair value (Note 15)	(5,530)	390	2,560
c) Number of ordinary shares in issue	1,159,138,372	1,178,896,985	1,181,228,655
NAV pence per share with debt at fair value {(a-b)/c}	**174.5**	**178.1**	**219.2**

Share price total return

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

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

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

Total return calculation	2023	2022
a) Opening (as at 31 March 2022/2021)	156.4	202.4
b) Closing (as at 31 March 2023/2022)	152.2	156.4
c) Effect of dividend reinvestment[a]	5.0	3.1
d) Adjusted closing (b+c)	157.2	159.5
Share price total return {(d-a)/a}	**0.5%**	**(21.2)%**

[a] Dividends assumed to be reinvested on ex-date. Final dividend of 2.80p relating to financial year 2022 first traded ex-dividend on 30 June 2022 (2022: final dividend of 2.80p related to financial year 2021 first traded ex-dividend on 17 June 2021). Interim dividend of 2.00p for financial year 2023 first traded ex-dividend 15 December 2022 (2022: interim dividend of 1.00p for financial year 2022 first traded ex-dividend 2 December 2021).

Glossary of Alternative Performance Measures (continued)

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 2023 the Company's share price was 152.2 pence and the NAV per share was 174.1 pence, therefore the discount was (152.2 – 174.1)/174.1 = 12.6% (31 March 2022: 12.2%).

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	2023 £'000	2022 £'000
a) Bank loans	100,000	150,000
b) Cash held	132,988	125,855
c) Net assets (excluding loans)	2,117,503	2,250,390
Total gearing = {(a-b)/c}[(a)]	**0.0%**	**1.1%**

(a) A net gearing figure of 0% means that the cash held in the Company is equal to or higher than the total bank loans.

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 2023 the OCR was 0.98% (31 March 2022: 0.97%).

Ongoing charges calculation	2023 £'000	2022 £'000
a) Total AIFM fee and other expenses	19,420	23,392
b) Average net assets	1,991,068	2,399,592
Ongoing charges (a/b)	**0.98%**	**0.97%**

Gross total return

Gross total return is net asset value total return before the deduction of expenses (see page 11).

Excess return

The difference between the gross total return of TEMIT and the benchmark total return (see page 11).

Residual return

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 by the benchmark indices and hence to calculate attribution (see page 11).

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 of 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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FRANKLIN TEMPLETON