Stock Exchange Announcement
Statement of Annual Results
TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC
("TEMIT" or "the Company")
Legal Entity Identifier 5493002NMTB70RZBXO96

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 £2.1 billion as at 31 March 2022. From its launch to 31 March 2022, TEMIT's net asset value ("NAV") total return was +3,813.9% compared to the benchmark total return of +1,792.0%.

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 2022

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]
-17.3%	**-21.2%**	**-6.8%**	**3.80p**
(2021: 54.5%)	(2021: 59.5%)	(2021: 42.8%)	(2021: 3.80p)[d][e]

[a] A glossary of alternative performance measures is included in the full Annual Report.
[b] Source: MSCI. The Company's benchmark is the MSCI Emerging Markets Index, with net dividends reinvested.
[c] An annual ordinary dividend of 3.80 pence per share for the year ended 31 March 2022 has been proposed. This comprises the interim dividend of 1.00 pence per share paid by the Company on 10 January 2022 and the proposed final dividend of 2.80 pence per share.
[d] In addition to the ordinary dividend of 3.80p, a special dividend of 2.00p was paid for the year ended 31 March 2021.
[e] Comparative figures for the year ended 31 March 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.

Strategic Report

The Directors present the Strategic Report for the year ended 31 March 2022, 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
2021–2022

2021–2022	Notes	Year ended 31 March 2022	Year ended 31 March 2021	Capital return %	Total return %
Total net assets (£ millions)		2,100.4	2,591.3		
Net asset value (pence per share)	(a)(b)	178.2	219.4	(18.2)	(17.3)
Highest net asset value (pence per share)	(b)	223.9	235.6		
Lowest net asset value (pence per share)	(b)	161.0	141.2		
Share price (pence per share)	(a)(b)	156.4	202.4	(22.2)	(21.2)
Highest end of the day share price (pence per share)	(b)	208.0	214.4		
Lowest end of the day share price (pence per share)	(b)	140.6	127.2		
MSCI Emerging Markets Index	(a)			(9.1)	(6.8)
Share price discount to net asset value at year end	(a)	12.2%	7.7%		
Average share price discount to net asset value over the year		9.5%	11.1%		
Ordinary dividend (pence per share)	(b)(c)	3.80	3.80		
Special dividend (pence per share)	(b)	–	2.00		
Revenue earnings (pence per share)	(b)(d)	3.44	5.73		
Capital earnings (pence per share)	(b)(d)	(40.90)	72.73		
Total earnings (pence per share)	(b)(d)	(37.46)	78.46		
Net gearing	(a)	1.1%	0.5%		
Ongoing charges ratio	(a)	0.97%	0.97%		

Source: Franklin Templeton and FactSet.
(a) A glossary of alternative performance measures is included in the full Annual Report.
(b) Comparative figures for the year ended 31 March 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.
(c) An annual dividend of 3.80 pence per share for the year ended 31 March 2022 has been proposed. This comprises the interim dividend of 1.00 pence per share paid by the Company on 10 January 2022 and a proposed final dividend of 2.80 pence per share.
(d) The revenue, capital and total earnings per share figures are shown in the Statement of Comprehensive Income in the full Annual Report and Note 7 of the Notes to the Financial Statements.

Ten Year Record
2012–2022

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 2012	2,098.6	127.3	117.7	7.5	1.58	1.15	1.31
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[d]	0.97

Ten year growth record[e]
2012-2022

Year ended	NAV	NAV total return[b]	Share price	Share price total return[b]	MSCI Emerging Market Index total return	Revenue earnings per share-undiluted	Ordinary dividend per share
31 March 2012	100.0	100.0	100.0	100.0	100.0	100.0	100.0
31 March 2013	110.4	111.1	108.8	110.0	107.7	107.0	108.7
31 March 2014	93.0	94.9	89.5	91.6	97.0	115.8	126.1
31 March 2015	100.7	104.0	94.5	97.9	109.8	117.7	143.5
31 March 2016	82.3	86.3	77.1	81.2	100.1	89.2	143.5
31 March 2017	119.9	127.5	112.4	120.5	135.4	83.5	143.5
31 March 2018	132.9	143.3	126.3	137.0	151.3	201.3	260.9
31 March 2019	132.4	145.8	130.2	145.2	151.4	218.4	278.3
31 March 2020	115.1	129.5	111.6	127.6	131.5	308.9	330.4
31 March 2021	172.3	200.1	172.0	203.5	187.8	362.7	330.4
31 March 2022	140.0	165.4	132.9	160.3	175.0	217.7	330.4

Source: Franklin Templeton and FactSet.
[a] Comparative figures for financial years 2012 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 in the full Annual Report.
[c] Excludes the special dividend of 0.52 pence per share for the year ended March 2020 and the special dividend of 2.00 pence per share for the year ended March 2021.
[d] An annual ordinary dividend of 3.80 pence per share for the year ended 31 March 2022 has been proposed. This comprises the interim dividend of 1.00 pence per share paid by the Company on 10 January 2022 and a proposed final dividend of 2.80 pence per share.
[e] Rebased to 100 at 31 March 2012.

Chairman's Statement

I would like to start by expressing the sympathy of the Board and of all of those involved with the management of TEMIT to all victims of the Russian invasion of Ukraine.

Market overview and investment performance[a]

Last year I had the pleasure of reporting a fifth consecutive year of out-performance of our benchmark index. The year under review was much more challenging. In the first half of our accounting year news in emerging markets was dominated by pressure on the share prices of some technology companies. This came after an extended period of strong performance and the Chinese government's moves to curtail the activities of some listed companies as it seeks to balance growth, equality and security. Both of these factors had a negative impact on the performance of our portfolio over the 12 months under review. This was followed in February by the Russian invasion of Ukraine. Russian securities were rapidly suspended from trading and at our financial year end the five Russian stocks in TEMIT's portfolio were ascribed a zero value. The combination of events in China and Russia and the weakness of technology stocks led to TEMIT underperforming its benchmark by quite some margin, with a total return of -17.3%.

The Board takes a close interest in the performance of the portfolio and we are naturally disappointed by investment performance in recent months. We meet formally with the Investment Manager at least four times per year and in the first quarter of each year conduct an in-depth review of investment strategy with the portfolio managers and supporting analysts. Franklin Templeton has a large emerging markets team and the Board this year spent time with several regional experts in order better to understand the construction of the portfolio. While we are concerned by recent performance, the Board is reassured by both the quantity of resources and the quality of the insights that the team produces and is confident that performance will turn around in due course.

[a] The share split which was approved by shareholders at the 2021 Annual General Meeting took effect on 26 July 2021 and all of the numbers quoted in this report take account of the fact that each existing share was replaced by five new shares.

Environmental, social and governance

There is a growing interest by investors in the various aspects of companies' approaches to the environment, to social matters and to good governance. Effective stewardship of the Company's assets is a key element of the Board's strategy for the Company. Consideration of governance and sustainability issues has long been an integral part of our Investment Manager's approach and information and key disclosures are included in the description of the Investment Manager's process. In order to explain in more detail their approach to this important topic they have published a Stewardship Report for TEMIT, which is available at www.temit.co.uk. This Report sets out the general approach to investing your Company's assets, relevant statistical information and examples of engagement with investee companies. I encourage you to download a copy.

Revenue and dividend

Net revenue earnings for the period under review amounted to 3.44 pence per share. This is marginally lower than earnings for the prior year, adjusted for the stock split and the exceptional Corporation Tax refund received in the prior year. An interim dividend of 1.00 pence per share was paid in January 2022 and the Board recommends a final dividend of 2.80 pence per share, both amounts being unchanged from last year after accounting for the share split. TEMIT has large revenue reserves amounting to 10.01 pence per share and the Board believes that it is appropriate to use a small part of these reserves to maintain the annual ordinary dividend at the same level as last year. As usual, shareholders will be asked to approve the final dividend at the Annual General Meeting ("AGM").

Asset allocation and borrowing

TEMIT has fixed borrowing of £100 million, and a revolving credit facility under which up to £120 million in flexible debt may be drawn down. The Investment Manager has taken a cautious view on borrowing, which has proven correct in difficult markets. Gearing was increased during the year under review as £50 million was drawn down under the revolving credit facility in October 2021.

As at the financial year end, gearing net of cash in the portfolio stood at 1.1%. I would like to remind shareholders that the level of debt deployed is not a result of views on market direction but driven by investment opportunities presented by individual companies.

Share rating

We remain active in promoting TEMIT's shares to a wide variety of existing and potential investors, particularly private investors. The Board believes that promoting the Company to new investors is good for its long-term health, while the demand created also helps to exert pressure on the discount. We have a substantial marketing budget, which is also supported by a financial contribution from Franklin Templeton and by their marketing resources. As we noted in our half year report for the second consecutive year we won the award in the "Emerging Markets Equity – Active" category in the prestigious AJ Bell Fund and Investment Trust Awards 2021. This award is made on the basis of voting from private investors from a short list of open-ended funds, ETFs and investment trusts drawn up by investment experts. TEMIT also 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.

The Board continues to regard share buybacks as a key tool in managing the balance between supply and demand for the shares. Trading in the shares is very closely monitored and the Board receives a daily report from our broker, Winterflood Securities, as well as regular summaries of market conditions focused on investor demand for global emerging markets funds. Based on the detailed information that we receive, the Board continues to believe that we have ample evidence that the driver of changes in the discount is the balance between supply and demand for the shares. In the Chairman's Statement at the half year stage I noted that the discount had been narrow and in the event we made only one buyback in the first 11 months of our financial year, that being in September 2021. The situation changed dramatically following the Russian invasion of Ukraine and we stepped in on a number of occasions to buy back shares in March 2022 and have continued to do so after the year end.

In total over the year, £3.6 million was spent on share buybacks and, as all buybacks were at a discount to the prevailing NAV, this resulted in an increase to the NAV of 0.03% to the benefit of remaining shareholders.

The Board

As reported last year, Magdalene Miller was appointed as a non-executive Director of the Company with effect from 10 May 2021.

Beatrice Hollond will retire from the Board at this year's AGM. On behalf of all the Directors, I would like to record our thanks to Beatrice for her advice and wise contributions to our discussions over the last eight years.

After Beatrice retires, Simon Jeffreys will take on role of Senior Independent Director. The search for a replacement Director is in progress bearing in mind gender diversity and we plan to make an announcement shortly.

AIFM fee

We announced in November 2021 that the Board has agreed with Franklin Templeton that with effect from 1 July 2022 the AIFM fee will reduce to:

- 1.0% on the first £1 billion of net assets;
- 0.75% on net assets between £1 billion and £2 billion; and
- 0.5% on net assets over £2 billion.

This compares with the current fee structure of 1.0% on the first £1 billion of assets and 0.80% on assets above £1 billion. Based on net assets as at 31 March 2022, this results in an annual saving to the Company of £0.8 million.

The management fee rate has gradually been reduced over recent years and the Board is mindful of the balance between controlling costs and incentivising the Investment Manager to continue to invest in their team.

Annual General Meeting

Having been obliged to hold the last two years' AGMs behind closed doors, I am pleased to be able to invite all shareholders to attend our AGM in person on 14 July 2022 at Barber-Surgeons' Hall in London. We look forward to welcoming shareholders at the meeting. While we hope that shareholders will be able to attend, the Directors are aware that Government guidance and regulation relating to the COVID-19 pandemic may change. If we are obliged to change the arrangements for the AGM after publishing this document, details will be published via Stock Exchange announcements in London and New Zealand and our website. Shareholders who plan to attend the AGM are encouraged to check the website before travelling.

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. Any questions that we receive will be considered and responses will be provided on our website www.temit.co.uk.

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

Outlook

These are difficult times for investment managers. At the time of writing the war in Ukraine appears likely to continue for some time and while active hostilities will, we hope, end shortly, the ramifications are likely to be felt for some considerable time. From the perspective of investors the major issues will be the extent to which commodity prices remain elevated and the effect that this has on broader inflation around the world. Higher inflation generally leads to higher interest rates and this affects the market value of assets, particularly high growth companies for which values are derived from expectations of earnings over the longer term. The COVID-19 pandemic is still present in parts of the world. In particular, the Chinese government continues to pursue a policy of lockdowns to control outbreaks of the virus and this can have serious economic consequences. We also remain concerned about the extent to which the Chinese government will continue to intervene in the affairs of companies.

Against this difficult background, your Board remains optimistic for the long term despite recent setbacks. Our Investment Manager deploys a large team with staff around the world and their process has demonstrated its effectiveness over the long term. Countries making up the emerging markets currently contribute around 2/3 of the world's economic growth. We believe that this growth advantage will continue because emerging markets enjoy many structural advantages – relatively young and growing populations, growing wealth, expanding economies, and companies that in some cases are world leading.

Paul Manduca
Chairman
14 June 2022

The Investment Manager

TEMIT's Investment Manager is the Franklin Templeton Emerging Markets Equity ("FTEME") team. FTEME has managed the portfolio since TEMIT's inception and are pioneers in emerging markets equity investing. They bring more than 30 years of experience and local knowledge from over 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 and Small Cap strategies, providing guidance and thought leadership, coordinating appropriate resources and coverage, and leveraging the group's expertise to add value across products within the strategies.

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

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

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

Prior to joining Franklin Templeton in September 2018, Andrew was a portfolio manager at Martin Currie. 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.

Portfolio Report

Overview of markets

Emerging markets collectively declined over the 12 months under review. Although progress in vaccination campaigns and businesses reopening, along with ongoing monetary and fiscal stimulus, aided economic recovery in several parts of the world, others struggled with new COVID-19 variant outbreaks. An accelerated tightening in United States ("US") monetary policy suppressed investors' risk appetite. Higher inflation amidst a spike in commodity prices raised investor concerns as rebounding consumer demand alongside continued supply-chain disruptions drove inflation in many countries to reach the highest levels in decades. Towards the end of the period under review, Russia's invasion of Ukraine further tested financial markets, triggering a series of international sanctions on Russia. The MSCI Emerging Markets Index returned -6.8% in the 12-month period under review, whilst TEMIT delivered a net asset value total return of -17.3% (all figures are total return in sterling). Full details of TEMIT's performance can be found in the full Annual Report.

By region, Latin America outperformed its peers in EMEA (Europe, Middle East and Africa) and Asia. Latin America, replete with natural resources and relatively insulated from supply interruptions related to Russia's war with Ukraine, benefitted from higher prices for energy and other commodities. Although the EMEA region lost ground on contagion from Russia's invasion of Ukraine and subsequent sanctions from Western governments, resource-rich South Africa and oil- producing nations in the Middle East benefitted from higher commodity prices. Declines in China were largely responsible for Asia's lagging performance, overshadowing solid returns in India and Taiwan.

China was TEMIT's largest market exposure, although the portfolio remained underweight relative to the benchmark. China was amongst the weakest emerging markets, losing 29% in sterling terms over the 12-month period. Chinese equities retreated under pressure from concerns relating to the impact of additional regulations, particularly in the internet industry, a property market slowdown and new COVID-19 outbreaks, even as the central bank cut key lending rates to support the economy. The government enacted new regulations in a number of industries, including internet and education, which caused considerable investor concern. The regulatory changes in China were announced at a time when the country was seeing a slowdown in its economy and resurgence in COVID-19 cases, which further weighed on equity performance. Equities sharply rebounded near the end of the period after assurances of stock market stability from China's state council.

While regulatory changes in China have elevated market volatility and investor fears of policy risks in the country, we would like to stress that the policies do not have a uniform effect on all companies within a given sector. Therefore, it is crucial to assess the impact of regulatory changes on the long-term earnings power and intrinsic value of companies individually. Other factors, including a resurgence of COVID-19 and rising coal and gas prices, will also be likely to have an impact on economic growth this year. Additionally, we have seen a slowdown in consumption. However, we believe that China's policy makers have multiple and flexible policy tools to underpin the economy. China's increased emphasis on its domestic market and self-sufficiency should support sustainable longer-term growth. China has directed its policies towards developing industries that are likely to benefit broader society—the "greening" of the economy, for example, is likely to be a tailwind for industries related to electric vehicles and renewable energy. We also expect digitalization to remain an important theme in China.

TEMIT's second-largest market position was in **South Korea**, where the portfolio was overweight versus the benchmark. South Korean equities declined by 14% during the reporting period. The resurgence of COVID-19, stricter social distancing measures and weak market sentiment surrounding technology stocks weighed on equity prices. South Korea ended the period near a historically low unemployment rate of under 3% largely due to government spending. The country is an export powerhouse, and several South Korean exporters are of global importance, supplying vital hardware. However, rising commodity prices and supply chain bottlenecks have put pressure on the semiconductor and battery makers that comprise South Korea's growth sectors. Uncertain global economic issues could lead to a slower-than-expected recovery in key macroeconomic indicators. Concerns about regulations also remain, whilst geopolitical tension with North Korea and the possibility of future COVID-19 outbreaks warrant close attention.

The **Taiwanese** market outperformed the wider benchmark, ending the reporting period with a return of nearly 12%. TEMIT's overweight allocation to Taiwan was largely attributable to exposure to the island's semiconductor industry. Technology's role as a key economic engine has only strengthened during the pandemic. Moreover, semiconductor chips have become a growing part of almost all consumer goods with the semiconductor industry experiencing a cyclical and secular boom as growing digitalisation powers a surge in demand. Some of Taiwan's manufacturers are counted amongst the largest and most advanced foundries in the world and partner with and produce chips for clients globally, with few competitors able to progress to the next level of technology. Despite increased market concerns that Russia's invasion of Ukraine could potentially increase cross-strait geopolitical risk between China and Taiwan, we expect the current status quo situation to remain unchanged.

Equities in **Brazil** rose sharply in the final three months of the reporting period to end the 12-month period with double-digit gains. Brazil's monetary policy has been amongst the most aggressive in emerging markets. In the second half of 2021, fiscal uncertainties, depreciation in the real, increased political noise, rising inflation and pockets of commodity weakness weighed on the Brazilian market. However, higher commodity prices, a stronger real and undemanding valuations led to renewed fund inflows in 2022. However, political uncertainty and fiscal challenges created volatility in the equity market, as did concerns that rising inflation and a tighter monetary policy could hinder the overall economy. Brazil's long-term growth recovery and business environment could be further supported by the continuation of economic reforms, privatisations and concessions, all of which the government has been focusing on but remain difficult to materialize ahead of presidential elections in October 2022. As the world's fourth-largest commodity exporter, the commodity price surge amidst global supply concerns from Russia's invasion of Ukraine has been beneficial for Brazil's commodity exports, economy and market. We also believe that Brazil's economic growth could surprise on the upside, aided by efficiencies arising from a thriving internet economy.

India was TEMIT's fifth largest exposure at the end of March 2022. The Indian market remained on an upward trend over the majority of the 12-month period. Stocks, however, declined in early 2022, as rising oil prices weighed on the economic outlook for the country as it is a major oil importer. A moderation in oil prices and expectations of policy continuity with the ruling government party's election in key states in March led equities to rebound off their 2022 low, to end the reporting period with double-digit gains. Digitalisation in India has been advancing at a rapid pace since 2016, due to government initiatives, inexpensive mobile data and a significant step-up of venture capital and private equity funding. Companies related to the internet and digital economy have also been gaining prominence on Indian stock exchanges, providing exciting investment opportunities and diversifying the overall market. Over the longer-term, we expect to see continued growth in Indian earnings due to positive demographics, continued private sector penetration in segments like finance and health care, digitalisation from a low base, and supply-chain diversification supported by government policy. We believe that long-term fundamentals remain robust in view of increasing consumer penetration, growing formalisation of the economy, a reform push and a stable government.

TEMIT had maintained an overweight exposure to Russia relative to the benchmark prior to Russia's invasion of Ukraine. Equity prices were on an upward trend in the first seven months of the reporting year, returning over 25% in sterling terms. Despite its strong market performance, however, Russia remained one of the most undervalued markets in Europe as well as globally. Rising oil prices, appreciation in the rouble and a faster-than-expected economic recovery buoyed the stock market. Brewing tensions with Ukraine however, started weighing on equity prices in Russia. We remained generally positive in our outlook on investment opportunities in Russia, given the belief that diplomacy could resolve the issue. We believed that Russia's internally focused economy and policy flexibility (given twin surpluses in its fiscal and current accounts) continued to provide a conducive environment for companies operating domestically.

Post the invasion and the implementation of extensive sanctions from the West, stock prices and the Russian rouble declined sharply. Russia's resilience to financial shocks has also been affected by the freeze of some of its central bank's international reserves. Index compilers MSCI and FTSE dropped Russia from their benchmarks in early March at a zero-value, due to non-fulfilment of market accessibility requirements. Although trading in the domestic market resumed in late-March, following a trading suspension on 28 February, foreigners remained barred from selling, while trading in Russian American and Global Depositary Receipts (ADRs/GDRs) listed in international exchanges also remained suspended at the time of writing. Given these facts, on 4 March 2022, Russian company securities were fair valued at zero by the Franklin Templeton Valuation Committee. In concluding upon a zero value, the continued uncertainty in the market, restrictions on trading the shares both onshore and offshore, and a lack of any price discovery mechanism to provide indications of residual value were all considered.

Investment strategy, portfolio changes and performance

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 which is described in more detail in the full Annual Report and 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.

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

Whilst the immediate outlook may be volatile, this approach should help us best navigate the ongoing pandemic and geopolitical instability. Over time, we expect the long-term fundamentals of our holdings to remain intact and to produce attractive returns for investors.

Performance attribution analysis %

Year to 31 March	**2022**	**2021**	**2020**	**2019**	**2018**
Net asset value total return[a]	(17.3)	54.5	(11.2)	1.8	12.4
Expenses incurred	1.0	1.0	1.0	1.0	1.1
Gross total return[a]	(16.3)	55.5	(10.2)	2.8	13.5
Benchmark total return[a]	(6.8)	42.8	(13.2)	0.1	11.8
Excess return[a]	(9.5)	12.7	3.0	2.7	1.7
Stock selection	(10.0)	6.0	(2.1)	1.8	1.3
Sector allocation	0.3	6.8	3.1	(0.6)	(0.3)
Currency	0.2	(0.3)	1.6	1.0	0.4
Share buyback impact[b]	0.0	0.3	0.4	1.0	0.4
Residual return[a]	(0.0)	(0.1)	–	(0.5)	(0.1)
Total Investment Manager contribution	**(9.5)**	**12.7**	**3.0**	**2.7**	**1.7**

Source: FactSet and Franklin Templeton.
[a] A glossary of alternative performance measures is included in the full Annual Report.
[b] The share buyback impact has been presented separately from the residual figure.

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	26.6	1.0
Meituan[b]	China/Hong Kong	Consumer Discretionary	(45.7)	0.7
Itaú Unibanco	Brazil	Financials	50.5	0.6
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	5.5	0.6
Bajaj Holdings & Investments[c]	India	Financials	57.9	0.5
Guangzhou Tinci Materials Technology	China/Hong Kong	Materials	59.3	0.5
Cognizant Technology Solutions[c]	United States	Information Technology	22.0	0.5
Pinduoduo[b]	China/Hong Kong	Consumer Discretionary	(68.6)	0.4
Longshine Technology[c]	China/Hong Kong	Information Technology	93.6	0.4
Banco Bradesco	Brazil	Financials	18.0	0.3

[a] For the period 31 March 2021 to 31 March 2022.
[b] Security not held by TEMIT as at 31 March 2022.
[c] Security not included in the MSCI Emerging Markets Index as at 31 March 2022.

Finishing higher over the 12-month period were shares of **ICICI Bank,** India's second largest private sector bank. In its most recent fiscal quarter ended in December 2021, the bank posted robust loan growth amidst increasing economic activity as pandemic restrictions eased. The bank has a wide presence across retail banking products, as well as corporate and commercial banking. The bank has strong franchises and competitive asset management, insurance, and retail brokerage subsidiaries.

Brazilian bank **Itaú Unibanco** was a top contributor during the period. Its shares rebounded from a decline in the latter part of 2021, as Brazilian equities benefitted from renewed investor inflows amidst higher commodity prices, improving macroeconomic data and undemanding valuations. Rising interest rates further benefitted the bank. The large-scale bank benefits from low penetration of financial products and a strong distribution network. Loan activity increased in 2021, and expense control supported strong margins.

Shares of **Taiwan Semiconductor Manufacturing ("TSMC")** gained during the period. The chip maker's strong quarterly earnings growth, upbeat full year outlook and larger capital expenditure plan boosted investor confidence in the stock, although risks of a slowdown in consumer spending led to volatility in the semiconductor industry late in the period. We expect TSMC to benefit from a structural increase in chip demand, driven by smartphones, high-performance computing and other advanced applications. We are positive on its technology leadership and its dominance in developing cutting-edge chips.

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**
Alibaba	China/Hong Kong	Consumer Discretionary	(47.2)	(1.5)
LUKOIL	Russia	Energy	(100.0)	(1.5)
Yandex	Russia	Communication Services	(100.0)	(1.3)
Sberbank of Russia	Russia	Financials	(100.0)	(1.1)
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	(59.2)	(1.0)
Tencent	China/Hong Kong	Communication Services	(35.2)	(0.8)
Tencent Music Entertainment	China/Hong Kong	Communication Services	(75.1)	(0.7)
Naspers[b]	South Africa	Consumer Discretionary	(46.9)	(0.7)
Samsung Electronics	South Korea	Information Technology	(15.6)	(0.6)
Prosus[c]	China/Hong Kong	Consumer Discretionary	(38.5)	(0.5)

[a] For the period 31 March 2021 to 31 March 2022.
[b] Security not held by TEMIT as at 31 March 2022.
[c] Security not included in the MSCI Emerging Markets Index as at 31 March 2022.

Alibaba's stock fell over the period as the Chinese e-commerce company came under pressure from increased regulatory scrutiny from its government. Additionally, weakening consumption trends amidst repeated COVID-19 outbreaks and intensified competition in the domestic e-commerce market weighed on sentiment. We remain positive on the relative strength of Alibaba's e-commerce ecosystem. It has also been pursuing a multi-engine growth strategy for the longer term, which includes building up its cloud and international e-commerce businesses.

LUKOIL, a major Russian oil producer, **Yandex**, Russia's largest search engine and **Sberbank of Russia**, one of the biggest banks in Russia were top detractors in the final quarter of the period. Before Russia's invasion of Ukraine, we had maintained our positions in Russian stocks in the belief that diplomacy could resolve the issue. Post the invasion, share prices of Russian equities declined significantly. As mentioned above, with effect from 4 March 2022, Russian company stocks were fair valued at zero.

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
Information Technology	(1.8)	0.9	Communication Services	(19.9)	(3.7)
Real Estate	(24.3)	0.7	Energy	(1.5)	(2.0)
Health Care	(21.8)	0.6	Financials	16.5	(2.0)
			Consumer Discretionary	(36.2)	(1.9)
			Industrials	9.9	(0.5)

[a] For the period 31 March 2021 to 31 March 2022.

An overweight position and favourable stock selection in the **information technology** sector added to TEMIT's performance relative to the benchmark index in the review period. Tata Consultancy Services, an India-based IT services firm, and Cognizant Technology Solutions, a US listed technology services company that derives much of its earnings from services provided in India, were both examples of information technology companies that aided relative returns. Stock selection and an underweight in **real estate** also aided relative performance, as the poorly performing sector for the benchmark contributed to relative returns in the portfolio. The portfolio did not invest in several Chinese real estate stocks that weighed on the sector in the benchmark amidst a slowdown in the Chinese real estate sector. However, Chinese real estate company China Resources Land was an overweight in the portfolio and rose during the period. Stock selection and an underweight exposure to the **health care** sector was another positive contributor to relative returns.

In contrast, stock selection in the **communication services** sector was a key detractor from relative performance. Yandex was a leading detractor as Russian stocks were fair valued at zero, as discussed above. Tencent was another key detractor in the sector. In addition to new rules in China's internet sector, concerns of a freeze on new video game approvals also impacted sentiment in the company. Stock selection in **energy** also detracted from relative performance, owing to Russia's LUKOIL, which was fair valued at zero, as discussed above. Additionally, not holding India-based Reliance Industries, which has energy and telecommunications operations, held back returns as its shares advanced. Stock selection in **financials**, due to the write down of Sberbank of Russia, hindered performance relative to the benchmark, overshadowing the contribution of an overweight position as the sector was positive for the benchmark.

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
Brazil	30.5	0.6	Russia[b][c]	(100.0)	(2.9)
United States[b]	–	0.4	South Africa	17.3	(1.8)
Thailand	3.5	0.2	Saudi Arabia[d]	45.5	(1.3)
Peru	28.0	0.1	Taiwan	11.9	(0.7)
Egypt	(10.1)	0.1	South Korea	(14.2)	(0.7)

[a] For the period 31 March 2021 to 31 March 2022.
[b] No companies included in the MSCI Emerging Markets Index in this country as at 31 March 2022.
[c] All companies held by TEMIT in this country are valued at zero as at 31 March 2022.
[d] No companies held by TEMIT in this country as at 31 March 2022.

An overweight position and stock selection in **Brazil** aided relative performance amidst the surge in commodity prices and strength in the financial sector. Stock selection in Brazilian financials, including banks Itaú Unibanco and Banco Bradesco, and Brazil's leading financial market infrastructure company B3, helped relative returns. Off-benchmark exposure in the **United States** was another key contributor to TEMIT's returns relative to the index, as a position in Cognizant Technologies Solutions, with high earnings exposure to India, was a key contributor. **Thailand** was another resource rich country that benefitted from a surge in commodity prices, and our stock selection in the country aided relative performance.

Russia was the top detractor from relative performance. As mentioned above, with effect from 4 March 2022, Russian company stocks were fair valued at zero. An overweight exposure to Naspers, which has a sizeable interest in Tencent, was largely responsible for **South Africa's** inclusion in the list of top market detractors from relative performance. We exited Naspers during the reporting period. A lack of exposure to **Saudi Arabia** and several of its well-performing oil companies detracted from relative performance. As a major oil exporter, the country benefitted from prices that climbed throughout the period, a rise that accelerated in the first three months of 2022.

Portfolio changes by sector

Sector	31 March 2021 market value £m	Purchases £m	Sales £m	Market movement £m	31 March 2022 market value £m	Total return in sterling TEMIT %	MSCI Emerging Markets Index %
Information Technology	810	137	(186)	(24)	737	(1.0)	(1.8)
Financials	486	101	(113)	(1)	473	3.4	16.5
Consumer Discretionary	491	65	(92)	(198)	266	(43.9)	(36.2)
Communication Services	433	59	(128)	(152)	212	(40.9)	(19.9)
Materials	91	144	(25)	(2)	208	8.1	8.7
Consumer Staples	115	11	(24)	(20)	82	(17.5)	(5.3)
Industrials	67	17	(11)	(11)	62	(5.6)	9.9
Energy	62	33	(8)	(51)	36	(64.8)	(1.5)
Health Care	32	12	(5)	(6)	33	(14.2)	(21.8)
Real Estate	12	25	(26)	5	16	0.2	(24.3)
Utilities	–	–	–	–	–	–	16.7
Total Investments	**2,599**	**604**	**(618)**	**(460)**	**2,125**		

Portfolio changes by country

Country	31 March 2021 market value £m	Purchases £m	Sales £m	Market movement £m	31 March 2022 market value £m	Total return in sterling TEMIT %	MSCI Emerging Markets Index %
China/Hong Kong	770	312	(248)	(229)	605	(33.2)	(29.0)
South Korea	575	77	(66)	(99)	487	(14.4)	(14.2)
Taiwan	430	15	(86)	4	363	3.0	11.9
Brazil	151	65	(32)	26	210	20.3	30.5
India	162	35	(61)	52	188	34.6	23.9
Other	511	100	(125)	(214)	272	–	–
Total Investments	**2,599**	**604**	**(618)**	**(460)**	**2,125**		

Portfolio investments by fair value
As at 31 March 2022

Holding	**Country**	**Sector**	**Trading[(a)]**	**Fair value £'000**	**% of net assets**
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	PS	259,125	12.3
Samsung Electronics	South Korea	Information Technology	PS	218,002	10.4
Alibaba	China/Hong Kong	Consumer Discretionary	IH	124,514	5.9
ICICI Bank	India	Financials	IH	117,038	5.6
Tencent	China/Hong Kong	Communication Services	PS	81,516	3.9
NAVER	South Korea	Communication Services	PS	79,021	3.8
MediaTek	Taiwan	Information Technology	IH	77,821	3.7
China Merchants Bank	China/Hong Kong	Financials	IH	62,500	3.0
Guangzhou Tinci Materials Technology	China/Hong Kong	Materials	NH	56,399	2.7
LG	South Korea	Industrials	PS	50,981	2.4
TOP 10 LARGEST INVESTMENTS				**1,126,917**	**53.7**
Banco Bradesco, ADR[(b)(c)]	Brazil	Financials	IH	46,710	2.2
Vale	Brazil	Materials	IH	46,056	2.2
Itaú Unibanco, ADR[(b)(c)]	Brazil	Financials	PS	44,301	2.1
Samsung Life Insurance	South Korea	Financials	IH	38,654	1.8
Cognizant Technology Solutions[(d)]	United States	Information Technology	IH	37,970	1.8
Petroleo Brasileiro[(c)]	Brazil	Energy	NH	35,977	1.7
Prosus[(e)]	China/Hong Kong	Consumer Discretionary	IH	35,258	1.7
Genpact	United States	Information Technology	NH	35,151	1.6
POSCO	South Korea	Materials	IH	29,634	1.4
Unilever[(d)]	United Kingdom	Consumer Staples	PS	29,164	1.4
TOP 20 LARGEST INVESTMENTS				**1,505,792**	**71.6**
Banco Santander Mexico, ADR[(b)]	Mexico	Financials	NT	29,127	1.4
Kasikornbank	Thailand	Financials	IH	27,472	1.3
Tata Consultancy Services	India	Information Technology	NH	26,874	1.3
Soulbrain	South Korea	Materials	NH	26,641	1.3
Daqo New Energy, ADR[(b)]	China/Hong Kong	Information Technology	IH	24,998	1.2
Bajaj Holdings & Investments	India	Financials	PS	22,502	1.1
Ping An Insurance	China/Hong Kong	Financials	IH	22,475	1.1
Hon Hai Precision Industry	Taiwan	Information Technology	PS	21,399	1.0
China Resources Cement	China/Hong Kong	Materials	IH	21,390	1.0
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	NT	20,803	1.0
TOP 30 LARGEST INVESTMENTS				**1,749,473**	**83.3**
Astra International	Indonesia	Consumer Discretionary	PS	19,351	0.9

Fila	South Korea	Consumer Discretionary	IH	16,915	0.8
Infosys Technologies	India	Information Technology	PS	16,656	0.8
Americanas[f]	Brazil	Consumer Discretionary	IH	16,517	0.8
NetEase	China/Hong Kong	Communication Services	IH	16,347	0.8
Tencent Music Entertainment, ADR[b]	China/Hong Kong	Communication Services	IH	16,219	0.8
Baidu	China/Hong Kong	Communication Services	IH	15,972	0.8
Uni-President China	China/Hong Kong	Consumer Staples	IH	15,555	0.7
Gedeon Richter	Hungary	Health Care	PS	15,522	0.7
Ping An Bank	China/Hong Kong	Financials	NT	15,281	0.7
TOP 40 LARGEST INVESTMENTS				**1,913,808**	**91.1**
Longshine Technology Group	China/Hong Kong	Information Technology	IH	13,838	0.7
Massmart	South Africa	Consumer Staples	IH	13,598	0.6
LG Chem	South Korea	Materials	NH	11,661	0.5
Intercorp Financial Services	Peru	Financials	IH	10,782	0.5
Keshun Waterproof Technologies	China/Hong Kong	Materials	NH	10,525	0.5
LegoChem Biosciences	South Korea	Health Care	IH	9,723	0.5
Greentown Service Group	China/Hong Kong	Real Estate	NH	8,860	0.4
Kiatnakin Phatra Bank	Thailand	Financials	PS	8,654	0.4
Thai Beverage	Thailand	Consumer Staples	NT	8,141	0.4
Techtronic Industries	China/Hong Kong	Industrials	NH	7,909	0.4
TOP 50 LARGEST INVESTMENTS				**2,017,499**	**96.0**
NagaCorp	Cambodia	Consumer Discretionary	PS	7,883	0.4
B3	Brazil	Financials	PS	7,510	0.4
China Resources Land	China/Hong Kong	Real Estate	PS	7,221	0.3
WuXi Biologics	China/Hong Kong	Health Care	NH	7,189	0.3
BDO Unibank	Philippines	Financials	NT	6,699	0.3
H&H Group	China/Hong Kong	Consumer Staples	IH	6,632	0.3
MCB Bank	Pakistan	Financials	NT	6,386	0.3
XP Inc	Brazil	Financials	NH	5,899	0.3
ACC	India	Materials	NT	5,257	0.3
East African Breweries	Kenya	Consumer Staples	NT	4,673	0.2
TOP 60 LARGEST INVESTMENTS				**2,082,848**	**99.1**
Nemak	Mexico	Consumer Discretionary	NT	4,604	0.2
M. Dias Branco	Brazil	Consumer Staples	NT	4,142	0.2
PChome Online	Taiwan	Consumer Discretionary	PS	3,385	0.2
Hankook Tire	South Korea	Consumer Discretionary	NT	3,215	0.2
COSCO SHIPPING Ports	China/Hong Kong	Industrials	IH	3,102	0.1
Delivery Hero[d]	Germany	Consumer Discretionary	NH	2,825	0.1
JD.com	China/Hong Kong	Consumer Discretionary	NH	2,613	0.1
BAIC Motor	China/Hong Kong	Consumer Discretionary	PS	2,434	0.1
KT Skylife	South Korea	Communication Services	NT	2,431	0.1
Weifu High-Technology	China/Hong Kong	Consumer Discretionary	NT	2,387	0.1
TOP 70 LARGEST INVESTMENTS				**2,113,986**	**100.5**
TOTVS	Brazil	Information Technology	PS	2,102	0.1
Chervon Holdings	China/Hong Kong	Consumer Discretionary	NH	1,994	0.1
E-Finance for Digital & Financial Investments	Egypt	Information Technology	NH	1,844	0.1
Largan Precision	Taiwan	Information Technology	PS	1,758	0.1
United Bank	Pakistan	Financials	NT	1,093	0.1
New Oriental Education & Technology Group, ADR[b]	China/Hong Kong	Consumer Discretionary	NH	924	0.1
Americanas[g]	Brazil	Consumer Discretionary	IH	418	0.0
Netcare	South Africa	Health Care	NH	411	0.0
Gazprom, ADR[b][h]	Russia	Energy	PS	–	–
LUKOIL, ADR[b][h]	Russia	Energy	IH	–	–
TOP 80 LARGEST INVESTMENTS				**2,124,530**	**101.1**
Sberbank of Russia, ADR[b][h]	Russia	Financials	PS	–	–
VK, GDR[h][i][j]	Russia	Communication Services	IH	–	–
Yandex[h]	Russia	Communication Services	PS	–	–
TOTAL INVESTMENTS				**2,124,530**	**101.1**
NET LIABILITIES				**(24,140)**	**(1.1)**
TOTAL NET ASSETS				**2,100,390**	**100.0**

[a] Trading activity during the year: (NH) New Holding, (IH) Increased Holding, (PS) Partial Sale and (NT) No Trading.
[b] US listed American Depository Receipt.
[c] Preferred Shares.
[d] This company, listed on a stock exchange in a developed market, has significant exposure to operations from emerging markets.
[e] 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.
[f] Holding name has been changed from B2W Digital as the result of a merger between B2W Digital and Americanas.
[g] Subscription receipts on the back of a rights issuance converted into ordinary shares on 1 April 2022.

[h] This company has been fair valued at zero as a result of its trading being suspended.
[i] UK listed Global Depository Receipt.
[j] Holding name has been changed from Mail.Ru to VK as a result of rebranding.

Portfolio summary
As at 31 March 2022
All figures are a % of the net assets

	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Total Equities	Net liabilities[a]	31 March 2022 Total	31 March 2021 Total
Brazil	–	0.8	0.2	1.7	5.0	–	–	0.1	2.2	–	**10.0**	–	**10.0**	**5.9**
Cambodia	–	0.4	–	–	–	–	–	–	–	–	**0.4**	–	**0.4**	**0.5**
China/Hong Kong	6.3	9.1	1.0	–	4.8	0.3	0.5	1.9	4.2	0.7	**28.8**	–	**28.8**	**29.5**
Czech Republic	–	–	–	–	–	–	–	–	–	–	**–**	–	**–**	**0.3**
Egypt	–	–	–	–	–	–	–	0.1	–	–	**0.1**	–	**0.1**	**–**
Germany	–	0.1	–	–	–	–	–	–	–	–	**0.1**	–	**0.1**	**–**
Hungary	–	–	–	–	–	0.7	–	–	–	–	**0.7**	–	**0.7**	**0.9**
India	–	–	–	–	6.7	–	–	2.1	0.3	–	**9.1**	–	**9.1**	**6.3**
Indonesia	–	0.9	–	–	–	–	–	–	–	–	**0.9**	–	**0.9**	**0.6**
Kenya	–	–	0.2	–	–	–	–	–	–	–	**0.2**	–	**0.2**	**0.3**
Mexico	–	0.2	–	–	1.4	–	–	–	–	–	**1.6**	–	**1.6**	**1.3**
Pakistan	–	–	–	–	0.4	–	–	–	–	–	**0.4**	–	**0.4**	**0.3**
Peru	–	–	–	–	0.5	–	–	–	–	–	**0.5**	–	**0.5**	**0.2**
Philippines	–	–	–	–	0.3	–	–	–	–	–	**0.3**	–	**0.3**	**0.2**
Russia	–	–	–	–	–	–	–	–	–	–	**–**	–	**–**	**6.0**
South Africa	–	–	0.6	–	–	–	–	–	–	–	**0.6**	–	**0.6**	**4.4**
South Korea	3.9	1.0	–	–	1.8	0.5	2.4	10.4	3.2	–	**23.2**	–	**23.2**	**22.1**
Taiwan	–	0.2	–	–	–	–	–	17.1	–	–	**17.3**	–	**17.3**	**16.7**
Thailand	–	–	0.4	–	1.7	–	–	–	–	–	**2.1**	–	**2.1**	**1.7**
United Kingdom	–	–	1.4	–	–	–	–	–	–	–	**1.4**	–	**1.4**	**2.1**
United States	–	–	–	–	–	–	–	3.4	–	–	**3.4**	–	**3.4**	**1.0**
Net liabilities[a]	–	–	–	–	–	–	–	–	–	–	**–**	**(1.1)**	**(1.1)**	**(0.3)**
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**	**–**
31 March 2021 Total	**16.7**	**19.0**	**4.4**	**2.4**	**18.7**	**1.2**	**2.6**	**31.3**	**3.5**	**0.5**	**100.3**	**(0.3)**	**–**	**100.0**

[a] The Company's net liabilities are the total of net current assets plus non-current liabilities per the Statement of Financial Position in the full Annual report.

Market capitalisation breakdown (%)	**Less than £1.5bn**	**£1.5bn to £5bn**	**£5bn to £25bn**	**Greater than £25bn**	**Net liabilities[a]**
31 March 2022	7.7	8.0	16.5	68.9	(1.1)
31 March 2021	11.8	8.5	12.9	67.1	(0.3)

Split between markets[b] (%)	**31 March 2022**	**31 March 2021**
Emerging markets	95.6	96.4
Developed markets[c]	4.9	3.1
Frontier markets	0.6	0.8
Net liabilities[a]	(1.1)	(0.3)

Source: FactSet Research System, Inc.
[a] The Company's net liabilities are the total of net current assets plus non-current liabilities per the Statement of Financial Position in the full Annual report.
[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 Germany, United Kingdom and United States which have significant exposure to operations in emerging markets.

Outlook for markets

The current down cycle has been driven by the aftereffects of the unprecedented fiscal stimulus, the spike in commodity prices, post COVID-19 supply chain issues impacting inflation, China's zero COVID policy, and Russia's invasion of Ukraine impacting investor risk appetite. An aversion to holding risky assets currently prevails amongst many investors; what started with investors selling Russian equities has spread to China and other emerging markets. In such circumstances, we believe that having a long-term perspective is valuable.

The start of the US Federal Reserve's withdrawal of support has also heightened market volatility. Higher US interest rates could also trigger a strengthening of the US dollar, this would be potentially negative for emerging markets with macro vulnerabilities, although there are much fewer significant emerging economies in this situation today than in past cycles.

Whilst the current period of increased market volatility and declining equity markets is unnerving, we believe that it is also creating attractive investment opportunities for long-term investors. We continue to search for companies that have sustainable earnings growth, trade at a discount to intrinsic worth and have competitive advantages which are persistent and repeatable over time. In the current market decline, we observe many companies with these characteristics. This is creating opportunities for investors to increase exposure to these companies in preparation for the eventual recovery.

Emerging markets have seen many changes over the past two decades, and the opportunity set for investors has similarly evolved and expanded. Emerging markets generally have youthful and digital-savvy populations with growing needs. In India, for example, there are about 800 million people under the age of 35. As investors, that creates opportunities not only in technology companies, but also in areas like financial services and aspirational products like education and luxury goods.

As a whole, emerging market economic fundamentals have improved in the past decade, and we believe that they are in a stronger position today to cope with any market volatility. Our overall outlook for emerging markets remains positive, with long-term investment opportunities underpinned by emerging markets' structural strengths and the competitiveness of their companies.

Moreover, we think that the COVID-19 pandemic period has catalysed change, innovation, and brought a greater focus on technology. It is an interesting time to be looking at the emerging world today. We believe that the breadth of opportunity, the growth, the innovation, the sustainability of the business models, and the much stronger institutional resilience compared to decades past when considered together create an attractive future for emerging markets.

Chetan Sehgal
Lead Portfolio Manager
14 June 2022

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 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 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 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, but not at excessive valuation levels
- High conviction portfolio: The top-10 holdings typically account for over 40% of the portfolio which overall is well-diversified portfolio 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.

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 client's 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.

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 our full Stewardship Report to give TEMIT shareholders a snapshot of the typical analysis undertaken.

Tencent – provides social networking, music, web portals, e-commerce, mobile games, internet services and payment systems.

ESG Topic: User Privacy Protection & Content Management

Materiality and Risk: Users of internet service providers that have privacy concerns may decide to switch to alternative internet services. This has the potential to impact revenue growth due to lower engagement by users. Content management (censorship) without a reasonable level of consensus building or supervision may also lead to a less active user base.

Analysis:

1) Strong privacy policy and commits to collecting only the information that is necessary for product functions;
2) Mechanism for personal data control and dedicated website to help resolve any dispute users may have;
3) Privacy management practices are transparent and certified by TRUSTe; and
4) The company is aware and anticipates censorship requirements from government related bodies.

Outcomes: Social risks associated with privacy concerns and content management (censorship) are faced by all content platforms in China, and full cooperation with regulators is important to ensure continuous operation. Based on our analysis, we consider Tencent as a leader among Chinese peers in its industry and is well positioned to manage such risks.

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 a very 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 presented in the full Annual Report very much helps with the engagement agenda.

TEMIT's portfolio carbon risk is concentrated amongst a small number of companies, with the top five companies in terms of carbon intensity representing 6.8% of the portfolio and accounting for 74.2% of the total portfolio Weighted Average Carbon Intensity ("WACI"). From a sector perspective, 66.2% of the total portfolio WACI contributions come from the materials sector.

On a relative basis, portfolio holdings in materials and industrials contribute negatively to WACI and the utilities sector contributes positively, as TEMIT does not hold any investments in the sector. Cement manufacturers, China Resources Cement and ACC, exhibit the largest carbon intensities in TEMIT's portfolio, representing 1.3% of the portfolio and accounting for 51.9% of the portfolio WACI. TSMC's carbon intensity is low, however due to it representing 12.3% of the portfolio, it is second in terms of contribution to WACI.

We emphasise that the data does not always fully represent the actual carbon risk of the portfolio. Some of the data is estimated where carbon emissions are not disclosed by portfolio companies. WACI is measured against sales, however, in production orientated industries this is not always an accurate measure. Finally, the reported data is a snapshot at a point in time and does not represent the forward-looking nature of our approach to analysing investee companies. Below we provide a short summary of FTEME's analysis of China Resources Cement and ACC.

China Resources Cement ("CRC") – leading cement and concrete producer in Southern China

CRC strictly implements national policies and guidelines and operates in full compliance with local standards and audits, with no fines or penalties in recent history. Management integrates ESG Key Performance Indicators in remuneration at various levels whilst expressing an intention to improve carbon management further via tech upgrades and appropriate target setting annually.

The company's improving emissions intensity, compliance with local standards and management intentions to improve further, suggests low carbon risk and strong profile in the sector.

ACC – one of the largest producers of cement in India

ACC is guided by parent Lafarge-Holcim's principles and technical know-how on environmental issues. As a result, it is ahead of the curve versus its Indian peers in both approach and adopting innovative technologies related to emissions control. It has recently had its 2030 carbon-emission reduction target endorsed by the Science Based Targets Initiative ("SBTi") and has signed the 'Business Ambition for 1.5°C' pledge.

We are positive on the company's ability to manage its emissions profile and from an environmental perspective, the company is one of the best investment options in the cement sector in a developing market.

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 2022 are summarised below:

Dedicated ESG discussion by engagement type	Number of interactions	% of interactions
Environmental	11	31
Social	7	19
Governance	15	42
Combination	3	8
Total	**36**	**100**

Proxy voting

In the year ended 31 March 2022, 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 80% of the time.

FTEME voted against management proposals in 12% of cases, our votes against were largely concentrated on capital structure, non-salary compensation, and director related management 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.

Where "Other" votes were cast, these were mainly director related votes in Brazil, where FTEME abstained from voting they were not supportive of 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 closely to 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 current investment policy was approved at the Company's AGM on 8 July 2021.

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 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.

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.

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

The Company may also distribute capital by means of share buybacks when the Board believes that it is in the best interests of shareholders to do so. The share 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.

On 1 October 2021, Franklin Templeton Investment Trust Management Limited ("FTITML", "AIFM" or the "Manager") replaced Franklin Templeton International Services S.à r.l ("FTIS") as 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 of 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.

Environmental, social and governance ("ESG") matters

The Investment Manager comments on the integral nature of ESG matters within the investment process and how it engages with companies to promote ESG best practice of this report. In addition, Franklin Templeton recently published a detailed Stewardship Report for TEMIT and this can be downloaded from our website www.temit.co.uk.

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

Further details of the Investment Manager's approach to responsible investing and of votes cast at investee companies' general meetings in 2021 can be accessed on Franklin Templeton's UK web site under "Sustainable Investing" at www.franklintempleton.co.uk/about-us/our-company/sustainable- investing.

The Board receives regular reports on Franklin Templeton's policies and controls. The Board has reviewed and fully supports the Franklin Templeton Stewardship Statement and its Sustainable Investing Principles and Policies.

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 our 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.

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.

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.

Information on the Company's approach to Diversity is set out in the Directors' Report in the full Annual Report.

Liquidity

The shares issued by the Company are traded on the London and New Zealand stock exchanges. The Company has engaged Winterflood Securities as financial adviser and stockbroker, and to act as a market maker in the shares of the Company.

Gearing

On 31 January 2020, the Company entered into a five-year £100 million loan at a fixed rate of 2.089% with Scotiabank Europe PLC, and a three-year £120 million unsecured multi-currency revolving loan facility with The Bank of Nova Scotia, London Branch. The £100 million fixed term loan is denominated in pounds sterling. Drawings under the £120 million revolving credit facility may be in sterling, US dollars or Chinese renminbi ("CNH"). The total amount which may be drawn down in CNH is 45% of the combined limit of the fixed rate loan and of the revolving loan facility. The fixed rate loan was drawn down on 31 January 2020 and will remain in place until 31 January 2025. On 18 October 2021, the Company drew down £50 million from the revolving credit facility repayable within six months (2021: revolving credit facility was not utilised). Subsequent to the year end, the Investment Manager rolled forward the £50 million and took this borrowing out for a further six months. The Company has no other debt. The Investment Manager has been granted discretion by the Board to draw down the revolving loan facility as investment opportunities arise, subject to overall supervision by the Board, and subject to the overall gearing limit in TEMIT's investment policy.

The Company's net gearing position was 1.1% (net of cash in the portfolio) at the year-end (2021: 0.5%).

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.

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 in the full Annual Report.

Under the Conditional Tender Offer, if over the five year period the Company's net asset value total return fails to exceed the benchmark total return the Board will put forward proposals to shareholders to undertake a tender offer for up to 25 per cent of the issued share capital of the Company, at the discretion of the Board. Any such tender offer will be at a price equal to the then prevailing net asset value less two per cent (and less the costs of the tender offer). There will be no tender offer in the event that the Company's net asset value total return exceeds the benchmark total return (MSCI Emerging Markets Index total return) over the five year period from 31 March 2019 to 31 March 2024. 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 2022, the Company held 103,825,895 shares in treasury (2021: 103,825,895 shares in treasury[a]).

	2022	**2021**
Shares bought back and cancelled during the year[a]	2,331,670	31,192,040
Proportion of share capital bought back and cancelled	0.2%	2.6%
Total cost of share buybacks	£3.6m	£49.6m
The benefit to NAV	£0.5m	£6.9m
The percentage benefit to NAV	0.03%	0.3%

[a] Comparative figures for the year ended 31 March 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.

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.

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 Chairman of the Audit and Risk Committee at any time via temitcosec@franklintempleton.com.

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 in the full Annual Report.
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' in the full Annual Report.
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 non-routine matters were considered at Board meetings during the year:

- Recruitment of Magdalene Miller 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;
- 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.

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 in the full Annual Report. 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 in the full Annual Report 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.
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 in the full Annual Report. Shareholders are invited to submit questions for the Board to address at the Company's Annual General Meeting.
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	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" in the full Annual Report. Further details of the current discount and discount management are

			marketing strategy to ensure effective communication with existing shareholders and to consider strategies to create additional demand for the Company's shares.	detailed in the Chairman's Statement in the full Annual Report.
Manager	Communication between the Board and the Manager	The relationship of the Board with the Manager is very important.	The Manager attends all Board meetings where it reviews and discusses performance reports, changes in the portfolio composition and risk matrix. The Board receives timely and accurate information from the Manager and engages with the Investment Manager and the secretary between meetings as well with other representatives of the Manager as and when it is deemed necessary.	The Board operates in a supportive and open manner, challenging the activity of the Manager and its results. The Board believes that the Company is well managed and the Board places great value on the experience of the Investment Manager to deliver superior long-term returns from investments and on the other functions of the Manager to fulfil their roles effectively.
Third-party service providers	Engagement with service providers	The Board acknowledges the importance of ensuring that the Company's service providers are providing a suitable level of service, that the service level is sustainable and that they are fairly remunerated for their service.	As an investment company all services are outsourced to third-party providers. The Board considers the support provided by 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.	The Board discusses stock selection and asset allocation on a quarterly basis. On behalf of the Company the Investment Manager engages with investee companies implementing corporate governance principles.	The Investment Manager has a dedicated research team that is employed in making investment decisions and when voting at shareholder 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 in the full Annual Report.

Net asset value and share price total return[(a)]

Net asset value and share price total return data is presented within the Company Overview along with the Ten -Year Record are shown in in the full Annual Report.

The Chairman's Statement in the full Annual Report and the Portfolio Report in the full Annual Report include further commentary on the Company's performance.

Share price discount to net asset value

Details of the Company's share price discount to net asset value is presented within the Financial Summary in the full Annual Report. On 31 May 2022, the latest date for which information was available, the discount was 12.3%.

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" in the full Annual Report.

Dividend and revenue earnings

Total income earned in the year was £54.3 million (2021: £59.9 million) which translates into net revenue earnings of 3.44 pence per share (2021: 3.50 pence per share, adjusted for the stock split and the extra-ordinary Corporation Tax refund), a decrease of 2% over the prior year.

The Company paid an interim dividend of 1.00 pence per share on 10 January 2022. The Board is proposing a final dividend of 2.80 pence per share, making total ordinary dividends for the year of 3.80 pence per share.

Ongoing charges ratio[a] ("OCR")

The OCR remained constant at 0.97% for the year ended 31 March 2022, compared to the prior year.

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

[a] A glossary of alternative performance measures is included in the full Annual Report.

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. The Board has carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. These are summarised in the table below.

Further explanation of the monitoring of risk and uncertainties is covered within the Report of the Audit and Risk in the full Annual Report. 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.

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 in the full Annual Report.

Risk	**Mitigation**
Market and geo-political	
Market risk arises from volatility in the prices of the Company's investments, from the risk of volatility in global markets arising from macroeconomic and geopolitical circumstances and conditions. 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. In the first quarter of 2022, geopolitical risk was highlighted by the Russian invasion of Ukraine, with the resultant effects on 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.	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.

In large parts of the world restrictions on social contact and travel have been reduced or removed completely but this is not the case in some countries, notably China, and there remains a risk of further outbreaks and ongoing lockdowns. The current COVID-19 outbreak, as well as the restrictive measures implemented to control such outbreaks, could continue to adversely affect the economies of many nations or the entire global economy, the financial condition of individual issuers or companies (including those that are held by, or are counterparties or service providers to, the Company) and capital markets in ways that cannot necessarily be foreseen, and such impact could be significant and long term.	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.
Cyber	
Failure or breach of information technology systems of the Company's service providers may entail risk of financial loss, disruption to operations or damage to the reputation of the Company.	The Company benefits from Franklin Templeton's technology framework designed to mitigate the risk of a cyber security breach. For key third-party providers, the Audit and Risk Committee receives regular independent certifications of their control environment.
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.
Portfolio liquidity	
The Company's portfolio may include securities with reduced liquidity. This may impair the ability to sell assets which could limit the Investment Manager's ability to make significant changes to the portfolio. This risk was highlighted by the Russian invasion of Ukraine in February 2022. The five Russian stocks owned at the time of the invasion became impossible to trade and were written down to zero value.	The closed ended structure of TEMIT reduces the impact to shareholders of potential illiquidity in the portfolio. The Board receives and regularly reviews updates on portfolio liquidity. The diversified nature of the portfolio and limited investments in stocks with lower liquidity result in a balanced portfolio structure.
Counterparty and credit	
Certain transactions that the Company enters into expose it to the risk that the counterparty will not deliver an investment (purchase) or cash (in relation to a sale or declared dividend) after the Company has fulfilled its responsibilities. The Company engages in securities lending which can increase counterparty risk.	The Board receives and reviews the approved counterparty list of the Investment Manager on an annual basis and receives and reviews regular reports on counterparty risk from the Manager's independent risk team. A dedicated team oversees the securities lending programme and evaluates all risks on a daily basis.
Operational and custody	
Like many other investment trust companies, TEMIT has no employees. The Company therefore relies upon the services provided by third parties and is dependent upon the control systems of the Investment Manager and of the Company's other service providers. The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depends on	The 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

the effective operation of these systems.	responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and borrowing requirements. The depositary is liable for any loss of financial instruments held in custody and will ensure that the custodian and any sub-custodians segregate the assets of the Company. The depositary oversees the custody function performed by JPMorgan Chase Bank. The custodian provides a report on its key controls and safeguards (SOC 1/ SSAE 16/ISAE 3402) that is independently reported on by its auditor, PwC. The Board reviews regular operational risk management reporting provided by the Investment Manager.
Key personnel The ability of the Company to achieve its objective is significantly dependent upon the expertise of the Investment Manager and its ability to attract and retain suitable staff.	The Manager endeavours to ensure that the principal members of its management teams are suitably incentivised, participate in strategic leader programmes and monitor key succession planning metrics. The Board discusses this risk regularly with the Manager.
Regulatory The Company is an Alternative Investment Fund ("AIF") and is listed on both the London and New Zealand stock exchanges. The Company operates in an increasingly complex regulatory environment and faces a number of regulatory risks. Breaches of regulations could lead to a number of detrimental outcomes and reputational damage.	The Board, with the assistance of the Manager, ensures that the Company complies with all applicable laws and regulation and its internal risk and control framework reduces the likelihood of breaches happening.

Emerging risks

The key emerging risk faced by the Company during the year under review was the Russian invasion of Ukraine, discussed under geo-political and liquidity risks above. The extent of this risk will depend on the length of the conflict, impacts on commodity prices and associated inflationary pressure.

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 a number of 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 sees no issues with meeting interest payments and other principal obligations of the borrowing facilities. A significant proportion of the Company's expenses are an ad valorem AIFM fee, which would naturally reduce if the market value of the Company's assets were to fall. The Board has also taken into consideration the operational resilience of its service providers in light of the ongoing COVID-19 pandemic.

Considering the above, and with careful consideration given to the current market situation, the ongoing COVID-19 pandemic, the Russian invasion of Ukraine 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.

Future Strategy

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

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

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
14 June 2022

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 in the full Annual Report.

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 in the full Annual Report 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 fair, balanced and understandable view of the assets, liabilities, financial position and profit or loss of the Company for the year ended 31 March 2022; and
- The Chairman's Statement, Strategic Report and the Report of the Directors include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure Guidance and Transparency Rules; and
- The Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's position and performance, business model and strategy, and include a description of principal risks and uncertainties.

By order of the Board
Paul Manduca
14 June 2022

Financial Statements

Statement of Comprehensive Income

For the Year Ended 31 March 2022

		Year ended 31 March 2022			Year ended 31 March 2021		
	Note	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Net (losses)/gains on investments and foreign exchange	8						
Net (losses)/gains on investments at fair value		–	(460,585)	(460,585)	–	888,402	888,402
Net losses on foreign exchange		–	(168)	(168)	–	(594)	(594)
Income							
Dividends	2	54,020	–	54,020	56,964	–	56,964
Other income	2	250	–	250	2,965	–	2,965
		54,270	**(460,753)**	**(406,483)**	**59,929**	**887,808**	**947,737**
Expenses							
AIFM fee	3	(6,316)	(14,738)	(21,054)	(6,142)	(14,331)	(20,473)
Other expenses	4	(2,338)	–	(2,338)	(2,094)	–	(2,094)
		(8,654)	**(14,738)**	**(23,392)**	**(8,236)**	**(14,331)**	**(22,567)**
Profit/(loss) before finance costs and taxation		**45,616**	**(475,491)**	**(429,875)**	**51,693**	**873,477**	**925,170**
Finance costs	5	(858)	(1,998)	(2,856)	(773)	(1,802)	(2,575)
Profit/(loss) before taxation		**44,758**	**(477,489)**	**(432,731)**	**50,920**	**871,675**	**922,595**
Tax (expense)/income	6	(4,081)	(5,596)	(9,677)	17,303	(5,469)	11,834
Profit/(loss) for the year		**40,677**	**(483,085)**	**(442,408)**	**68,223**	**866,206**	**934,429**
Profit/(loss) attributable to equity holders of the Company		**40,677**	**(483,085)**	**(442,408)**	**68,223**	**866,206**	**934,429**
Earnings per share[(a)]	7	**3.44p**	**(40.90)p**	**(37.46)p**	**5.73p**	**72.73p**	**78.46p**

[(a)] Comparative figures for the year ended 31 March 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.

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 are an integral part of the Financial Statements.

Statement of Financial Position

As at 31 March 2022

	Note	**As at 31 March 2022 £'000**	**As at 31 March 2021 £'000**
Non-current assets			
Investments at fair value through profit or loss	8	**2,124,530**	**2,599,075**
Current assets			
Trade and other receivables	9	16,928	15,323
Cash and cash equivalents		125,855	85,212
Total current assets		**142,783**	**100,535**
Current liabilities			
Other payables	10	(57,718)	(3,362)
Total current liabilities		**(57,718)**	**(3,362)**
Net current assets		**85,065**	**97,173**
Non-current liabilities			
Capital gains tax provision	6	(9,205)	(4,961)
Other payables falling due after more than one year	11	(100,000)	(100,000)
Total assets less liabilities		**2,100,390**	**2,591,287**
Share capital and reserves			
Equity Share Capital	12	64,136	64,253
Capital Redemption Reserve		18,533	18,416
Capital Reserve		1,466,197	1,952,886
Special Distributable Reserve		433,546	433,546
Revenue Reserve		117,978	122,186
Equity Shareholders' Funds		**2,100,390**	**2,591,287**
Net Asset Value pence per share[a][b]		178.2	219.4

[a] Comparative figures for the year ended 31 March 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] Based on shares in issue excluding shares held in treasury.

The Financial Statements of Templeton Emerging Markets Investment Trust PLC (company registration number SC118022) in the full Annual Report were approved for issue by the Board and signed on 14 June 2022.

Paul Manduca
Chairman

Simon Jeffreys
Director

Statement of Changes in Equity

For the Year Ended 31 March 2022

	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 2020		**65,812**	**16,857**	**1,136,322**	**433,546**	**123,113**	**1,775,650**
Profit for the year		–	–	866,206	–	68,223	934,429
Equity dividends	13	–	–	–	–	(69,150)	(69,150)
Purchase and cancellation of own shares	12	(1,559)	1,559	(49,642)	–	–	(49,642)
Balance at 31 March 2021		**64,253**	**18,416**	**1,952,886**	**433,546**	**122,186**	**2,591,287**
(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**

The accompanying notes are an integral part of the Financial Statements.

Statement of Cash Flows

For the Year Ended 31 March 2022

	Note	For the year to 31 March 2022 £'000	For the year to 31 March 2021 £'000
Cash flows from operating activities		(432,731)	922,595
(Loss)/profit before taxation[(a)]			
Adjustment for:			
Bank and deposit interest		(130)	(26)
Dividend income		(54,020)	(56,964)
Finance costs[(a)]		2,856	2,575
Net losses/(gains) on investments at fair value	8	460,585	(888,402)
Net losses on foreign exchange		168	594
Stock dividends received in year		–	(674)
Decrease/(increase) in debtors[(a)]		16	(104)
(Decrease)/increase in creditors[(a)]		(614)	981
Cash generated from operations[(a)]		**(23,870)**	**(19,425)**
Bank and deposit interest received		130	26
Dividends received		57,522	52,442
Bank overdraft interest paid		(2)	–
Tax paid[(a)]		(6,250)	(5,303)
Corporation tax recovered		–	23,753
Net cash inflow from operating activities		**27,530**	**51,493**
Cash flows from investing activities			
Purchases of non-current financial assets		(600,482)	(415,127)
Sales of non-current financial assets		613,249	483,182
Net cash inflow from investing activities		**12,767**	**68,055**
Cash flows from financing activities			
Equity dividends paid	13	(44,885)	(69,150)
Purchase and cancellation of own shares		(2,041)	(50,455)
Draw down from revolving credit facility		50,000	–
Bank loans' interest and fees paid		(2,728)	(2,561)
Net cash inflow/(outflow) from financing activities		**346**	**(122,166)**
Net increase/(decrease) in cash		**40,643**	**(2,618)**
Cash at the start of the year		85,212	87,830
Cash at the end of the year		**125,855**	**85,212**

[(a)] The Company has used the (Loss)/profit before tax as a starting point in the Statement of Cash Flows for the year ended 31 March 2022. Comparative figures for the year have been updated to adjust the presentation in line with IAS 8.

The accompanying notes are an integral part of the Financial Statements.

Reconciliation of liabilities arising from bank loans

	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**

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

Notes to the Financial Statements

As at 31 March 2022

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 in April 2021 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 standards and interpretations were assessed to be relevant and are all effective for annual periods beginning on or after 1 January 2021:

- IAS 39, IFRS 7 and IFRS 9 Amendments: Interest Rate Benchmark Reform

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

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 2024, 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 in the full Annual Report in particular those relating to COVID-19.

At 31 March 2022, the Company had net current assets of £85,065,000 (31 March 2021: net current assets of £97,173,000). 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 does not fall due until 2025. The repayment of the £50 million revolving loan was due on 19 April 2022 and, subsequent to the year end, the Investment Manager rolled it forward for a further six months. Given the liquidity profile of the Company's assets and the current cash levels it is expected that the Company will be able to meet the repayment requirement. 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 in the full Annual Report.

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 and assumptions

During the year, estimates and assumptions have been used to fair value the Level 3 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 in the full Annual Report, 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 income 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.

(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.

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

The Company classifies its equity investments based on their contractual cash flow characteristics and the Company's business model for managing the assets. The Company's business is investing in financial assets with a view to profiting from their total return in the form of revenue and capital growth. This portfolio of financial assets is managed, and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Directors and other key management personnel. Equity investments fail the contractual cash flows test so are measured at fair value.

Accordingly, upon initial recognition, all of the Company's non-current asset investments are held at "fair value through profit or loss". They are included initially at fair value, which is taken to be their cost excluding expenses incidental to the acquisition.

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

The fair value of financial instruments at the year-end date is, ordinarily, based on the latest quoted bid price at, or before, the US market close (without deduction for any of the estimated future selling costs), if the instrument is held in active markets. This represents a Level 1 classification under IFRS 13. For all financial instruments not traded in an active market or where market price is not deemed representative of fair value, valuation techniques are employed to determine fair value. Valuation techniques include the market approach (i.e. using recent arm's length market transactions adjusted as necessary and reference to the market value of another instrument that is substantially the same) and the income approach (i.e. discounted cash flow analysis making use of available and supportable market data as possible).

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

(h) Foreign currencies

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

(i) Financial instruments

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

Bank loans are classified as financial liabilities at amortised cost. They are initially measured as the proceeds net of direct issue costs and subsequently measured at amortised cost. Interest payable on the bank loan is accounted for on an 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.

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.

2 Income

	2022 £'000	2021 £'000
Dividends		
Non-EU dividends	52,144	54,530
UK dividends	1,306	1,532
EU dividends	570	228
Stock dividends	–	674
	54,020	**56,964**
Other income		
Bank and deposit interest	130	26
Stock lending income	120	161
Interest relating to historic tax reclaims[a]	–	2,778
	250	**2,965**
Total	**54,270**	**59,929**

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

3 AIFM fee

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
AIFM fee	6,316	14,738	**21,054**	6,142	14,331	**20,473**

On 1 October 2021, FTITML replaced FTIS 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. The AIFM fee for the year 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

	2022 £'000	2021 £'000
Custody fees	775	706
Marketing fees	362	334
Directors' remuneration	304	275
Depository fees	207	192
Membership fees	176	156
Registrar fees	132	76
Legal fees	51	34
Auditor's remuneration		
Audit of the annual financial statements	34	36
Review of the Half Yearly Report	8	7
Broker fees	33	32
Printing and postage fees	21	16
Other expenses	235	230
Total	**2,338**	**2,094**

5 Finance costs

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Fixed term loan	629	1,468	2,097	628	1,464	2,092
Revolving credit facility	227	530	757	145	338	483
Bank overdraft interest	2	–	2	–	–	–
Total	**858**	**1,998**	**2,856**	**773**	**1,802**	**2,575**

6 Tax on ordinary activities

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Overseas withholding tax	4,081	–	4,081	6,450	–	6,450
Capital gains tax paid	–	1,352	1,352	–	508	508
Historic tax claims[(a)]	–	–	–	(23,753)	–	(23,753)
Total current tax	**4,081**	**1,352**	**5,433**	**(17,303)**	**508**	**(16,795)**
Capital gains tax provision	–	4,244	4,244	–	4,961	4,961
Total tax	**4,081**	**5,596**	**9,677**	**(17,303)**	**5,469**	**(11,834)**

	2022 £'000	2021 £'000
(Loss)/profit before taxation	(432,731)	922,595
Theoretical tax at UK corporation tax rate of 19% (2021: 19%)	(82,219)	175,293
Effects of:		
- Capital element of loss/(profit)	87,543	(168,684)
- Irrecoverable overseas withholding tax	4,081	6,450
- Excess management expenses	3,101	2,915
- Overseas capital gains tax	1,352	508
- Dividends not subject to corporation tax	(7,924)	(9,079)
- Movement in overseas capital gains tax liability	4,244	4,961
- UK dividends	(248)	(291)
- Overseas tax expensed	(253)	(154)
- Historic tax claims[(a)]	–	(23,753)
Actual tax charge	**9,677**	**(11,834)**

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

As at 31 March 2022 the Company had unutilised management expenses and non-trade deficits of £284.4 million carried forward (2021: £268.1 million). These balances have been generated because a large part of the Company's income is derived from dividends which are not taxed. Based on current UK tax law, the Company is not expected to generate taxable income in a future period in excess of deductible expenses for that period and, accordingly, is unlikely to be able to reduce future tax liabilities by offsetting these excess management expenses. These excess management expenses are therefore not recognised as a deferred tax asset.

Movement in provision for capital gains tax	2022 £'000	2021 £'000
Balance brought forward	4,961	–
Charge for the year	5,596	5,469
Capital gains tax paid	(1,352)	(508)
Balance carried forward	**9,205**	**4,961**
Provision consists of:		
- Overseas capital gains tax liability[(a)]	9,205	4,961
	9,205	**4,961**

[(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

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Earnings	40,677	(483,085)	**(442,408)**	68,223	866,206	**934,429**

	2022 Revenue pence	2022 Capital pence	2022 Total pence	2021 Revenue pence	2021 Capital pence	2021 Total pence
Earnings per share[(a)]	3.44	(40.90)	**(37.46)**	5.73	72.73	**78.46**

[(a)] Comparative figures for the year ended 31 March 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.

The earnings per share is based on the profit attributable to equity holders and on the weighted average number of shares in issue during the year of 1,181,093,110 (year to 31 March 2021 after the sub-division of shares: 1,190,975,420).

8 Financial assets – investments

	2022 £'000	2021 £'000
Opening investments		
Book cost	1,553,330	1,539,265
Net unrealised gains	1,045,745	240,988
Opening fair value	2,599,075	1,780,253
Movements in the year:		
Additions at cost	603,763	415,812
Disposals proceeds	(617,723)	(485,392)
Net (losses)/gains on investments at fair value	(460,585)	888,402
	2,124,530	2,599,075
Closing investments		
Book cost	1,732,693	1,553,330
Net unrealised gains	391,837	1,045,745
Closing investments	**2,124,530**	**2,599,075**

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

Transaction costs for the year on purchases were £749,000 (2021: £612,000) and transaction costs for the year on sales were £1,209,000 (2021: £875,000). The aggregate transaction costs for the year were £1,958,000 (2021: £1,487,000). Please note the comparative figures for the year ended 31 March 2021 have been retrospectively adjusted to incorporate some additional expenses identified as transaction costs.

	2022 £'000	2021 £'000
Net (losses)/gains on investments at fair value comprise:		
Net realised gains based on carrying value at 31 March	193,323	83,645
Net movement in unrealised (depreciation)/appreciation	(653,908)	804,757
Net (losses)/gains on investments at fair value	**(460,585)**	**888,402**

9 Trade and other receivables

	2022 £'000	2021 £'000
Dividends receivable	8,224	11,726
Sales awaiting settlement	5,955	1,649
Overseas tax recoverable	2,661	1,844
Other debtors	88	104
Total	**16,928**	**15,323**

10 Other payables

	2022 £'000	2021 £'000
Revolving credit facility payable	50,000	–
Purchase of investments for future settlement	3,292	11
Amounts owed for share buybacks	1,563	–
AIFM fee	1,515	1,816
Accrued expenses	747	1,060
Interest and fees on borrowings	601	475
Total	**57,718**	**3,362**

Interest and fees on borrowings consist of:	2022 £'000	2021 £'000
Fixed term loan	352	355
Revolving credit facility	249	120
Total	**601**	**475**

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. Balances can be drawn down in GBP, USD or CNH. The agreement was revised on 17 September 2021 to account for the London Interbank Offered Rate ("LIBOR") discontinuation. Under the new terms, the USD drawdown rates are 1.125% per annum over the daily secured overnight financing rate ("SOFR") administered by the Federal Reserve Bank of New York plus the applicable baseline credit adjustment spread, while for any sterling drawdowns the rate is 1.125% per annum over the daily sterling overnight index average ("SONIA") published by the Bank of England plus the applicable credit adjustment spread. The rate for any CNH drawdowns remains unchanged at a rate of 1.125% per annum over the Hong Kong Interbank Offered Rate.

Undrawn balances in excess of £60 million are charged at 0.40% per annum and any undrawn portion below this is charged at 0.35% per annum. 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 18 October 2021, the Company drew down £50 million from the revolving credit facility repayable within six months (2021: revolving credit facility was not utilised).

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

11 Other payables falling due after more than one year

	2022 Book value £'000	2021 Book value £'000
Fixed term loan	100,000	100,000
Total	**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.

The term loan bears interest at a fixed annual 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

	2022		2021	
Ordinary shares in issue	**£'000**	**Number[(a)]**	**£'000**	**Number[(a)]**
Opening ordinary shares of 5 pence	**59,062**	**1,181,228,655**	**60,621**	**1,212,420,695**
Purchase and cancellation of own shares	(117)	(2,331,670)	(1,559)	(31,192,040)
Closing ordinary shares of 5 pence	**58,945**	**1,178,896,985**	**59,062**	**1,181,228,655**

	2022		2021	
Ordinary shares held in treasury	**£'000**	**Number[(a)]**	**£'000**	**Number[(a)]**
Opening ordinary shares of 5 pence	**5,191**	**103,825,895**	**5,191**	**103,825,895**
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	**64,136**	**1,282,722,880**	**64,253**	**1,285,054,550**

[(a)] Comparative figures for the year ended 31 March 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.

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, 2,331,670 shares were bought back for cancellation at a cost of £3,604,000 (2021: 31,192,040 shares were bought back for cancellation at a cost of £49,642,000). All shares bought back in the year were cancelled, with none being placed in treasury (2021: no shares were placed into treasury).

13 Dividends

	2022 Rate[(a)] (pence)	2022 £'000	2021 Rate[(a)] (pence)	2021 £'000
Declared and paid in the financial year				
Dividend on shares:				
Final dividends for the years ended 31 March 2021 and 31 March 2020	2.80	33,074	2.80	33,680
Interim dividends for the six-month periods ended 30 September 2021 and 30 September 2020	1.00	11,811	1.00	11,823
Special dividends for the year ended 31 March 2021	–	–	2.00	23,647
Total	**3.80**	**44,885**	**5.80**	**69,150**
Proposed for approval at the Company's AGM				
Dividend on shares:				
Final dividend for the year ended 31 March 2022	2.80	32,960		

[(a)] Comparative figures for the year ended 31 March 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.

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 2.80 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 fee during the year ended 31 March 2022, which have a material effect on the results or the financial position of the Company. Details of fees paid to the Directors are included in the full annual report and details of the fee paid to the AIFM is included in the full Annual Report.

15 Risk management

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

The main risks arising from the Company's financial instruments are investment and concentration risk, market risk (which comprises market price risk, foreign currency risk and interest rate risk), liquidity risk and counterparty and credit risk.
The objectives, policies and processes for managing these risks, and the methods used to measure the risks, are set out below. These policies have remained unchanged since the beginning of the year to which these Financial Statements relate.

Investment and concentration risk

The Company may invest a greater portion of its assets than the benchmark in the securities of one issuer, securities of a particular country, or securities within one sector. As a result, there is the potential for an increased concentration of exposure to economic, business, political or other changes affecting similar issues or securities, which may result in greater fluctuation in the value of the portfolio. Investment risk and a certain degree of concentration risk is a known and necessary effect of the stated investment approach in line with the investment policy. The Directors regularly review the portfolio composition and asset allocation and discuss related developments with the Investment Manager. Security, country, and sector concentrations are monitored by the 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% (2021: 100%) of the Company's investment portfolio is listed on stock exchanges. If share prices as at 31 March 2022 had decreased by 30% (2021: 30% decrease) with all other variables remaining constant, the Statement of Comprehensive Income capital return and the net assets attributable to equity shareholders would decrease by £637,359,000 (2021: £779,723,000). A 30% increase (2021: 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.

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:

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

2021

Currency	Trade and other receivables £'000	Cash at bank £'000	Trade, bank, loans, and other payables £'000	Total net foreign currency exposure £'000	Investment at fair value through profit or loss[(a)] £'000
Hong Kong dollar	430	–	(430)	–	626,193
Korean won	9,304	–	–	9,304	574,910
Taiwan dollar	4,001	3,213	–	7,214	429,925
US dollar	578	–	(5)	573	357,514
Indian rupee	27	–	–	27	162,049
Other	1,089	–	–	1,089	394,142

[(a)] Comparative figures for the year ended 31 March 2021 on US dollar and Other have been restated due to a prior year misallocation.

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 2022, 65.4% (2021: 69.5%) 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 £604.9 million (2021: £769.7 million).

Foreign currency sensitivity

The following table illustrates the foreign currency sensitivity of the total income (which is mainly comprised of dividend income) and 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.

	2022		2021	
	Revenue Return £'000	Capital Return £'000	Revenue Return £'000	Capital Return[(a)] £'000
Korean won	1,083	48,688	1,460	57,491
Hong Kong dollar	482	37,660	1,161	62,619
Taiwan dollar	955	36,349	748	43,414
US dollar	994	25,108	858	35,794
Indian rupee	169	18,865	147	16,205
Total	**3,683**	**166,670**	**4,374**	**251,523**

[(a)] Comparative figures for the year ended 31 March 2021 on the capital return column have been revised to exclude income items.

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

Interest rate risk

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

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

The revolving loan bears interest at the rate of 1.125% over the daily SONIA rate plus the applicable baseline credit adjustment spread. Hence, movements in SONIA rates may result in an increase or decrease of the interest payable on the revolving loan affecting the net asset value of the Company.

Interest rate risk profile

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

	2022 £'000	**2021 £'000**
Cash	125,855	85,212
Revolving credit facility	(50,000)	–
Net exposure at year end	**75,855**	**85,212**

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

Interest rate sensitivity

If the above level of cash 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:

	2022		**2021**	
	100 basis points increase £'000	**100 basis points decrease £'000**	**100 basis points increase £'000**	**100 basis points decrease £'000**
Revenue	1,109	(1,109)	852	(852)
Capital	(350)	350	–	–
Total	**759**	**(759)**	**852**	**(852)**

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 2022, 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 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**

As at 31 March 2021(a)	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	2,100	2,089	2,089	102,095	108,373
Revolving credit facility	471	–	–	–	471
Other payables	2,887	–	–	–	2,887
Total	**5,458**	**2,089**	**2,089**	**102,095**	**111,731**

[(a)] Comparative figures for the year ended 31 March 2021 have been revised to exclude the capital gains tax provision from other payables as it does not meet the definition of a financial liability. Also, finance costs related to the revolving credit facility have been presented separately from other payables.

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's Trading Desk in Edinburgh and is typically invested in overnight time deposits in the name of TEMIT with an approved list of counterparties. Any excess cash not invested by the Trading Desk will remain in a JPMorgan Chase interest bearing account. There is no significant risk on debtors and accrued income or tax at the year end.

During the year, the Company participated in a securities lending programme through JPMorgan as the lending agents. As at 31 March 2022, the market value of the securities on loan and the corresponding collateral received were as follows:

	31 March 2022		31 March 2021	
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	2,908	4,047	–	–
Citigroup	382	558	82	119
Morgan Stanley	–	–	7,820	10,581
UBS	–	–	3,285	4,055
Total	**3,290**	**4,605**	**11,187**	**14,755**

The maximum aggregate value of securities on loan at any time during the year was £17,002,296. The collateral received comprised investment grade sovereign bonds and treasury notes and bonds.

Fair value

Fair values are derived as follows:

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

Investments held by the Company are valued in accordance with the accounting policies. The carrying value of the other financial assets and liabilities of the Company which is included in the Statement of Financial Position is a reasonable approximation of the fair value.

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 2022				31 March 2021			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Listed investments	2,103,727	–	20,803[(a)(b)]	**2,124,530**	2,548,121	50,954	–	**2,599,075**

[(a)] On 31 March 2021 the company listing for Brilliance China Automotive was suspended from the Hong Kong stock exchange. For the 31 March 2021 Annual Report, given the suspension the previous published market price was not deemed representative of fair value and was subsequently reduced by 10% based on facts and circumstances known at that date, as a result the fair value of the Company's holding at 31 March 2021 was £50,594,000 and the stock disclosed as Level 2. As the stock remained suspended at 31 March 2022 the stock has been transferred from Level 2 to Level 3. The closing value of the Company's holding as at 31 March 2022 was £20,803,000. This valuation was based on a beta model with the unobservable inputs shown in the table below.

[(b)] Russian investments in Gazprom, LUKOIL, Sberbank of Russia, VK, and Yandex have been fair valued at zero as at 31 March 2022 as a result of trading being suspended on international stock exchanges. These investments have been transferred from Level 1 to Level 3.

The following table presents the key unobservable inputs for Brilliance China Automotive's beta model as at 31 March 2022:

Description	**Fair value £'000**	**Unobservable input**	**Weighted average input**	**Reasonable possible shift +/-**	**Reasonable possible shift + £'000**	**Reasonable possible shift - £'000**
Equities	20,803	Index movement	-12%	4%	1,157	(1,157)
		Unleveraged beta	1.19	0.5	(1,434)	1,434

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

	31 March 2022 £000	**31 March 2021 £000**
Opening balance	–	–
Transfers from Level 1 into Level 3	149,593	–
Transfers from Level 2 into Level 3	50,954	–
Net losses on investments at fair value	(179,744)	–
Level 3 closing balance	**20,803**	–

The fixed term loan is shown at amortised cost within the Statement of Financial Position. If the fixed term loan was shown at fair value the impact would be to decrease the Company's net assets by £390,000. The fair value of the Company's fixed term loan at the year-end was £100,390,000 (2021: £102,560,000). The fair value of the fixed term loan is calculated by aggregating the expected future cash flows which are discounted at a rate comprising the sum of SONIA rate plus a static spread. The fixed term loan is considered to be classed as Level 2.

16 Significant holdings in investee undertakings

As at 31 March 2022 and 2021, TEMIT had no significant holdings of 3% or more of any issued class of security within the portfolio.

17 Contingent liabilities

No contingent liabilities existed as at 31 March 2022 or 31 March 2021.

18 Contingent assets

No contingent assets existed as at 31 March 2022 or 31 March 2021.

19 Financial commitments

No financial commitments existed as at 31 March 2022 or 31 March 2021.

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 2022, the Company had share capital and reserves of £2,100,390,000 (31 March 2021: £2,591,287,000).

21 Events after the reporting period

Subsequent to the year end, the Investment Manager rolled forward the £50 million revolving facility drawdown and took this borrowing out for a further six months.

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

The statutory accounts for the period ended 31 March 2022 received an audit report which was unqualified, did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) and (3) of the Companies Act 2006, and will be delivered to the Registrar of Companies.

The Annual Report and Accounts will be sent to Shareholders shortly. Copies will be uploaded and available for viewing on the National Storage Mechanism, copies will also be posted to the website www.temit.co.uk and may also be requested during normal business hours from Client Dealer Services at Franklin Templeton Investment Management Limited on freephone 0800 305 306.

For further information please e-mail temitcosec@franklintempleton.com or contact Client Dealer Services at Franklin Templeton on free phone 0800 305 306, +44 (0) 20 7073 8690 for overseas investors, or e-mail enquiries@franklintempleton.co.uk.