Preliminary Statement of Annual Results

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC ("TEMIT" or "the Company")

Strategic Report

The Directors present the Strategic Report for the year ended 31 March 2017, which incorporates the Chairman's Statement and which 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, by bringing together into one place all the information about the Company's strategy, the risks it faces, how it is performing and the future outlook.

Financial Summary

2016–2017	Ref	Year ended 31 March 2017	Year ended 31 March 2016	Capital Return %	Total Return[a] %
Net Assets and Shareholders' Funds (£ million)		2,148.1	1,562.3		
Net Asset Value (pence per share)		762.8	524.2	46.2	47.8
Highest Net Asset Value (pence per share)		780.6	688.6		
Lowest Net Asset Value (pence per share)		503.3	428.4		
Share Price (pence per share)		661.5	453.9	46.6	48.3
Highest Share Price (pence per share)		674.0	604.5		
Lowest Share Price (pence per share)		435.0	371.5		
MSCI Emerging Markets Index				31.6	35.2
Share Price Discount to Net Asset Value		13.3%	13.4%		
Average Share Price Discount to Net Asset Value over the year		13.3%	12.3%		
Dividend (pence per share)	(b)	8.25	8.25		
Revenue Earnings (pence per share)	(c)	6.59	7.05		
Capital Earnings (pence per share)	(c)	235.71	(124.47)		
Total Earnings (pence per share)	(c)	242.30	(117.42)		
Net Gearing	(d)	0.8%	–		
Ongoing Charges Ratio	(d)	1.20%	1.22%		

Source: Franklin Templeton Investments and FactSet.

(a) Capital return with dividends reinvested.
(b) A dividend of 8.25 pence per share on the Company's profits for the year ended 31 March 2017 has been proposed.
(c) The Revenue, Capital and Total Earnings per share figures are based on the Earnings per share shown in the Income Statement below and Note 5 of the Notes to the Financial Statements.
(d) Calculated in accordance with AIC guidance.

Ten Year Record

2007–2017

Year ended	Total Net Assets and Shareholders' Funds (£m)	NAV (pence per share)	Share Price (pence per share)	Year-end Discount (%)	Earnings per share – undiluted (pence)	Dividend (pence per share)	Ongoing Charges Ratio[a] (%)
30 Apr 2007	1,925.5	359.2	327.3	8.9	4.16	3.13	1.32
30 Apr 2008	2,291.4	484.8	438.0	9.6	4.07	3.50	1.33
30 Apr 2009[b]	1,208.3	365.7	340.5	6.9	7.69	3.75[c]	1.34
31 Mar 2010[d]	2,046.4	620.3	577.0	7.0	2.88	3.75	1.29
31 Mar 2011	2,368.4	718.0	660.0	8.1	6.14	4.25	1.31
31 Mar 2012	2,098.6	636.3	588.5	7.5	7.91	5.75	1.31
31 Mar 2013	2,302.7	702.3	640.5	8.2	8.45	6.25	1.30
31 Mar 2014	1,913.6	591.8	527.0	10.9	9.14	7.25	1.30
31 Mar 2015	2,045.0	641.2	556.0	13.3	9.28	8.25	1.20
31 Mar 2016	1,562.3	524.2	453.9	13.4	7.05	8.25	1.22
31 Mar 2017	2,148.1	762.8	661.5	13.3	6.59	8.25[e]	1.20

2007–2017
(rebased to 100.0 at 30 April 2007)

Year ended	NAV	NAV total return[f]	Share Price	Share Price total return[f]	MSCI Emerging Markets Index total return[f]	Revenue Earnings per share – undiluted	Dividend per share
30 Apr 2007	100.0	100.0	100.0	100.0	100.0	100.0	100.0
30 Apr 2008	135.0	135.8	133.8	135.0	126.9	97.8	111.8
30 Apr 2009[b]	101.8	103.1	104.0	105.9	97.2	184.9	119.8
31 Mar 2010[d]	172.7	178.1	176.3	182.6	147.8	69.2	119.8
31 Mar 2011	199.9	207.2	201.6	210.3	166.1	147.6	135.8
31 Mar 2012	177.1	184.8	179.8	188.8	152.4	190.1	183.7
31 Mar 2013	195.5	205.3	195.7	207.7	164.1	203.1	199.7
31 Mar 2014	164.8	175.3	161.0	172.8	147.9	219.7	231.6
31 Mar 2015	178.5	192.2	169.9	184.7	167.4	223.1	263.6
31 Mar 2016	145.9	159.4	138.7	153.2	152.6	169.5	263.6
31 Mar 2017	212.3	235.6	202.1	227.3	206.4	158.2	263.6

(a) From the year ended 31 March 2012, the Ongoing Charges Ratio (OCR) replaced the Total Expense Ratio. Prior year numbers have not been restated as the ratios are not materially different.
(b) The results for the year ended 30 April 2009 reflect £633m returned to the shareholders as a result of the tender offer in 2008.
(c) Excludes the special dividend of 2.50 pence per share in 2009.
(d) 11 months to 31 March 2010.
(e) A dividend of 8.25 pence per share for the year ended 31 March 2017 has been proposed.
(f) Includes dividends reinvested.

2007–2017 NAV, Share Price and Benchmark Total Return[a]

2007–2017 NAV and Share Price Total Return Relative to the Benchmark Total Return[a]

Annual NAV and Share Price Total Return Relative to the Benchmark Total Return[c]

(a) This graph shows the value of £100 invested on 31 March 2007 at 31 March 2017. The Ten Year Growth Record performance above differs as it was rebased from the financial year end at 30 April 2007.
(b) Rebased to 100 at March 2007.
(c) Periods are TEMIT reporting periods (to 30 April up to April 2009 and 31 March thereafter).

Chairman's Statement

Market Overview and Investment Performance

In the year under review we experienced a recovery in the performance of emerging markets. As I reported at the half year stage, for UK-based investors the weakness in the value of sterling following the result of the UK referendum to leave the European Union enhanced the strong market returns.

The tables above set out performance over the year and over other key time periods and the drivers of our investment performance this year are described in detail in the Investment Manager's Portfolio Report.

31 March 2017 marks the end of the first full accounting year in which Carlos Hardenberg has been our lead portfolio manager and 18 months since Carlos took over this role. Our Investment Manager has increased exposure to stocks related to technology and also marginally reducing risk by increasing the number of stocks held. However, the fundamental approach has not changed and our Investment Manager has continued to focus on seeking long-term value. The Board is encouraged by recent performance but mindful that on a five year basis we still have some ground to make up relative to the benchmark. Nevertheless, Carlos and his team have made a very good start and we are grateful for their efforts over the year under review.

Asset Allocation and Borrowing

On 31 January 2017 we announced that TEMIT had entered into a three year £150 million unsecured multicurrency revolving loan facility with The Bank of Nova Scotia's London Branch. Under the facility up to £150 million in total may be drawn down in pounds sterling, US dollars and Chinese renminbi ("CNH"). The maximum amount of CNH which may be drawn down is the equivalent of £30 million. The Company has no other debt.

The Board recognises that gearing increases volatility but we have concluded that it may be in shareholders' interests to borrow at a time when the outlook for emerging markets remains positive and interest rates are low. The Investment Manager was granted discretion by the Board to draw down the debt as investment opportunities arise, subject to oversight by the Board. The Investment Manager has deployed the facility carefully and, as at 31st March 2017, the level of gearing (net of cash in the portfolio) was 0.8%. If all of the facility were to be drawn down and no cash were to be held in the portfolio, based on the net asset value as at close of business on 31 March 2017, gearing would be 7.4%.

Revenue, Earnings and Dividend

Revenue earnings per share in the year under review were 6.59 pence (2016: 7.05 pence). Your Board has decided to recommend to shareholders that we maintain the dividend at 8.25 pence, the same level as last year. Part of this dividend will be funded by TEMIT's substantial revenue reserves.

In light of the decision to employ borrowing, the Board has reviewed TEMIT's allocation of expenses and has decided that, with effect from 1 April 2017, 70% of the annual AIFM fee and 70% of the costs of borrowing will be allocated to the capital account. This allocation, which reflects the Board's assessment of the likely ratio of long-term capital and revenue returns, complies with the AIC Statement of Recommended Practice: Financial Statements of Investment Companies and Venture Capital Trusts and is in line with accepted market practice. The effects of this revision in future years will be to increase revenue earnings and reduce capital returns by equivalent amounts, and to reduce the volatility of revenue earnings per share. If this policy had been in place from the start of the financial year under review the revenue earnings per share for the year to 31 March 2017 would have been 11.72 pence.

Managing the Discount

During the year to 31 March 2017, TEMIT's shares traded at discounts of between 10.3% and 15.3%, and on 31 March 2017 the discount was 13.3%.

Your Board continues to exercise its right to buy back shares when it believes this to be in shareholders' interests. We dealt in the market on the majority of working days over the year and, in total, bought back for cancellation 16,395,704 shares, or 5.5% of the shares in issue at the start of the financial year. An effect of buying back shares at a discount was to increase the NAV per share for remaining shareholders by 0.8%. Having been so proactive with share buy backs, and in light of the strong investment performance which I describe above, it is disappointing that the shares continue to trade at such a wide discount to their net asset value and your Board continues to monitor the situation closely. Your Board has also agreed with Franklin Templeton that the resources devoted to marketing will be increased, with the aim of stimulating demand for the Company's shares.

Treasury Shares

All shares bought back to date have been cancelled. However, it is common practice in the investment trust sector for a company to cancel shares which are bought back or to place them into treasury. We are proposing TEMIT should place shares which it buys back into treasury or to cancel them, at the Board's discretion. The key advantage of shares held in treasury is that they can be reissued quickly and at minimal cost. If we do place shares which TEMIT buys back into treasury, in order to protect the interests of existing shareholders, they will only subsequently be reissued at a price at or above the prevailing NAV per share at the time of reissue.

AIFM Fees

The current annual AIFM fee is 1.1% of net assets per annum. We have agreed with Franklin Templeton that, with effect from 1 July 2017, the annual AIFM fee will be reduced to 1% of net assets up to £2 billion and 0.85% of net assets above that level.

The Board

Your Board has a succession plan which will result in a number of changes over the next few years.

As reported last year, Simon Jeffreys joined the Board at the conclusion of our Annual General Meeting ("AGM") on 15 July 2016 and David Graham joined the Board on 1 September 2016.

Peter Harrison and Chris Brady have both served as directors for nine years and will retire following this year's AGM. I would like to record the Board's thanks to Peter and to Chris for their diligence and wise counsel since both were appointed in 2007.

Following Peter Harrison's retirement, Simon Jeffreys will take over the role of Chair of the Audit Committee.

Hamish Buchan, the Senior Independent Director, will have served nine years in June 2017 and has agreed to stay on for a further year to ensure an orderly succession. Our current plan is that Hamish will retire from the Board at our AGM in 2018.

Investor Communications

The Board and Investment Manager aim to keep shareholders informed and up-to-date with information about the Company as well as seeking feedback and comment from investors. Our website (www.temit.co.uk) displays the latest news, price and performance information, portfolio details, updates from the Investment Manager and a blog dealing with topical issues in emerging markets. Via the website you can also ask to have the latest Company information e-mailed directly to you. I encourage all shareholders to register on our website and make full use of the facilities and materials available to help keep you informed about your Company.

I am aware that shareholders may, on occasion, wish to contact me or my fellow Board members directly and not via our Investment Manager. While our Investment Manager will, in most cases, be best placed to handle enquiries, I am at your disposal to receive any questions or comments, as is the Senior Independent Director or any of the other Directors, all of whom may be reached via our brokers whose contact details are enclosed at the end of this report.

Outlook

Following the recent recovery in emerging markets equities, some consolidation is likely. Nevertheless, relative to developed markets, many emerging markets are trading at interesting valuations and the prospects remain attractive. Your Board continues to encourage the Investment Manager to focus on finding value, and we are confident that this will lead to good long-term returns.

Annual General Meeting

I would like to invite all shareholders to attend the AGM to be held at Stationers' Hall, Ave Maria Lane, London at 12 noon on Thursday 13 July 2017. There will be an opportunity to meet the Board and the Investment Manager and to hear the latest news on your Company, its investments and the markets, as well as take part in the formal annual meeting of the Company.

Paul Manduca
Chairman
7 June 2017

Strategy and Business Model

Company Objective

Our objective is that the Company provides long-term capital appreciation for private and institutional investors seeking exposure to global emerging markets, supported by both strong customer service and corporate governance.

Company Strategy

Our strategy is that TEMIT:

- Delivers superior long-term investment performance compared to our benchmark and peers;
- Maintains liquidity in its shares to support buyers and sellers;
- Provides stability in the discount to net asset value;
- Through periodic continuation votes, affirms the shareholder mandate;
- Through regular communication, keeps investors up-to-date with the progress of the Company, as well as seeking feedback and comment from investors; and
- Outsources, where appropriate, to exceptional service providers.

Delivering the Strategy

Performance

At the heart of this strategy is the appointment and retention of highly regarded investment management professionals, who will identify value and achieve superior growth for shareholders. The Investment Manager, under the leadership of Carlos Hardenberg, continues to apply the same core investment principles of value investment and detailed company research to achieve long-term capital appreciation for shareholders.

Liquidity

The Company is listed on the London and New Zealand Stock Exchanges. The Company has engaged Winterflood as Financial Adviser and Stockbroker, who act as a market maker for investors wishing to buy and sell shares in the Company. They also continually monitor the market in our shares.

Gearing

On 31 January 2017, the Company entered into a three year £150 million unsecured multi-currency revolving loan facility with The Bank of Nova Scotia, London Branch. Under the facility up to £150 million total may be borrowed, with drawings available in pounds sterling, US dollars and Chinese renminbi (CNH). The maximum amount of CNH which may be drawn down is the equivalent of £30 million.

At the year end, CNH 214,100,000 and USD 73,338,000 (£24,900,000 and £58,500,000 respectively) had been drawdown which are repayable within one year. The Company's net gearing position was 0.8% (net of cash in the portfolio) at the year end.

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

Stability

The Board has powers to buy back the Company's shares as a discount control mechanism when it is in the best interests of the Company's shareholders. On a daily basis, the Board ensures that the share price discount to NAV is actively monitored. Discount management is reviewed regularly by the Board to ensure that it remains effective in the light of prevailing market conditions.

Affirmation of Shareholder Mandate

In accordance with the Company's Articles of Association, the Board must seek shareholders' approval for TEMIT to continue as an investment trust every five years. This allows shareholders the opportunity to decide on the long-term future of the Company. The last continuation vote took place at the 2014 AGM, when 99.74% of shareholders voted in favour.

Communication

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

TEMIT seeks to keep you updated on performance and investment strategy through the website (www.temit. co.uk). Here you will find all the latest information on the Company, including monthly factsheets, stock exchange notices and updates from the Investment Manager on the latest news on emerging markets.

We also hold investor briefings and discussions in order better to understand investor needs.

Service Providers

The Board conducts regular reviews of the Company's primary service providers as discussed on pages 42 and 43, to ensure that the services provided are of the quality expected by TEMIT. The Directors also ensure that the Company's primary service providers have adopted an appropriate framework of controls, monitoring and reporting to enable the Directors to evaluate these risks.

Business Model

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

At least quarterly, the Board reviews with the Manager and the Investment Manager a wide range of risk factors that may impact the Company. Further analysis of these risks is described below. A full risk and internal controls review is held every September at the Audit Committee meeting.

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

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

Key Performance Indicators

The Board considers the following as the key performance indicators for the Company:

- Net Asset Value total return compared over various periods to its benchmark;
- Share Price, Discount and Use of Buy Back Powers;
- Dividend and Earnings per share; and
- Ongoing Charges Ratio.

The 10 year records of the KPIs are shown above.

Net Asset Value Performance

Net Asset Value performance data is presented within the Company Overview along with the 10 year record above.

The Chairman's Statement above and the Investment Manager's Report include a review of the main developments during the year and the market outlook.

Share Price, Discount and Buy Backs

The share price of TEMIT increased by 48.3% to 661.5 pence over the year to 31 March 2017, while the Company's share price discount to NAV narrowed slightly to 13.3% from 13.4% as at 31 March 2016 and has been in the range of 10.3% to 15.3%. On 25 May 2017, the latest date for which information was available, the discount had widened to 13.9%.

The Board has powers to buy back the Company's shares as a discount control mechanism when it is in the best interests of the Company's shareholders. The Board was authorised at the Company's AGM on 15 July 2016 to buy back up to 43,985,737 shares (or 14.99% of the Company's issued share capital on that date, whichever was lower). The present authority expires on the conclusion of the AGM on 13 July 2017. The Directors are seeking to renew this authority at the 2017 AGM, as further detailed in the Directors' Report.

Share Price Discount to NAV

During the year 16,395,704 shares were repurchased, representing 5.5% of the issued share capital as at 31 March 2016, at a cost to the Company of £89.4 million. These shares were cancelled which resulted in an uplift of 0.8% to the net asset value per share. They were bought back at discounts ranging from 10.9% to 14.7% and at prices ranging from 435.0 pence to 674.0 pence.

In the period from 1 April to 25 May 2017, 735,276 shares were bought back and cancelled by the Company.

Dividend and Earnings per share ("EPS")

Total income earned for the year was £46.1 million (2016: £45.0 million) which translates into net earnings of 6.59 pence per share (2016: 7.05 pence per share), a decrease of 6.5% over the prior year. The capital profit for the year was £680.4 million (2016: net loss £384.9 million) which translates to capital earnings of 235.71 pence per share (2016: net loss 124.47 pence per share). This gives a total earnings per share of 242.30 pence per share for the year (2016: net loss 117.42 pence per share).

The Board is proposing a dividend of 8.25 pence per share, which is the same as last year.

Ongoing Charges Ratio

The Ongoing Charges Ratio ("OCR") represents the annualised ongoing charges of the Company divided by the average daily net asset values of the Company for the year. The OCR fell to 1.20% for the year ended 31 March 2017, compared to 1.22% in the prior year. This was due to the increase in the average net assets during the year.

The fees paid to the AIFM will reduce from 1 July 2017, as detailed in the Chairman's Statement above.

Costs associated with the purchase and sale of investments are taken to capital and are not included in the OCR. Transaction costs totalled £2,756,000 (0.15% of average net assets) for the year to 31 March 2017 (2016: £3,873,000 (0.24% of average net assets)). The decrease from the previous year is due to a lower turnover of the portfolio.

Principal Risks

The principal risks facing the Company, as determined by your Board, are summarised in the table below. A more detailed explanation of the monitoring of risk and uncertainties is covered within the Report of the Audit Committee. Further information on the risks that TEMIT is subject to, including additional financial and valuation risks, are also detailed in the Notes to the Financial Statements.

Risk	**Mitigation**
Investment and concentration The portfolio will diverge significantly from the MSCI Emerging Markets Index and may be concentrated in a more limited number of sectors, geographical areas or countries. This is consistent with the stated investment approach of long-term value investing. Where possible, investment will generally be made directly in the stock markets of emerging countries. Emerging markets can be subject to greater price volatility and more rapid and more exaggerated re-rating than developed markets.	The Board regularly reviews the portfolio composition / asset allocation and discusses related developments with the Manager. The Investment Compliance team of the Manager monitors concentration limits and potential breaches are signalled to portfolio management for remedial action.
Market Market risk arises from volatility in the prices of the Company's investments, from the risk of volatility in global markets arising from macroeconomic and geopolitical circumstances and conditions as well as from the leverage utilised by the fund. Many of the companies in which TEMIT invests are, by reason of the locations in which they operate, exposed to the risk of political or economic change. In addition, exchange control, tax or other regulations introduced in any country in which TEMIT invests may affect its income and the value and marketability of its investments.	The Board regularly reviews and discusses with the Investment Manager the portfolio and investment performance of the Company and the execution of the investment policy against the long-term objectives of the Company. The Board also reviews regularly risk management reports from the Manager's independent risk team.

Risk	Mitigation
Foreign currency Currency movements may affect TEMIT's performance. In general, if the value of sterling increases compared with a foreign currency, an investment traded in that foreign currency will decrease in value because it will be worth less in sterling. 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.
Political Changes in the political landscape may impact the regulatory and fiscal environment in which TEMIT operates as well as negatively influencing investor confidence in global markets.	The Board keeps a watching brief and examines significant political events as they arise. They may also seek independent legal advice where appropriate. With regard to Brexit the Board continue to monitor developments and are also mindful of the increased likelihood of a second Scottish independence referendum. Political risks are also reviewed and discussed with the AIFM's risk team.
Credit Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver an investment (purchase) or cash (in relation to a sale or declared dividend) after the Company has fulfilled its responsibilities.	The Board receives regular reporting and reviews the approved counterparty list of the Manager on an annual 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 Manager and the Company's other service providers. The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depends on the effective operation of these systems.	The Manager's systems are regularly tested and monitored and an internal controls report, which includes an assessment of risks together with an overview of procedures to mitigate such risks, is prepared by the Manager and reviewed by the Audit Committee annually. J.P. Morgan Europe Limited is the Company's depositary. Its responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The depositary is liable for any loss of financial instruments held in custody and will ensure that the custodian and any sub-custodian segregate the assets of the Company. The depositary has delegated the custody function to JPMorgan Chase Bank. The custodian provides a report on its key controls and safeguards (SOC 1/SSAE 16/ISAE 3402) which is independently reported on by its auditor PwC. The Board reviews regular operational risk management reporting provided by the Manager.
Key personnel The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of the Investment Manager and its ability to attract and retain suitable staff.	The Manager endeavours to ensure that the principal members of its management teams are suitably incentivised, participate in strategic leader programmes and monitor key succession planning metrics. The Board regularly discusses this risk with the Manager.
Regulatory The Company is an Alternative Investment Fund ("AIF") under the European Union's Alternative Investment Fund Managers directive. 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 is active in ensuring that the Company complies with all applicable laws and regulation and its internal risk and control framework reduces the likelihood of breaches happening. As appropriate the Board is assisted by the Manager in doing this.
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 framework designed to mitigate the risk of a cyber security breach. For key third party providers, the Audit Committee receives regular independent certifications of their controls environment.

Strategy and Business Model (continued)

Environmental and Other Matters

As an Investment Trust, TEMIT has no direct social, community or employee responsibilities and does not undertake activities in the field of research and development. More information can be found in the Directors' Report.

TEMIT has no greenhouse gas emissions to report from the operations of the Company, as all of its activities are outsourced to third parties, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

On 26 March 2015, the Modern Slavery Act 2015 ("the Act") came into force. TEMIT is not an organisation which provides goods or services as defined in the Act and thus the Company considers that the Act does not apply.

Diversity

The Board supports the principle of diversity. The selection policy of the Board is to appoint the best qualified person for the job, by considering factors such as diversity of gender, thought, experience and qualification. The Board currently comprises eight Directors, seven male and one female. The Board also encourages diversity at Franklin Templeton Investments.

Viability Statement

The Directors consider viability as part of their continuing programme of monitoring risk. In preparing the Viability Statement, in accordance with the UK Corporate Governance Code provision C.2.2, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision.

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

In their assessment of the Company's viability, the Directors consider, on an ongoing basis, each of the principal risks as noted above and set out in Note 14 of the Notes to the Financial Statements. Financial measures, including the ability of the Company to meet its ongoing liabilities, are also reviewed. The Directors monitor 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 the obligations of the new gearing facility. A significant proportion of the Company's expenses are in ad valorem investment management fees, which would naturally reduce if the market value of the Company's assets were to fall.

Taking into account the above considerations the Directors have concluded that there is a reasonable expectation that, assuming there will be a successful continuation vote at the 2019 AGM, the Company will be able to continue to operate and meet its liabilities as they fall due over the next three years.

Future Strategy

The Company was founded, and continues to be managed, on the basis of a long term investment strategy which 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.

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 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.

The Company's overall strategy remains unchanged and is expected to remain consistent with these aims for the foreseeable future.

By order of the Board

Paul Manduca
7 June 2017

The Investment Manager

The Templeton Emerging Markets Group ("TEMG" or the "Investment Manager") is a large, experienced team of emerging market equity specialists. TEMG is one of the pioneers of emerging market investment with more than 25 years' experience and a significant presence in these areas. With over 50 portfolio managers and analysts, TEMG is one of the largest asset managers dedicated to emerging markets investing. Their on-the-ground presence in 20 countries around the globe and years of relevant industry experience greatly assists their understanding of the companies researched for inclusion in the TEMIT portfolio. TEMG analysts are responsible for researching emerging markets and deciding which companies, in their opinion offer the strongest risk and reward opportunities for TEMIT investors over the long term.

Investment Objective and Policy

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

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

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

Portfolio Manager

Carlos von Hardenberg is the lead portfolio manager for TEMIT. Carlos has considerable research and investment expertise in emerging markets and has worked with TEMG for 15 years. Carlos is supported by Chetan Sehgal, who also has considerable experience in emerging markets and whose key role is to act as the deputy portfolio manager for TEMIT, and by Dr. Mark Mobius, Executive Chairman of TEMG. The investment team also draws on the support of the entire TEMG.

Carlos von Hardenberg

Carlos was appointed as the lead portfolio manager of TEMIT in October 2015.

As well as managing the TEMIT portfolio, Carlos directs Franklin Templeton's Frontier Markets investment strategy and manages a number of emerging and frontier markets portfolios for institutional and private investors. He joined the TEMG in 2002 from Bear Stearns International and has significant experience in researching and investing in emerging market companies across the globe. He has a MSc in investment management with distinction from London City University Business School and a BSc (Hons) in business studies from the University of Buckingham. He speaks English, German and Spanish.

Chetan Sehgal, CFA

In his role as portfolio manager on TEMIT, Chetan is the deputy manager to Carlos Hardenberg. As part of his broader responsibilities within TEMG, Chetan is Director of Emerging Global Markets and Small Cap strategies.

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

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

Mark Mobius, Ph.D.

Mark Mobius, Ph.D., executive chairman of TEMG, has spent more than 40 years working in emerging markets all over the world. He joined Franklin Templeton in 1987 as president of the Templeton Emerging Markets Fund, Inc.

Dr. Mobius has been awarded a number of accolades for investing in his career and holds bachelor and master degrees from Boston University, and a Ph.D. in economics and political science from the Massachusetts Institute of Technology.

Investment Manager's Process

Investment Philosophy

The Investment Manager employs a time-tested investment philosophy built upon a disciplined, yet flexible, long-term approach to value-oriented emerging markets investing which allows the portfolio managers to look beyond short-term news, noise, and emotion.

Value

Our goal is to identify those companies that appear to be trading at a discount to what our estimates indicate to be their projected future intrinsic value which, over time, should produce a strong share price return.

Patience

On a short-term basis, stocks may overreact to news and noise. On a long-term basis, we believe that markets are efficient and that patience will reward those who have identified undervalued stocks.

Bottom-up

We identify value through rigorous fundamental analysis and a worldwide network of experienced research resources. Research is carried out on a company by company basis – in different countries and industries –to determine what we consider the economic worth of a company to be, based on many factors including projected future earnings, cash flow or asset value potential as well as management capability and governance.

The Investment Manager follows a rigorous five step process:

1. Identify Potential Bargains *Does this stock meet TEMG's criteria of valuation, size and liquidity?* *Is it a potential bargain within the global universe, its sector and on a historical basis?*	All portfolio managers are also research analysts, resulting in a deep and experienced research team. While our philosophy remains unchanged, continual refinement and improvement is part of the TEMG culture. TEMG is able to leverage 60+ years of global investing by Franklin Templeton Investments to build an extensive network of local contacts around the world.
2. In Depth Fundamental Analysis *Is this stock a candidate for the TEMG Action List?* *Is the stock trading at a substantial discount to what our research indicates the company may be worth over the long-term?*	Within the framework of a disciplined, long-term approach, analysts look beyond short-term noise to estimate long-term economic worth. Bottom-up fundamental analysis, industry knowledge and access to company management drive original research.
3. Review Team Evaluation *Has analysis met TEMG standards?* *Does the recommendation pass the TEMG Review Team's approval?*	A collaborative team culture that leverages the experience of the entire TEMG produces comprehensive research insights.
4. Allocate Portfolio *What do we consider to represent the best combination of stocks for creating a diversified fund with the greatest potential for appreciation?*	Taking into account the investment objective and guidelines, the portfolio is constructed with attention to diversification and risk levels. The process seeks to reduce portfolio turnover. The fund combines the potential of our best ideas with the risk benefits of diversification.
5. Portfolio Evaluation and Attribution Analysis *What are the performance contributors/detractors?*	Portfolios are subject to weekly review, while a semi-annual review evaluates methodology, resources, themes, country level issues and global trends. TEMG investment process combines the benefits of individual and team portfolio management.

Investment Risk Management

Investment in emerging market equities inevitably involves risk in a volatile asset class, and portfolios constructed from the "bottom up" may be exposed to risks that become evident when viewed from the "top down". Franklin Templeton Investments ("FTI") uses a comprehensive approach to managing risks within our portfolios. The goal of our investment risk management process is not to avoid risk, but to ensure that risks are "understood, intended and compensated". This philosophy is integrated into each step of the investment process:

Risk management is led first and foremost by experienced portfolio managers. It is integrated within each step of their fundamental, research-driven process, and includes regular interaction with the independent Performance Analysis and Investment Risk ("PAIR") team. The PAIR team consists of over 100 investment risk and performance professionals across 20 global locations. PAIR is responsible for the independent preparation and monitoring of risk management information and for the reporting of any exceptions to senior management and the Board of the Company. A monthly executive risk summary report is reviewed by FTI's Executive Investment Risk Committee as an input to the senior management reporting process. PAIR also provides regular performance analysis versus the benchmark and peers to identify absolute and relative performance trends or outliers. Exposure and attribution analysis is another key measure to support the integration of investment risk insight into each step of the investment process.

Risk Management

Recognised
- Identify and understand risk at the security, portfolio and operational level

Rational
- Affirm that identified risks are an intended and rational part of each portfolio's strategy

Rewarded
- Verify that every risk provides the potential for a commensurate long-term reward

PORTFOLIO MANAGERS

Our approach

Dedicated Risk Management Specialists
- Provide robust analytics and critical, unbiased insight
- Locally positioned to work consultatively with portfolio teams around the globe

Oversight Committees
Focus on most complex risk factors:
- Counterparty Risk
- Pricing and Liquidity
- Complex Securities
- Global Products

Tools and Platforms
Centrally supported, best-in-class platforms for:
- Data Analytics and Modelling
- Portfolio Compliance
- Trade Monitoring and Execution

Building from this philosophy and within the boundaries of the overall investment strategy or potential regulatory restrictions, the portfolio manager and PAIR will agree upon guidelines that reflect the Company's risk profile.

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

For additional information with respect to the AIFM risk management framework, visit the Investor Disclosure document on the website.

Portfolio Report

Market Overview

Emerging markets returned to form in 2016 and, following an encouraging start to 2017, many of the factors that originally attracted investors to this sector may be coming back into play, including stronger earnings growth, higher economic growth and robust consumer trends. Even in regions that are still going through adjustment and rebalancing, we are seeing improved visibility and increasing signs of robust underlying economic conditions such as low debt, stabilising commodity markets, reduced currency volatility and improving consumer confidence. Growing scepticism surrounding the timing and the extent of US President Donald Trump's ability to enact a pro-business agenda was also countered by positive sentiment following signals from the Trump administration of potential moderation from its earlier protectionist stance on trade.

While TEMIT's NAV benefited in sterling terms from a reduction in the exchange rate following the decision to leave the EU, we believe that the long term impact of Brexit on emerging markets will be limited. Generally speaking, emerging markets' trade and investment is widely diversified and the amount of trade with the United Kingdom is relatively small for most emerging market countries.

The general landscape of emerging market corporations has undergone a significant transformation from the often plain vanilla business models of the past (tending to focus on infrastructure, telecommunications, classic banking or commodities) to a new generation of innovative companies that are moving into technology and higher value added goods and services. The information technology ("IT") sector represents over 24% of the MSCI Emerging Markets Index: in fact, the top four constituents by weight are IT companies (as of March 2017). Further, this is a larger weighting than information technology's proportion of the United States index. In comparison, in 2008, IT companies represented about 7% of the MSCI Emerging Markets index. Furthermore, we are starting to see the establishment of globally represented brands originating from emerging market countries.

The performance of emerging market currencies against the US dollar varied over the reporting period. The Mexican peso plunged to a record low against the US dollar in November but then recovered slightly to end the 12 month period down about 10%. Geopolitical issues weighed on the Turkish lira, which was down about 30% against the US dollar. The Russian rouble, Brazilian real and South African rand, however, strengthened. Waning confidence in the ability of the US government to stimulate growth or impose trade sanctions led investors to adopt a weaker view on the US dollar in the latter part of the year.

China's economy remains on a fast growth trajectory and is expected to grow by 6.5% in 2017. Chinese stocks rose over the 12 month period, despite a decline in late 2016 caused by the Chinese renminbi's depreciation and concern over potential protectionist policies from the incoming US presidential administration. Chinese internet stocks, in particular, came under pressure. The Chinese government, however, remains focused on its "Internet Plus" strategy, where the internet sector will play a key role in fuelling China's next stage of economic growth. There are numerous opportunities for companies to expand locally, especially in attracting consumers from rural areas, where more than 40% of the population resides. Since the sell-off, valuations also became more attractive, leading TEMIT to invest in select internet related stocks.

South Korean equities performed better than their emerging market peers, driven by strong performance in IT companies. After growing 2.8% in 2016, the Korean economy is forecasted to expand by 2.7% in 2017. An accommodative monetary policy and reform implementation have further supported the economy and stock market. Politically, however, President Park Geun-hye was impeached and subsequently arrested over her alleged connection to a corruption scandal which is also said to include major listed companies. While this event resulted in increased uncertainty in the interim, over the longer term the investigation could lead the government and corporates to address some of the concerns around corporate governance and reforms, which would be in the interest of all shareholders.

A robust performance in the IT sector also drove performance in Taiwan, with the MSCI Taiwan Index reaching a 5-year high in March 2017. Momentum in the equity market was supported by solid demand for smartphone and personal computer components. Taiwan's first quarter GDP growth exceeded expectations at 2.6% year on year, supported by domestic consumption and an increase in exports, compared to a 1.2% increase for 2016 as a whole.

Brazil stood out with a strong performance over the year as an expansionary monetary policy, approval of key reforms, appreciation in the Brazilian real, an improvement in business sentiment and generally positive economic data drove investor sentiment. Although we reduced our positions in Brazilian banks to diversify our holdings, we remain well positioned in financials as well as consumer related stocks in the country. Financial stocks are benefitting from positive sentiment towards the reform process. Banks are showing signs that the worst of the provisions for bad loans have been completed and we believe that we could see improved asset quality in 2017. In the consumer space, we continue to favour companies with low ticket cash sales that may be able to weather the weak consumer environment and whose balance sheets could benefit from the potential for a further decline in interest rates during 2017.

The uncertainties created by the new US administration in late 2016 led to lower valuations in Mexico, providing long-term investors such as TEMIT an attractive entry point. In our view, the valuations of both Mexico's currency and stocks are compelling as country risk is falling and unemployment remains at decade lows. Inflation expectations, however, continue to be revised upwards and consumer confidence remains depressed. We believe that the financial sector looks attractive, with sound asset quality and structural growth opportunities. The Mexican industrial sector is also globally competitive and trading at low valuations. We are also monitoring other sectors, including the consumer sector.

Several economists trimmed their 2017 GDP growth forecasts for India, expecting a temporary negative impact on consumption from cash shortages resulting from a surprise move to withdraw large denominated currency notes from circulation in late 2016. However, growth is still expected to be 7.2% in 2017 and accelerate to 7.7% in 2018, making India one of the fasting growing major economies in the world. The country also recorded better than expected fourth quarter 2016 GDP growth of 7.0%. We continue to favour companies that we feel are well placed to benefit from higher per capita income and growing demand for goods and services, which, in turn, should support the earnings growth outlook for those stocks.

The Russian economy is expected to return to growth in 2017, after two consecutive years of contraction, supported by a rebound in oil prices coupled with recoveries in mining, manufacturing and agriculture. Energy, financials and IT companies continue to look attractive due to their appealing valuations. Higher oil prices and technological developments could further support the earnings recovery of these sectors.

Portfolio Report (continued)

Performance Attribution Analysis %

To 31 March 2017	**1 year**
Total Return (Net)[a]	47.8
Expenses[b]	1.2
Total Return (Gross)[c]	49.0
Benchmark Total Return[d]	35.2
Excess Return[e]	13.8
Stock Selection	13.7
Sector Allocation	0.1
Currency	0.2
Residual[f]	(0.2)
Total Portfolio Manager Contribution	13.8

Source: FactSet and Franklin Templeton Investments.

(a) The NAV return inclusive of dividends reinvested.
(b) Expenses incurred by the Company for the year to 31 March 2017.
(c) Gross Return is Total Return (Net) plus expenses. This is preferable for attribution analysis and other value-added reporting as it evaluates the contribution of the Investment Manager.
(d) MSCI Emerging Markets (Total Return) Index, inclusive of dividends reinvested. Indices are comparable to gross returns as they include no expenses.
(e) Excess return is the difference between the gross return of the portfolio and the return of the benchmark.
(f) The "Residual" represents the difference between the actual excess return and the excess return explained by the attribution model. This amount results from several factors, most significantly the difference between the actual trade price of securities included in actual performance and the end of day price used to calculate attribution.

Contributors and Detractors by Security

Top Contributors to relative performance by Security (%)[a]

Top Contributors	**Share Price Total Return**	**Relative Contribution to Portfolio**
Brilliance China Automotive	87.6	2.3
Buenaventura, ADR	88.0	1.5
Itaú Unibanco, ADR	84.6	1.0
NetEase, ADR	130.2	0.8
Samsung Electronics	87.5	0.7
M. Dias Branco	153.3	0.7
Banco Bradesco, ADR	80.2	0.6
Kiatnakin Bank[b]	111.9	0.5
Largan Precision	137.1	0.5
Kumba Iron Ore[b][c]	59.9	0.5

(a) For the period 31 March 2016 to 31 March 2017.
(b) Security not included in the MSCI Emerging Markets Index.
(c) Security no longer held by TEMIT as at 31st March 2017.

Brilliance China Automotive manufactures and sells automobiles for the Chinese domestic market, predominantly through its joint venture with German luxury car manufacturer BMW. We expect luxury car demand to remain resilient and be supported by the continued rise of China's upper middle class. Furthermore, we view the automobile market favourably, as penetration rates remain quite low in comparison with developed markets. We are of the opinion that the stock has an exciting outlook based upon new vehicle launches, increased financing revenues, a supportive macroeconomic environment and attractive valuations.

Buenaventura is the largest precious metals company in Peru and a major holder of mining rights in the country. It is engaged in the mining, processing, development and exploration of primarily gold and silver, but also copper, zinc and lead. A rebound in precious and industrial metal prices, and successful cost-cutting efforts resulted in a turnaround in operating performance in 2016 from 2015. The political environment in Peru has also stabilised and improved, somewhat, as a result of the election of a more pro-business government.

Itaú Unibanco is one of Brazil's largest financial conglomerates. It operates across a wide range of segments, including asset management, insurance, wholesale banking, full retail operations, credit card and general corporate and personal lending. It announced solid fourth quarter results with an improvement in asset quality and lower provisions, and an increase in the payout ratio, driving the stock price in the latter part of the reporting period. A higher than expected income forecast for 2017 and expectations of continued improvement in credit quality, also benefited sentiment.

Top Detractors to relative performance by Security (%)[a]

Top Detractors	**Share Price Total Return**	**Relative Contribution to Portfolio**
Hyundai Development	5.6	(0.5)
Vale, ADR[b]	188.8	(0.4)
Daelim Industrial	5.0	(0.3)
Sberbank of Russia, ADR	101.4	(0.3)
China Construction Bank[b]	54.3	(0.3)
Youngone[c]	(17.9)	(0.3)
Uni-President China[c]	2.0	(0.2)
Unilever[c]	29.1	(0.2)
Victory City International[c] [d]	(41.9)	(0.2)
KCB Group[c]	(3.3)	(0.2)

[a] For the period 31 March 2016 to 31 March 2017.
[b] Security not held by TEMIT.
[c] Security not included in the MSCI Emerging Markets Index.
(d) Security no longer held by TEMIT as at 31st March 2017.

Hyundai Development is one of the leading residential property developers in South Korea. With a strong brand name – "I Park", the company is one of the largest participants in the residential construction business. The company reported below consensus fourth quarter operating profits mainly due to higher expenses. Earnings from the housing division, however, remained strong. Sentiment towards the stock was also influenced by new housing market regulations and measures to curtail household loan growth.

Vale is a major mining company based in Brazil with ownership of very large reserves of iron ore and nickel as well as transport and logistics assets. The stock performed well during the reporting period on a rebound in iron ore and ferrous metal prices, supported by stimulus measures in China. TEMIT no longer holds this stock on concerns of uncertain Chinese demand, excessive supply, and a highly leveraged balance sheet given the low iron ore prices at the beginning of 2016. In addition, there is a pending class action lawsuit against the company over the collapse of a tailings dam in Brazil.

Daelim Industrial is a leading South Korean construction and petrochemical company. The company reported worse than expected fourth quarter operating profits mainly due to one-offs, including the booking of plant and civil engineering costs in domestic and international projects. Daelim's architecture/housing and petrochemical divisions, however, continued to contribute to earnings. A gradual recovery in Daelim's Middle East operations in recent years, higher oil prices and long-term housing demand in South Korea support our positive view on the firm and led us to increase our holdings in the stock during the reporting period.

Top Contributors and Detractors to relative performance by Sector (%)[a]

Top Contributors	MSCI Emerging Markets Index Sector Total Return	Relative Contribution to Portfolio	Top Detractors	MSCI Emerging Markets Index Sector Total Return	Relative Contribution to Portfolio
Consumer Discretionary	27.2	3.1	Industrials	24.5	(0.4)
Information Technology	50.4	3.1			
Financials	39.2	2.4			
Materials	47.6	2.0			
Consumer Staples	17.2	1.8			
Telecommunication Services	18.6	0.9			
Energy	43.2	0.7			
Health Care	12.6	0.6			
Utilities	20.1	0.5			
Real Estate	22.2	0.5			

[a] For the period 31 March 2016 to 31 March 2017.

With the exception of industrials, which mildly detracted, all the sectors had a positive impact on relative performance. Selection in consumer discretionary, information technology, financials, materials and consumer staples, where an overweight position also helped, contributed the most. A rebound in commodity prices, improving investor confidence in emerging markets and demand for consumer goods and services supported the performance of these sectors. Positions in the industrials sector were reduced during the year.

Top Contributors and Detractors to relative performance by Country (%)[a]

Top Contributors	MSCI Emerging Markets Index Country Total Return	Relative Contribution to Portfolio	Top Detractors	MSCI Emerging Markets Index Country Total Return	Relative Contribution to Portfolio
China/Hong Kong	37.9	4.0	Kenya[c]	–	(0.3)
Brazil	64.6	2.0	United Kingdom[c]	–	(0.2)
Peru	51.6	1.5	Cambodia[c]	–	(0.1)
South Africa	25.2	1.4	Russia	47.7	(0.0)
Mexico	12.5	1.1	Nigeria[c]	–	0.0
Malaysia[b]	5.6	0.9	Chile[b]	37.7	0.0
Taiwan	42.6	0.8	Hungary	32.6	0.0
Thailand	35.6	0.8	Jordan[c]	–	0.0
Pakistan[c]	–	0.6	United States[c]	–	0.0
Turkey	(3.8)	0.4	South Korea	39.5	0.0

[a] For the period 31 March 2016 to 31 March 2017.
[b] No companies held by TEMIT in this country.
[c] No companies included in the MSCI Emerging Markets Index in this country.

Geographically, stock selection in China was a significant contributor to relative performance. Selection and allocation in Brazil (overweight relative to the benchmark index), Peru (overweight), South Africa (underweight) and Mexico (underweight) further supported relative returns. In contrast, overweight positions in Kenya and Cambodia, which are not part of the benchmark index, had a negative impact. Reductions were made in Brazil and Peru during the year, while holdings in Russia, Mexico, South Africa, Kenya and Cambodia were increased.

As corporations can interpret market rules and regulations differently, we believe our research-based, active approach to investing is critical in helping us to find companies that operate high standards of corporate governance, respect their shareholder base and understand the local intricacies that may determine consumer trends and habits.

Currently, we have identified opportunities among some larger-sized companies, but tend generally to favour mid-sized companies which we think have the potential to outperform the market as a whole. We look for companies which we believe have the ability to adapt more efficiently to a fast changing environment, run by flexible and well incentivised management teams.

We remain focused on seeking the optimum balance between risk and reward by ensuring the portfolio is not too heavily exposed to any one company, sector or market.

Our resulting portfolio is listed by size of holding.

Portfolio changes by Sector

						Total Return in sterling	
Sector	**31 March 2016 Market Value £m**	**Purchases £m**	**Sales £m**	**Market Movement £m**	**31 March 2017 Market Value £m**	**TEMIT %**	**MSCI Emerging Markets Index %**
Information Technology	409	95	106	228	626	60.9	50.4
Consumer Discretionary	293	106	54	131	476	48.1	27.2
Financials	294	140	135	140	439	55.4	39.2
Energy	133	72	73	54	186	50.6	43.2
Consumer Staples	166	41	86	55	176	36.8	17.2
Materials	62	69	65	63	129	99.1	47.6
Industrials	72	9	17	4	68	7.1	24.5
Health Care	27	18	13	2	34	32.7	12.6
Real Estate	12	1	3	3	13	40.6	22.2
Telecommunication Services	14	–	5	2	11	18.7	18.6
Utilities	–	8	–	–	8	(6.2)	20.1
Other Net Assets	80	–	–	(98)	(18)	–	–
Total	**1,562**	**559**	**557**	**584**	**2,148**		

Sector Asset Allocation
As at 31 March 2017

Sector weightings vs benchmark (%)

Portfolio changes by Country

Country	31 March 2016 Market Value £m	Purchases £m	Sales £m	Market Movement £m	31 March 2017 Market Value £m	Total Return in sterling TEMIT %	Total Return in sterling MSCI Emerging Markets Index %
China/Hong Kong	309	111	122	173	471	63.3	37.9
South Korea	199	50	57	74	266	39.9	39.5
Taiwan	127	22	_	71	220	56.0	42.6
Brazil	170	43	135	95	173	72.4	64.6
Russia	53	93	12	34	168	45.2	47.7
India	140	37	90	45	132	40.8	36.1
Thailand	80	14	7	36	123	51.4	35.6
South Africa	75	36	26	31	116	50.2	25.2
Indonesia	78	8	2	29	113	39.0	30.0
Other	251	145	106	94	384	_	_
Other Net Assets	80	–	–	(98)	(18)	_	_
Total	**1,562**	**559**	**557**	**584**	**2,148**		

Geographic Asset Allocation
As at 31 March 2017

Country weightings vs benchmark (%)[a]

[a] Other countries held by the benchmark are Chile, Colombia, Egypt, Greece, Malaysia, Poland, Qatar, Romania, Turkey and United Arab Emirates.
[b] Countries not included in the MSCI Emerging Markets Index.

Portfolio Report (continued)

Portfolio Investments by Fair Value
As at 31 March 2017

Holding	Country	Sector	Trading[(a)]	Fair Value £'000	% of net assets
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	PS	153,230	7.1
Samsung Electronics	South Korea	Information Technology	IH	147,199	6.9
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	IH	95,415	4.4
Naspers	South Africa	Consumer Discretionary	IH	92,260	4.3
Unilever[(b)]	United Kingdom	Consumer Staples	PS	79,067	3.7
Tencent	China/Hong Kong	Information Technology	NT	73,471	3.4
Astra International	Indonesia	Consumer Discretionary	NT	64,679	3.0
Buenaventura, ADR[(c)]	Peru	Materials	PS	64,613	3.0
Hon Hai Precision Industry	Taiwan	Information Technology	IH	59,228	2.8
Alibaba, ADR[(c)]	China/Hong Kong	Information Technology	NH	53,363	2.5
TOP 10 LARGEST INVESTMENTS				**882,525**	**41.1**
MCB Bank	Pakistan	Financials	PS	46,545	2.2
Itaú Unibanco, ADR[(c)]	Brazil	Financials	PS	45,852	2.1
ICICI Bank	India	Financials	IH	45,041	2.1
LUKOIL, ADR[(c)(d)]	Russia	Energy	NH	41,963	2.0
Bank Danamon Indonesia	Indonesia	Financials	PS	40,399	1.9
Gazprom, ADR[(c)]	Russia	Energy	NT	32,147	1.5
Grupo Financiero Santander Mexico, B, ADR[(c)]	Mexico	Financials	NH	31,419	1.5
Hyundai Development	South Korea	Industrials	PS	29,705	1.4
China Petroleum and Chemical	China/Hong Kong	Energy	NT	28,983	1.4
Sberbank of Russia, ADR[(c)]	Russia	Financials	NH	28,969	1.3
TOP 20 LARGEST INVESTMENTS				**1,253,548**	**58.5**

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

(b) These companies, listed on stock exchanges in developed markets, have significant exposure to operations from emerging markets.

(c) US listed American Depositary Receipt.

(d) Security listed on the London and Moscow Stock Exchanges.

Holding	Country	Sector	Trading[a]	Fair Value £'000	% of net assets
Largan Precision	Taiwan	Information Technology	NT	27,450	1.3
Kiatnakin Bank	Thailand	Financials	PS	27,021	1.3
Ping An Insurance Group	China/Hong Kong	Financials	NH	26,612	1.3
Kasikornbank	Thailand	Financials	PS	26,508	1.2
SABIC, Participatory Note	Saudi Arabia	Materials	NH	26,491	1.2
Daelim Industrial	South Korea	Industrials	IH	26,229	1.2
Thai Beverages	Thailand	Consumer Staples	IH	25,291	1.2
Gedeon Richter	Hungary	Health Care	IH	24,612	1.2
Mail.Ru, GDR[e]	Russia	Information Technology	IH	24,321	1.1
NetEase, ADR[c]	China/Hong Kong	Information Technology	IS	24,274	1.1
TOP 30 LARGEST INVESTMENTS				**1,512,357**	**70.6**
Banco Bradesco, ADR[c][f]	Brazil	Financials	PS	23,980	1.1
CIA Hering	Brazil	Consumer Discretionary	PS	23,454	1.1
Lojas Americanas	Brazil	Consumer Discretionary	IH	20,821	1.0
Massmart	South Africa	Consumer Staples	NT	20,242	0.9
Catcher Technology	Taiwan	Information Technology	IH	20,195	0.9
Yandex	Russia	Information Technology	NT	19,970	0.9
CNOOC[c][g]	China/Hong Kong	Energy	NH	19,404	0.9
IMAX[b]	United States	Consumer Discretionary	NH	19,343	0.9
Infosys Technologies	India	Information Technology	IH	18,478	0.9
Siam Commercial Bank	Thailand	Financials	PS	17,975	0.8
TOP 40 LARGEST INVESTMENTS				**1,716,219**	**80.0**

[a] Trading activity during the year: (NH) New Holding, (IH) Increased Holding, (PS) Partial Sale, (IS) Increased Holding and Partial Sale and (NT) No Trading.
[b] These companies, listed on stock exchanges in developed markets, have significant exposure to operations from emerging markets.
[c] US listed American Depositary Receipt.
[e] UK listed Global Depositary Receipt.
[f] Preferred Shares.
[g] Security listed on the Hong Kong and New York Stock Exchanges.

Portfolio Report (continued)

Holding	Country	Sector	Trading[(a)]	Fair Value £'000	% of net assets
Pegatron	Taiwan	Information Technology	NT	17,308	0.8
TOTVS	Brazil	Information Technology	NT	16,723	0.8
Hanon Systems	South Korea	Consumer Discretionary	IH	16,355	0.8
Uni-President China	China/Hong Kong	Consumer Staples	NT	15,722	0.8
Reliance Industries	India	Energy	PS	15,642	0.8
Norilsk Nickel, ADR[(c)]	Russia	Materials	NH	13,993	0.7
KCB Group	Kenya	Financials	IH	13,482	0.6
Land and Houses	Thailand	Real Estate	IH	13,348	0.6
Tata Chemicals	India	Materials	NT	13,235	0.6
NagaCorp	Cambodia	Consumer Discretionary	IH	13,186	0.6
TOP 50 LARGEST INVESTMENTS				**1,865,213**	**87.1**
Baidu, ADR[(c)]	China/Hong Kong	Information Technology	PS	12,821	0.6
BM&F Bovespa	Brazil	Financials	IS	12,793	0.6
MGM China	China/Hong Kong	Consumer Discretionary	NT	12,221	0.6
FPC PAR Corretora De Seguros	Brazil	Financials	NH	12,050	0.6
Nemak	Mexico	Consumer Discretionary	IH	11,782	0.5
Coal India	India	Energy	NH	11,496	0.5
M. Dias Branco	Brazil	Consumer Staples	PS	11,361	0.5
Sunny Optical Technology	China/Hong Kong	Information Technology	NH	11,342	0.5
Tata Motors	India	Consumer Discretionary	IH	11,248	0.5
SK Innovation	South Korea	Energy	PS	10,843	0.5
TOP 60 LARGEST INVESTMENTS				**1,983,170**	**92.5**
PTT Exploration and Production	Thailand	Energy	NT	10,064	0.5
Equity Group	Kenya	Financials	NH	10,040	0.5
Inner Mongolia Yitai Coal	China/Hong Kong	Energy	NH	8,876	0.4
Dairy Farm	China/Hong Kong	Consumer Staples	PS	8,716	0.4
Moneta Money Bank	Czech Republic	Financials	NH	8,572	0.4
Perusahaan Gas Negara Persero	Indonesia	Utilities	NH	7,711	0.4
América Móvil, ADR[(c)]	Mexico	Telecommunication	NT	7,243	0.3
Bajaj Holdings & Investments	India	Financials	IH	7,206	0.3
COSCO Pacific	China/Hong Kong	Industrials	NT	7,190	0.3
Glenmark Pharmaceuticals	India	Health Care	IH	7,154	0.3
TOP 70 LARGEST INVESTMENTS				**2,065,942**	**96.3**

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

(c) US listed American Depositary Receipt.

Holding	Country	Sector	Trading[a]	Fair Value £'000	% of net assets
Hite Jinro	South Korea	Consumer Staples	NH	7,029	0.3
Youngone	South Korea	Consumer Discretionary	NT	6,831	0.3
TMK, GDR[e]	Russia	Energy	NT	6,816	0.3
Bloomage Biotechnology	China/Hong Kong	Materials	NH	6,773	0.3
KT Skylife	South Korea	Consumer Discretionary	NT	6,617	0.3
BDO Unibank	Philippines	Financials	NH	6,474	0.3
Hyundai Wia	South Korea	Consumer Discretionary	NH	6,362	0.3
MAHLE Metal Leve	Brazil	Consumer Discretionary	IH	5,825	0.3
iMarketKorea	South Korea	Industrials	NT	5,161	0.2
Security Bank	Philippines	Financials	NH	4,733	0.2
TOP 80 LARGEST INVESTMENTS				**2,128,563**	**99.1**
Guangzhou Automobile Group	China/Hong Kong	Consumer Discretionary	PS	4,718	0.2
MercadoLibre	Argentina	Information Technology	PS	4,236	0.2
Interpark	South Korea	Consumer Discretionary	IH	3,745	0.2
Industrias Peñoles	Mexico	Materials	NH	3,593	0.2
MTN Group	South Africa	Telecommunication	IS	3,568	0.2
United Bank	Pakistan	Financials	IH	3,374	0.2
Weifu High-Technology, B	China/Hong Kong	Consumer Discretionary	NH	3,210	0.1
Univanich Palm Oil	Thailand	Consumer Staples	PS	3,201	0.1
East African Breweries	Kenya	Consumer Staples	NH	2,800	0.1
Biocon	India	Health Care	PS	2,543	0.1
TOP 90 LARGEST INVESTMENTS				**2,163,551**	**100.7**
Savola Group, Participatory Note	Saudi Arabia	Consumer Staples	NH	1,737	0.1
Nigerian Breweries	Nigeria	Consumer Staples	IH	529	0.0
Hankook Tire	South Korea	Consumer Discretionary	PS	133	0.0
TOTAL INVESTMENTS				**2,165,950**	**100.8**
OTHER NET ASSETS				**(17,853)**	**(0.8)**
TOTAL NET ASSETS				**2,148,097**	**100.0**

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

Portfolio Report (continued)

Portfolio Summary

As at 31 March 2017
All figures are in %

	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate[a]	Telecommunication Services	Utilities	Total Equities	Other Net Assets	2017 Total	2016 Total
Argentina	–	–	–	–	–	–	0.2	–	–	–	–	**0.2**	–	0.2	0.3
Brazil	2.4	0.5	–	4.4	–	–	0.8	–	–	–	–	**8.1**	–	8.1	–
Czech Republic	–	–	–	0.4	–	–	–	–	–	–	–	**0.4**	–	0.4	10.9
Cambodia	0.6	–	–	–	–	–	–	–	–	–	–	**0.6**	–	0.6	0.7
China/Hong Kong	8.0	1.2	2.7	1.3	–	0.3	8.1	0.3	–	–	–	**21.9**	–	21.9	19.8
Hungary	–	–	–	–	1.2	–	–	–	–	–	–	**1.2**	–	1.2	0.8
India	0.5	–	1.3	2.4	0.4	–	0.9	0.6	–	–	–	**6.1**	–	6.1	9.0
Indonesia	3.0	–	–	1.9	–	–	–	–	–	–	0.4	**5.3**	–	5.3	5.0
Kenya	–	0.1	–	1.1	–	–	–	–	–	–	–	**1.2**	–	1.2	0.4
Mexico	0.5	–	–	1.5	–	–	–	0.2	–	0.3	–	**2.5**	–	2.5	0.7
Nigeria	–	0.0	–	–	–	–	–	–	–	–	–	**0.0**	–	0.0	0.0
Pakistan	–	–	–	2.4	–	–	–	–	–	–	–	**2.4**	–	2.4	4.3
Peru	–	–	–	–	–	–	–	3.0	–	–	–	**3.0**	–	3.0	2.2
Philippines	–	–	–	0.5	–	–	–	–	–	–	–	**0.5**	–	0.5	–
Russia	–	–	3.8	1.3	–	–	2.0	0.7	–	–	–	**7.8**	–	7.8	3.4
Saudi Arabia	–	0.1	–	–	–	–	–	1.2	–	–	–	**1.3**	–	1.3	–
South Africa	4.3	0.9	–	–	–	–	–	–	–	0.2	–	**5.4**	–	5.4	4.8
South Korea	1.9	0.3	0.5	–	–	2.8	6.9	–	–	–	–	**12.4**	–	12.4	12.7
Taiwan	–	–	–	–	–	–	10.2	–	–	–	–	**10.2**	–	10.2	8.2
Thailand	–	1.3	0.5	3.3	–	–	–	–	0.6	–	–	**5.7**	–	5.7	5.1
Turkey	–	–	–	–	–	–	–	–	–	–	–	**–**	–	–	1.6
United Kingdom	–	3.7	–	–	–	–	–	–	–	–	–	**3.7**	–	3.7	5.0
United States	0.9	–	–	–	–	–	–	–	–	–	–	**0.9**	–	0.9	–
Other Net Assets	–	–	–	–	–	–	–	–	–	–	–	**–**	(0.8)	(0.8)	5.1
2017 Total	**22.1**	**8.1**	**8.8**	**20.5**	**1.6**	**3.1**	**29.1**	**6.0**	**0.6**	**0.5**	**0.4**	**100.8**	**(0.8)**	**100.0**	**–**
2016 Total	**18.8**	**10.6**	**8.4**	**18.8**	**1.8**	**4.6**	**26.2**	**4.0**	**0.8**	**0.9**	**–**	**94.9**	**5.1**	**–**	**100.0**

[a] A new sector classification was introduced to the industry on 1 September 2016. Land and Houses and Peninsula Land were previously included within Financials but have been reallocated to Real Estate due to this change.

Market Capitalisation Breakdown[b] (%)	Less than £1.5bn	£1.5bn to £5bn	Greater than £5bn	Other Net Assets
31 March 2017	9.3	18.9	72.6	(0.8)
31 March 2016	12.5	27.6	54.8	5.1

[b] Market Capitalisation - The total market value of a company's shares. For a vehicle like TEMIT, which invests in a number of companies, this is calculated by the share price on a certain date multiplied by the number of shares in issue.

Source: FactSet

Split Between Markets[c] (%)	31 March 2017	31 March 2016
Emerging Markets	92.4	84.9
Frontier Markets	3.8	5.0
Developed Markets[d]	4.6	5.0
Other Net Assets	(0.8)	5.1

[c] Geographic split between "Emerging Markets", "Frontier Markets" and "Developed Markets" are as per MSCI index classifications.
[d] Developed markets exposure represented by companies listed in the United Kingdom and United States.

Source: FactSet Research System, Inc.

Market Outlook

We believe the recent improvement in emerging market fundamentals should be helpful for continued strength in emerging market equities, and we also believe valuations in these markets appear attractive relative to developed markets. Nonetheless, we are mindful of potential volatility and remain alert to risks, some of which include the potential of further increases in US interest rates, uncertainty about the new US administration's policies, and potential currency moves.

Strengthening macroeconomic data including acceleration in domestic consumption, a revival of private investment, a recovery in export demand and easing concerns about trade friction with the US bode well for Chinese equities. After the tightening of capital outflows by the People's Bank, the Chinese renminbi has also seen some stability against the US dollar. The earnings outlook for corporates also appears positive as many companies could benefit from reflation in the industrials sector and recovery of capital expenditure. However, we remain mindful of the fact that China is still in the process of making adjustments in its policy framework. The growth of shadow banking, the presence of high leverage in the system and regulatory objectives on ensuring stability in the system, mean that we may see strong policy response from China which could impact growth and have implications on various sectors including commodities and real estate.

The Company maintains a positive view on technology hardware and semiconductor stocks in South Korea and Taiwan. Although we are cautious of the share price advances in some shares, we continue to see pockets of value in the sector. The information technology sector has been growing in importance in emerging markets, and is becoming more integral and competitive. In addition to internet companies, which stand to benefit from a movement toward more online transactions, we see potential for attractive long-term investment opportunities in the following areas: shopping, gaming and other services, hardware companies providing application processors and memory chips for smartphones, graphic processing units for data centres and artificial intelligence applications, as well as connectivity and processor integrated circuits for autonomous cars and devices related to the "Internet of Things."

We also think opportunities still exist across the energy sector. Overall, we believe oil companies with upstream operations are best positioned to benefit from higher oil prices, and we remain positive on a number of companies in China, Russia, Thailand, Pakistan and India. Over the longer-term, higher oil prices could result in a potential increase in supply from a number of areas such as more shale producers, increased drilling activity around the world, and/or a production increase by low-cost producers to support fiscal revenues.

In Brazil, strong momentum on reform in both macroeconomic issues (government debt, pension deficits, labour reform) and across economic sectors focused on improving the business environment provides reasons for optimism. Additionally, the economy is recovering from two years of GDP contraction. Therefore the base of growth is very low, allowing strong operational advantage with even a small upturn. Taking that into consideration, we believe Brazil is likely to continue to cut interest rates this year, allowing strong financial leverage to consumers and companies.

Emerging markets are generally in a recovery mode. Low borrowing, improved current accounts, robust exports, progress in corporate earnings, and stabilising industrial production and exchange rates are reasons to be confident. Overall, we believe that emerging markets are on course to continue their recovery based on robust and improved economic fundamentals. Valuations have not been this low, relative to developed markets, in many years and we are seeing attractive opportunities for investors.

Carlos Hardenberg
7 June 2017

Financial Statements

Income Statement

For the Year Ended 31 March 2017

	Note	Year ended 31 March 2017 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2016 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments and foreign exchange							
Gains/(losses) on investments at fair value	6	–	682,120	682,120	–	(388,315)	(388,315)
(Losses)/gains on foreign exchange		–	(1,357)	(1,357)	–	1,710	1,710
Revenue							
Dividends	1	46,071	–	46,071	44,702	–	44,702
Bank and deposit interest	1	49	–	49	319	–	319
		46,120	**680,763**	**726,883**	**45,021**	**(386,605)**	**(341,584)**
Expenses							
AIFM fee	2	(20,735)	–	(20,735)	(17,535)	–	(17,535)
Other expenses	2	(1,857)	–	(1,857)	(1,910)	–	(1,910)
		(22,592)	**–**	**(22,592)**	**(19,445)**	**–**	**(19,445)**
Profit/(loss) before finance costs and taxation		**23,528**	**680,763**	**704,291**	**25,576**	**(386,605)**	**(361,029)**
Finance costs	3	(418)	–	(418)	–	–	–
Profit/(loss) before taxation		**23,110**	**680,763**	**703,873**	**25,576**	**(386,605)**	**(361,029)**
Tax expense	4	(4,084)	(377)	(4,461)	(3,772)	1,661	(2,111)
Profit/(loss) for the year		**19,026**	**680,386**	**699,412**	**21,804**	**(384,944)**	**(363,140)**
Profit/(loss) attributable to equity holders of the Company		**19,026**	**680,386**	**699,412**	**21,804**	**(384,944)**	**(363,140)**
Earnings per share	5	**6.59p**	**235.71p**	**242.30p**	**7.05p**	**(124.47)p**	**(117.42)p**
Ongoing charge ratio				**1.20%**			**1.22%**

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.

All revenue and capital items in the above statement derive from continuing operations.

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

Balance Sheet
As at 31 March 2017

	Note	As at 31 March 2017 £'000	As at 31 March 2016 £'000
Non-current assets			
Investments at fair value through profit or loss	6	**2,165,950**	**1,482,238**
Current assets			
Trade and other receivables	7	6,390	6,884
Cash and cash equivalents		65,265	77,359
Total assets		**71,655**	**84,243**
Current liabilities			
Bank loans	8	(83,732)	–
Trade and other payables	9	(5,286)	(3,890)
Capital gains tax provision	4	(490)	(326)
Total liabilities		**(89,508)**	**(4,216)**
Net current (liabilities)/assets		**(17,853)**	**80,027**
Total assets less current liabilities		**2,148,097**	**1,562,265**
Share capital and reserves			
Equity Share Capital	10	70,406	74,505
Capital Redemption Reserve		12,263	8,164
Special Distributable Reserve		433,546	433,546
Capital Reserve		1,535,899	944,961
Revenue Reserve		95,983	101,089
Equity Shareholders' Funds		**2,148,097**	**1,562,265**
Net Asset Value pence per share	11	762.8	524.2

These Financial Statements of Templeton Emerging Markets Investment Trust PLC were approved for issue by the Board and signed on 7 June 2017.

Paul Manduca
Chairman

Peter Harrison
Director

Statement of Changes in Equity
For the Year Ended 31 March 2017

	Equity Share Capital £'000	Capital Redemption Reserve £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
Balance at 31 March 2015	**79,736**	**2,933**	**433,546**	**1,423,461**	**105,355**	**2,045,031**
Profit/(loss) for the year	–	–	–	(384,944)	21,804	(363,140)
Equity dividends	–	–	–	–	(26,070)	(26,070)
Purchase and cancellation of own shares	(5,231)	5,231	–	(93,556)	–	(93,556)
Balance at 31 March 2016	**74,505**	**8,164**	**433,546**	**944,961**	**101,089**	**1,562,265**
Profit for the year	–	–	–	680,386	19,026	699,412
Equity dividends	–	–	–	–	(24,132)	(24,132)
Purchase and cancellation of own shares	(4,099)	4,099	–	(89,448)	–	(89,448)
Balance at 31 March 2017	**70,406**	**12,263**	**433,546**	**1,535,899**	**95,983**	**2,148,097**

Cash Flow Statement
For the Year Ended 31 March 2017

	Year ended 31 March 2017 £000	For the year to 31 March 2016 £000
Cash flows from operating activities		
Profit/(loss) before finance costs and taxation	704,291	(361,029)
Adjustments for:		
(Gains)/losses on investments at fair value	(682,120)	388,315
Realised (gains)/losses on foreign exchange	1,357	(1,710)
Stock dividends received in year	(1,108)	(749)
(Decrease)/Increase in debtors	(785)	236
Increase/(decrease) in creditors	528	(327)
Cash generated from operations	**22,163**	**24,736**
Tax paid	(4,296)	(4,047)
Net cash inflow from operating activities	**17,867**	**20,689**
Cash flows from investing activities		
Purchases of non-current financial assets	(556,380)	(708,533)
Sales of non-current financial assets	556,971	772,668
Net cash inflow from investing activities	**591**	**64,135**
Cash flows from financing activities		
Purchase and cancellation of own shares	(89,734)	(93,407)
Movement in bank loans outstanding	83,390	–
Equity dividends paid	(24,132)	(26,070)
Bank loan interest paid	(76)	–
Net cash outflow from financing activities	**(30,552)**	**(119,477)**
Net decrease in cash	**(12,094)**	**(34,653)**
Cash at the start of the year	77,359	112,012
Cash at the end of the year	**65,265**	**77,359**

Notes to the Financial Statements
For the Year Ended 31 March 2017

1 Revenue

	2017 £'000	2016 £'000
Revenue from investments		
Non EU dividends	42,819	41,764
UK dividends	1,928	2,188
Stock dividends	1,108	750
Other EU dividends	216	–
	46,071	**44,702**
Other revenue		
Bank and deposit interest	49	319
Total revenue	**46,120**	**45,021**

2 Expenses

	2017 £'000	2016 £'000
Manager's expenses		
AIFM fee	**20,735**	**17,535**
Other expenses		
Custody fees	716	698
Directors' emoluments	290	283
Depositary fees	159	163
Registrar fees	118	142
Shareholder communications and marketing	114	103
Membership fees	98	120
Printing and postage costs	57	126
Auditors' remuneration		
Audit of the annual financial statements	31	29
Half-yearly financial report	5	5
Legal fees	22	21
Other expenses	247	220
Total other expenses	**1,857**	**1,910**

The Company has a contract with Franklin Templeton International Services S.à r.l. ("FTIS") as Alternative Investment Fund Manager.

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

FTIS receives an ad valorem fee of 1.10%, which is paid monthly and based on monthly trading total net assets of the Company. As at 31 March 2017, £2.0 million in fees were payable and outstanding to FTIS. These were paid in full in April 2017.

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

3 Finance costs

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest and fees on bank loans	**418**	**–**	**418**	**–**	**–**	**–**

4 Tax on ordinary activities

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	4,084	–	4,084	3,772	–	3,772
Overseas capital tax	–	213	213	–	275	275
Prior period adjustments	–	–	–	–	–	–
Total current tax	**4,084**	**213**	**4,297**	**3,772**	**275**	**4,047**
Deferred tax	–	164	164	–	(1,936)	(1,936)
Total tax	**4,084**	**377**	**4,461**	**3,772**	**(1,661)**	**2,111**

Taxation	**2017 £'000**	**2016 £'000**
Profit/(loss) before taxation	703,873	(361,029)
Theoretical tax at UK corporation tax rate of 20% (2016: 20%)	140,775	(72,206)
Effects of:		
– Capital element of profit	(136,152)	77,321
– Irrecoverable overseas tax	4,084	3,772
– Excess management expenses	2,817	2,386
– Overseas Capital Gains Tax	213	275
– Income taxable in different periods	98	104
– Dividends not subject to corporation tax	(6,787)	(6,941)
– Movement in overseas capital gains tax liability	164	(1,936)
– UK dividends	(512)	(438)
– Overseas tax expensed	(239)	(226)
Actual tax charge	**4,461**	**2,111**

As at 31 March 2017, the Company had unutilised management expenses of £97.0 million carried forward (2016: £82.9 million). These balances have been generated because a large part of the Company's income is derived from dividends which are not taxed. Based on current UK tax law, the Company is not expected to generate taxable income in a future period in excess of deductible expenses for that period and, accordingly, is unlikely to be able to reduce future tax liabilities by offsetting these excess management expenses. These excess management expenses are therefore not recognised as a deferred tax asset.

Movement in provision for deferred tax	**2017 £'000**	**2016 £'000**
Balance brought forward	326	2,262
Charge for the year	164	(1,936)
Balance carried forward	490	326
Provision consists of:		
– Overseas capital gains tax liability	490	326
	490	**326**

A provision for deferred capital gains tax has been recognised in relation to short-term unrealised gains on Indian holdings.

5 Earnings per share

	2017			2016		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Earnings	19,026	680,386	699,412	21,804	(384,944)	(363,140)

	2017			2016		
	Revenue pence	**Capital pence**	**Total pence**	**Revenue pence**	**Capital pence**	**Total pence**
Earnings per share	6.59	235.71	242.30	7.05	(124.47)	(117.42)

The Earnings per Share is based on the profit/(loss) on ordinary activities after tax and on the weighted average number of shares in issue during the year of 288,656,880 (year to 31 March 2016: 309,256,759).

6 Financial assets – investments

	2017 £'000	**2016 £'000**
Opening investments	**1,482,238**	**1,941,161**
Movements in year:		
Purchases	558,641	699,086
Sales	(557,049)	(769,694)
Realised profits	171,094	297,735
Net appreciation/(depreciation)	511,026	(686,050)
Closing investments	**2,165,950**	**1,482,238**

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

Transaction costs for the year on purchases were £1,438,000 (2016: £2,190,000) and transaction costs for the year on sales were £1,318,000 (2016: £1,683,000). The aggregate transaction costs for the year were £2,756,000 (2016: £3,873,000).

	2017 £'000	**2016 £'000**
Realised and unrealised gains on investments comprise:		
Realised gain based on carrying value at 31 March	171,094	297,735
Net movement in unrealised appreciation/(depreciation)	511,026	(686,050)
Realised and unrealised gains/(losses) on investments	**682,120**	**(388,315)**

7 Trade and other receivables

	2017 £'000	**2016 £'000**
Dividends receivable	5,328	5,130
Overseas tax recoverable	699	96
Sales awaiting settlement	352	1,631
Other debtors	11	27
	6,390	**6,884**

8 Bank loan payables

	2017 £'000	**2016 £'000**
Bank loan	83,390	–
Bank loan interest and fees	342	
	83,732	**–**

9 Trade and other payables

	2017 £'000	2016 £'000
Purchase of investments for future settlement	2,490	1,336
Accrued expenses	2,350	1,822
Amounts owed for share buy backs	446	732
	5,286	**3,890**

10 Called-up share capital

	2017 Allotted, issued & fully paid		2016 Allotted, issued & fully paid	
	£'000	Number	£'000	Number
Shares of 25p each				
Opening balance	**74,505**	**298,019,690**	**79,736**	**318,944,992**
Shares repurchased during the year	(4,099)	(16,395,704)	(5,231)	(20,925,302)
Closing balance	**70,406**	**281,623,986**	**74,505**	**298,019,690**

The Company's shares 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, 16,395,704 shares were bought back for cancellation at a cost of £89,448,000 (2016: 20,925,302 shares were bought back for cancellation at a cost of £93,556,000).

11 Net asset value per share

	Net asset value per share		Net asset value attributable	
	2017 pence	2016 pence	2017 £'000	2016 £'000
Shares	762.8	524.2	2,148,097	1,562,265

12 Dividend

	2017 Rate (pence)	£'000	2016 Rate (pence)	£'000
Declared and paid in the year				
Dividend on shares:				
Final dividend for year	8.25	24,132	8.25	26,070
Proposed for approval at the Company's AGM				
Dividend on shares:				
Final dividend for the year ended 31 March 2017 (31 March 2016: 8.25p)	8.25	23,173		

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

13 Related party transactions

The Directors consider under the classification of related parties under the Association of Investment Companies SORP, issued November 2014, that Franklin Templeton entities are not classified as related parties under IAS 24 (as adopted by the EU) .

Accordingly there were no transactions with related parties, other than the fees paid to the Directors during the year ended 31 March 2017, which have a material effect on the results or the financial position of the Company.

14 Risk management

In pursuing the investment objectives, set out in the 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 of the profits available for dividends.

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

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

Investment and concentration risk

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

Market price risk

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

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

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

100% (2016: 100%) of the Company's investment portfolio is listed on stock exchanges. If share prices had decreased by 10% with all other variables remaining constant, the income statement capital return and the net assets attributable to equity shareholders would have decreased by £216,595,020 (2016: £148,223,833). The analysis for last year assumes a share price decrease of 10%.

A 10% increase (10% 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 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; it, however, does not hedge or otherwise seek to avoid rate movement risk on income accrued but not received.

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

2017

Currency	**Trade and other receivables £'000**	**Cash at bank £'000**	**Trade and other payables £'000**	**Total net foreign currency exposure £'000**	**Investments at fair value through profit or loss £'000**
US dollar	178	58,525	(58,595)	108	507,618
Hong Kong dollar	–	–	–	–	342,975
Korean won	3,515	(31)	–	3,484	266,209
Taiwan dollar	693	96	–	789	219,596

Indian rupee	45	331	(490)	(114)	132,043
South African rand	–	–	–	–	116,070
Other	1,948	805	(27,561)	(24,808)	502,372

2016 **Currency**	**Trade and other receivables £'000**	**Cash at bank £'000**	**Trade and other payables £'000**	**Total net foreign currency exposure £'000**	**Investments at fair value through profit or loss £'000**
US dollar	789	–	–	789	274,091
Hong Kong dollar	–	–	–	–	245,609
Korean won	1,807	275	(840)	1,242	199,080
Indian rupee	–	–	(326)	(326)	140,040
Taiwan dollar	18	–	–	18	126,860
Indonesian rupiah	–	–	–	–	78,094
Other	4,243	(1,547)	(496)	2,200	340,515

Sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the equity in regard to the Company's monetary financial assets and liabilities and its equity if sterling had strengthened by 10% relative to all currencies on the reporting date, with all other variables held constant.

	2017		**2016**	
Financial Assets and Liabilities	**Revenue £'000**	**Capital Return £'000**	**Revenue £'000**	**Capital Return £'000**
US dollar	1,034	50,762	1,014	27,409
Hong Kong dollar	481	34,298	1,018	24,561
Korean won	421	26,621	206	19,908
Taiwan dollar	616	21,960	16	12,686
Indian rupee	303	13,204	170	14,004
South African rand	81	11,607	659	7,995
Other	2,936	158,452	3,083	106,563

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 fixed rate 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.

Interest rate risk profile

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

	Within one year 2017 £'000	**Within one year 2016 £'000**
Bank loans	(83,732)	–
Cash	65,265	77,359
Net exposure at year end	(18,467)	77,359

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.

Liquidity risk

The Company's assets comprise mainly of securities listed on the stock exchanges of emerging economies. Liquidity can vary from market to market and some securities may take longer 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.

Investments held by the Company are valued in accordance with the accounting policies at bid price. Other financial assets and liabilities of the Company are included in the Balance Sheet at fair value.

Credit risk

Certain transactions in securities that the Company enters into expose it to the risk that the counter-party 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 counter-party. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time. These limits are reviewed regularly.

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

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

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

Securities held in custody are held in the Company's name or to its accounts. Details of holdings are received and reconciled monthly. Cash is actively managed by Franklin Templeton Investment'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.

Fair Value

Fair values are derived as follows:

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

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

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

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

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

Valuation hierarchy fair value through profit and loss

	31 March 2017				**31 March 2016**			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Listed investments	2,165,950	–	–	2,165,950	1,482,238	–	–	1,482,238

15 Significant holdings in investee undertakings

As at 31 March 2017 and 2016, the Company held 3% or more in the issued share capital of the following companies:

	31 March 2017		31 March 2016	
Name	**Issued share capital held by TEMIT[(a)] %**	**Fair Value £'000**	**Issued share capital held by TEMIT[(a)] %**	**Fair Value £'000**
CIA Hering	3.2	23,454	4.3	20,086
MCB Bank	2.4	46,545	3.4	51,900
Univanich Palm Oil	2.1	3,201	5.0	6,683
Peninsula Land	–	–	5.1	2,543
Victory City International	–	–	6.0	6,694

[(a)]This is the percentage of the class of security held by TEMIT.

16 Contingent liabilities
No contingent liabilities existed as at 31 March 2017 or 31 March 2016.

17 Financial commitments
There were no financial commitments as at 31 March 2017 or 31 March 2016.

18 Post balance sheet events
With effect from 1 April 2017, 70% of the AIFM fee and 70% of the costs of borrowing will be allocated to the capital account.

The only other material post balance sheet event is in respect of the proposed dividend, which has been disclosed in Note 12.

This preliminary statement was approved by the Board on 7 June 2017. The financial information set out above does not constitute the Company's Audited statutory accounts. While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company will publish full financial statements that comply with IFRSs on its website.

The statutory accounts for the financial period ended 31st March 2016 have been delivered to the Registrar of Companies, 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.

The statutory accounts for the period ended 31 March 2017 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.

Stephen Westwood (Investor Relations) +44 (0) 7533 178 381 or Joe Winkley at Winterflood (Corporate Broker) on + 44 (0) 20 3100 0301.