

2017 Annual Report and Audited Accounts

FRANKLIN TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

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Company Overview

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

The Company is governed by a Board of Directors who are committed to ensuring that shareholders’ best interests are at the forefront of all decisions. Under the guidance of the Chairman, the Board of Directors is responsible for the overall strategy of the Company and monitoring its performance. Only one member of the Board has a connection with Franklin Templeton Investments, with all others being independent.

TEMIT’s research-driven investment approach and strong performance has helped it to grow to be the largest emerging market investment trust in the UK, with assets of £2.1 billion as at 31 March 2017.

Net Asset Value Total Return (Cum-Income) 2017^(a)

47.8%

(2016: -17.1%)

Share Price Total Return 2017^(a)

48.3%

(2016: -17.0%)

MSCI Emerging Markets Index Total Return 2017^{(a)(b)}

35.2%

(2016: -8.8%)

Proposed Dividend 2017

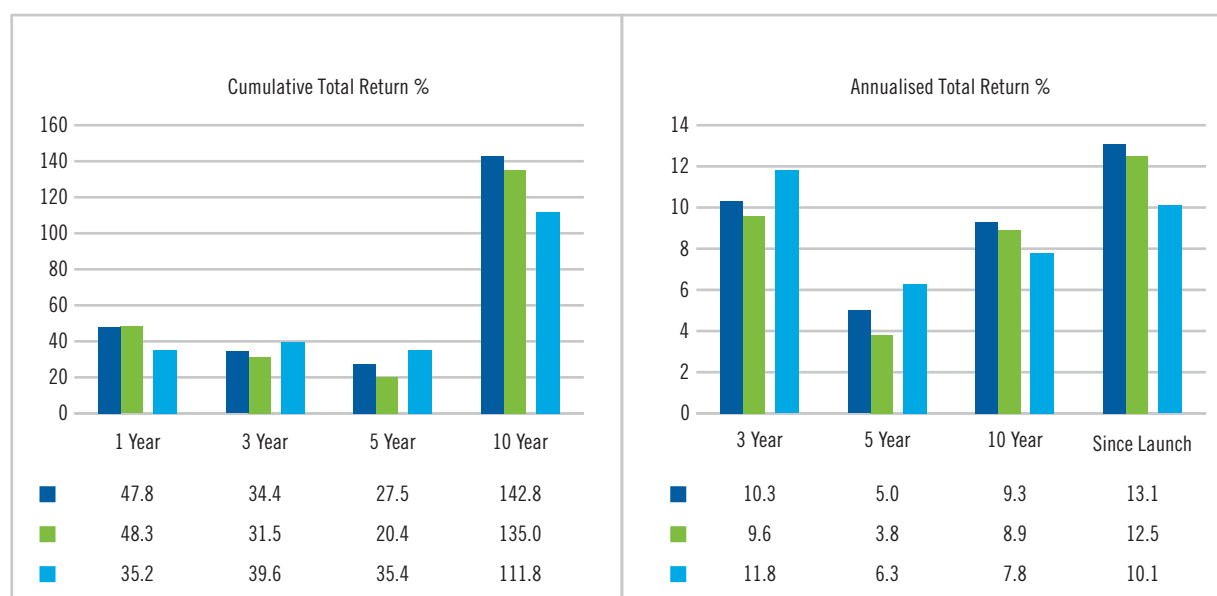
8.25p

(2016: 8.25p)

^(a) In sterling terms for the financial year ended 31 March 2017 and 2016.

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

Performance to 31 March 2017



- Net Asset Value (Cum-Income)
- Share Price
- MSCI Emerging Markets Index

Strategic Report

The Directors present the Strategic Report for the year ended 31 March 2017, which includes pages 2 to 15 and incorporates the Chairman's Statement, 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 on page 64 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.

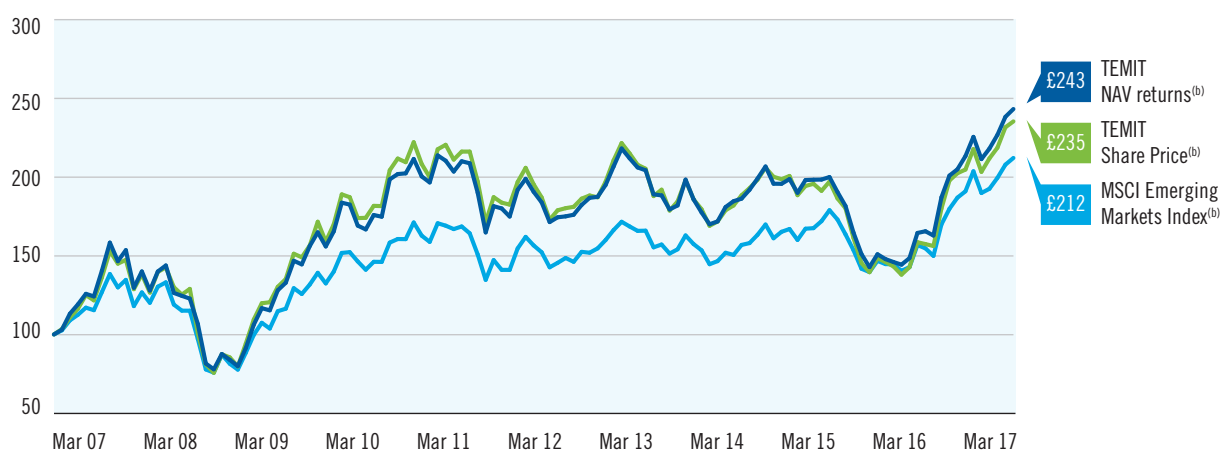
^(d) 11 months to 31 March 2010.

^(e) A dividend of 8.25 pence per share for the year ended 31 March 2017 has been proposed.

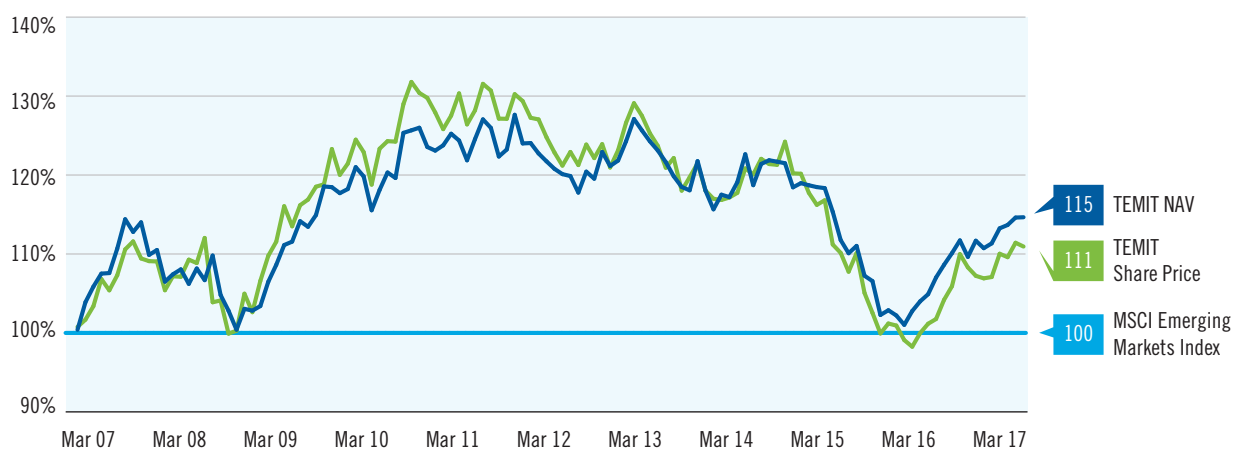
^(f) Includes dividends reinvested.

Ten Year Record (continued)

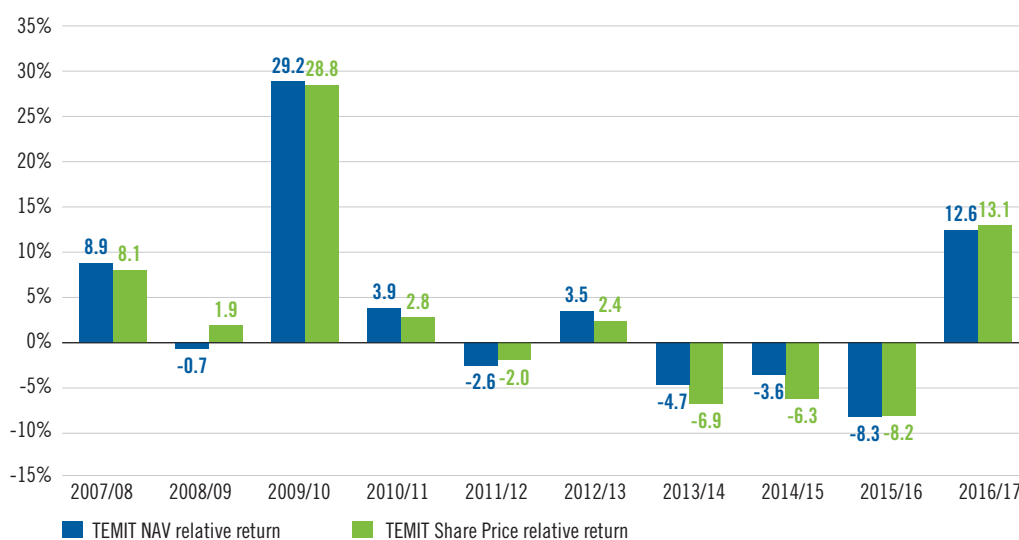
2007–2017 NAV, Share Price and Benchmark Total Return^(a)



2007–2017 NAV and Share Price Total Return Relative to the Benchmark Total Return^(b)



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 on page 3 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 on page 1 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 31 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. 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

Chairman's Statement (continued)

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. More details of this meeting can be found on pages 83 to 86 of this report.

Paul Manduca

Chairman

7 June 2016

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. See pages 18 and 19 for details of the Investment Manager's process.

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. This is discussed in more detail in the Directors' Report on page 41.

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 on pages 12 and 13. 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 on pages 12 and 13.

Strategy and Business Model (continued)

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 on pages 3 and 4.

Net Asset Value Performance

Net Asset Value performance data is presented within the Company Overview on page 1 along with the 10 year record on pages 3 and 4.

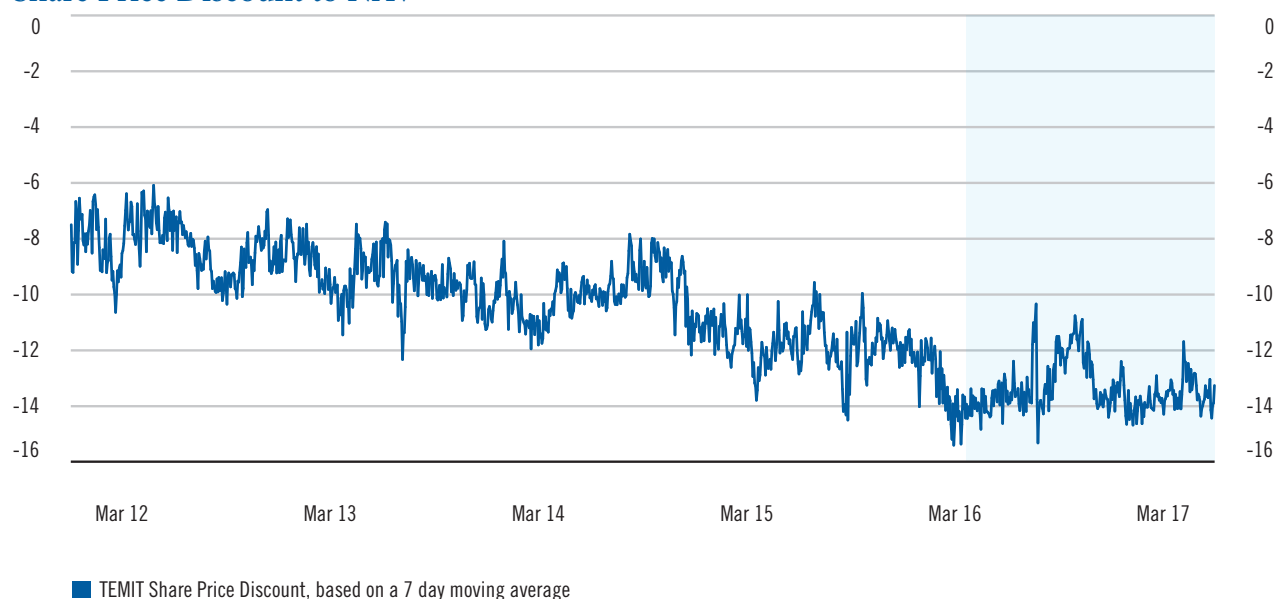
The Chairman's Statement on pages 5 to 7 and the Investment Manager's Report on pages 16 to 33 include a review of the main developments during the year and the market outlook.

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 on page 47.

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. Further information on share buy backs can be found on page 47.

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 on page 6.

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.

Strategy and Business Model (continued)

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 on pages 55 and 56. Further information on the risks that TEMIT is subject to, including additional financial and valuation risks, are also detailed in Note 14 of 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.
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.

Risk

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.

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.

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.

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.

Mitigation

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.

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.

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.

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 on pages 44 and 45.

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.

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 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 Global Emerging 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 <i>Does this stock meet TEMG's criteria of valuation, size and liquidity?</i> <i>Is it a potential bargain within the global universe, its sector and on a historical basis?</i>	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 <i>Is this stock a candidate for the TEMG Action List?</i> <i>Is the stock trading at a substantial discount to what our research indicates the company may be worth over the long-term?</i>	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 <i>Has analysis met TEMG standards?</i> <i>Does the recommendation pass the TEMG Review Team's approval?</i>	A collaborative team culture that leverages the experience of the entire TEMG produces comprehensive research insights.
4. Allocate Portfolio <i>What do we consider to represent the best combination of stocks for creating a diversified fund with the greatest potential for appreciation?</i>	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 <i>What are the performance contributors/detractors?</i>	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 fastest 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 31 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 31 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.

Portfolio Report (continued)

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 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 on pages 28 to 31.

Portfolio Report (continued)

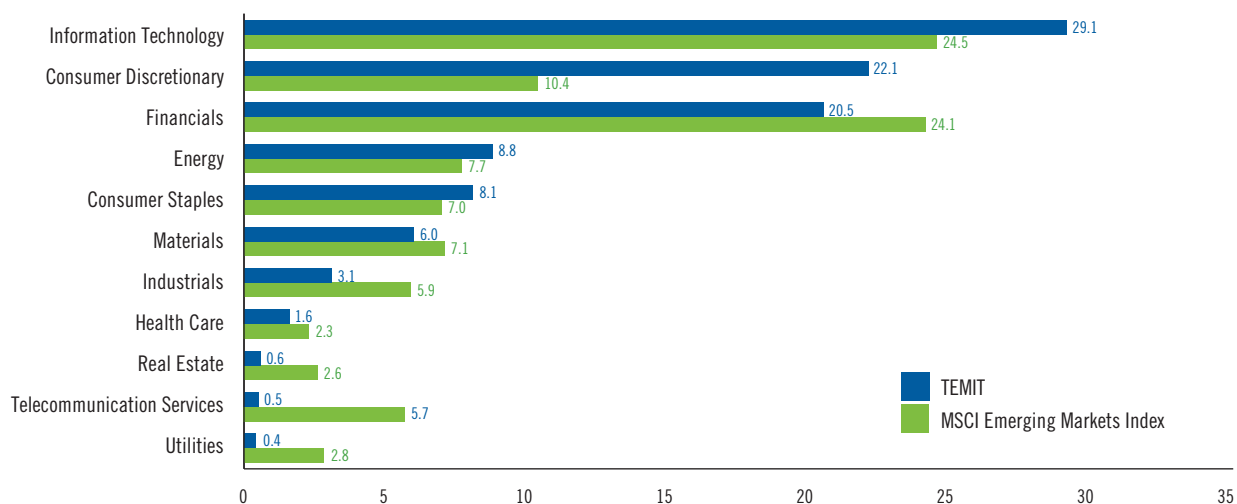
Portfolio changes by Sector

Sector					Total Return in sterling		
	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 (%)



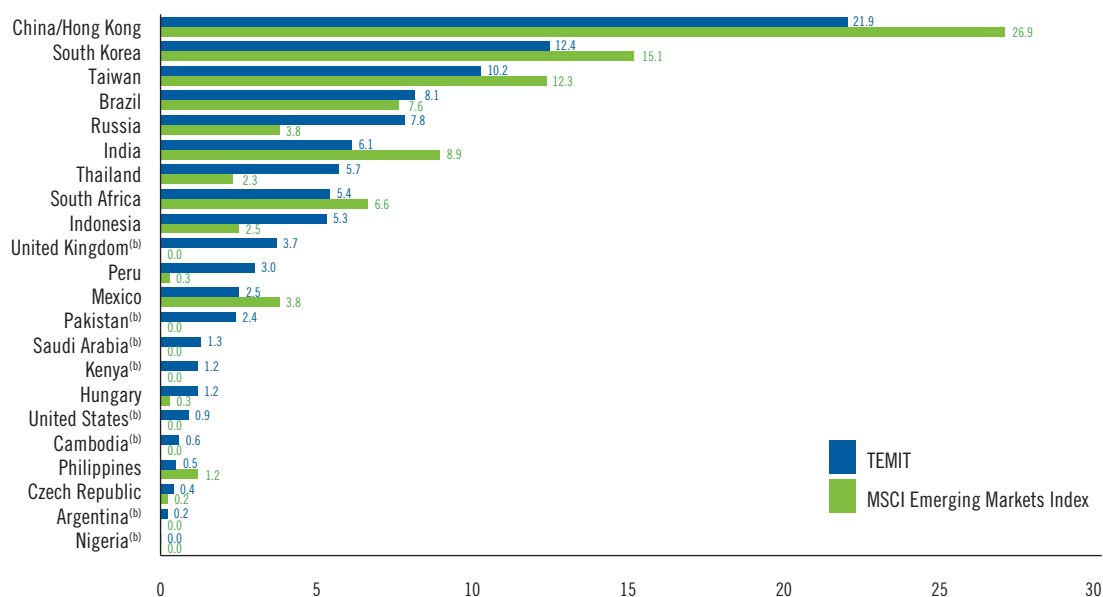
Portfolio changes by Country

Country					Total Return in sterling		
	31 March 2016			Market Movement £m	31 March 2017		MSCI Emerging Markets Index %
	Market Value £m	Purchases £m	Sales £m		Market Value £m	TEMIT %	
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	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

Report of the Directors and Governance

Directors' Report

The Directors submit their Annual Report, together with the Financial Statements of the Company, for the year ended 31 March 2017.

Board of Directors

The TEMIT Board is responsible for setting strategy and direction, oversight of service providers and protection of shareholders' interests.

Paul Manduca (Chairman)



Paul Manduca was appointed to the Board and the Management Engagement Committee on 1 August 2015. Paul took over as Chairman on 20 November 2015. He was appointed to the Nomination Committee on 22 February 2016 and is Committee Chairman. He is currently Chairman of Prudential plc, one of the world's leading financial services groups with significant emerging market exposure. Paul has had a long and successful career in asset management, both as a fund manager and as chief executive of fund management groups.

He is an independent Director. (Fees for the year £60,000; beneficial interest 5,000 shares).

Attendance Record: Board 4/4, Nomination Committee 2/2 and Management Engagement Committee 2/2.

Christopher D Brady



Christopher Brady was appointed to the Board on 12 December 2007 and the Management Engagement Committee on 12 June 2012. After serving for over nine years, he will stand down at the conclusion of the AGM in July 2017. He is the founding partner and Chairman of The Chart Group LLP. Previously, he spent 14 years in corporate finance and capital markets, developing emerging markets investment vehicles, among other activities. More recently, Chris' principal activities in defence, security and intelligence take him, his companies and products to emerging markets in the Middle East, Africa and Southeast Asia. He is a Director of Miami International Holdings, North American Rescue and PacStar Communications.

He is an independent Director. (Fees for the year £35,000; beneficial interest nil shares).

Attendance Record: Board 4/4 and Management Engagement Committee 2/2.

Hamish N Buchan



Hamish Buchan was appointed to the Board and the Audit Committee on 26 June 2008, the Management Engagement Committee on 12 June 2012 and the Nomination Committee on 18 July 2014. Mr. Buchan is also the Senior Independent Director and is due to retire from these positions at the 2018 AGM. He is currently Chairman of Personal Assets Trust plc and a Director of The Scottish Investment Trust plc. Mr. Buchan has been involved with the investment company sector for over 40 years, and for 30 years was one of the leading UK Investment Trust sector analysts, working with Wood Mackenzie & Co and its successor owners. Since semi-retiring in 2000, he has been a director of nine investment companies as well as Chairman of the Association of Investment Companies.

He is an independent Director. (Fees for the year £35,000; beneficial interest 15,000 shares).

Attendance Record: Board 3/3, Audit Committee 4/4, Nomination Committee 2/2 and Management Engagement Committee 2/2.

David Graham



David Graham joined the TEMIT Board and Audit Committee on 1 September 2016. He is also a member of the Management Engagement Committee.

David is a Chartered Accountant whose career has been in investment management, firstly as an Asian fund manager with Lazards and then building businesses across Asia Pacific, Europe, Middle East and Africa for BlackRock and predecessor firms (Merrill Lynch Investment Managers and Mercury Asset Management.) David has worked in Hong Kong, Tokyo and Sydney and has been a Representative Director in domestic, joint venture, fund management companies in India, China, Thailand and Taiwan.

David is an advisor to BlackRock in Asia Pacific and is one of BlackRock's nominated Directors on the Board of DSP BlackRock, a fund management joint venture in India. He is also non-executive Director of the JPMorgan Chinese Investment Trust.

He is an independent Director. (Fees from 1 September 2016 £20,400; beneficial interest 5,000 shares).

Attendance Record: Board 3/3, Audit Committee 2/2 and Management Engagement Committee 1/1.

Peter O Harrison



Peter Harrison was appointed to the Board on 30 November 2007 and became Chairman of the Audit Committee on 12 December 2007. He was appointed to the Management Engagement Committee on 12 June 2012. He has had over 30 years' experience in the global auditing, accounting and advisory profession mainly at KPMG, where he specialised in financial services, including investment management and the funds business. He was also Managing Partner responsible for the UK financial services practice. He has also held a number of other senior non-executive Director roles in financial services and is currently Chairman of Masthaven Bank Limited. After serving for over nine years, he will stand down at the conclusion of the AGM in July 2017.

He is an independent Director. (Fees for the year £47,000; beneficial interest 4,330 shares).

Attendance Record: Board 4/4, Audit Committee 3/3 and Management Engagement Committee 2/2.

Directors' Report (continued)

Beatrice Hollond



Beatrice Hollond joined the TEMIT Board and the Audit Committee on 1 April 2014. She was appointed to the Nomination Committee on 22 February 2016 and the Management Engagement Committee on 1 April 2014.

Beatrice Hollond is a non-executive Director of M & G Group Limited and on the main Board of US based Brown Advisory. She is Chair of Keystone Investment Trust and a non-executive Director of Henderson Smaller Companies Investment Trust and a Board Member of Telecoms Plus PLC. She has had a long career in the investment industry, starting as UK equity analyst at Morgan Grenfell, before spending 16 years at Credit Suisse Management. She has experience as a fund manager, as well as 12 years as a non-executive Director in the investment trust sector.

She is an independent Director. (Fees for the year £35,000; beneficial interest 6,250 shares).

Attendance Record: Board 4/4, Audit Committee 3/3, Nomination Committee 2/2 and Management Engagement Committee 2/2.

Simon Jeffreys



Simon Jeffreys joined the TEMIT Board and Audit Committee on 15 July 2016. He is also a member of the Management Engagement Committee.

Simon has been a non-executive Director of St James Place plc since 2014 and is Chair of their Audit Committee and a member of their Remuneration and Risk Committees. Simon is on the board of directors and chairs the audit committees of SimCorp A/S (since 2011) and Henderson International Income Investment Trust (since 2011).

He was previously chief administrative officer for Fidelity International and for most of his professional life was a partner in PricewaterhouseCoopers, where he was the global leader of the firm's investment management and real estate practice. Simon joined the Aon UK Limited Board as an independent non-executive Director in May 2009 and chaired the Aon UK Limited Audit Committee until November 2015 when he became Chairman of the Board. Simon was also a Senior Advisor of the Wellcome Trust, having been that organisation's Chief Operating Officer from 2009 to 2014.

He is an independent Director. (Fees from 15 July 2016 £24,800; beneficial interest 5,392 shares).

Attendance Record: Board 3/3, Audit Committee 1/2 and Management Engagement Committee 1/1.

Gregory E Johnson



Gregory Johnson was appointed to the Board on 12 December 2007. He is the Chairman of the Board and Director of Franklin Resources, Inc., and serves as the Chief Executive Officer of the company. Mr. Johnson serves as a trustee, director or officer on a number of the company's subsidiaries and fund boards. He joined Franklin in 1986 and has held numerous roles within the company.

(Fees for the year £nil; beneficial interest nil shares).

Attendance Record: Board 4/4.

The terms and conditions of the Directors' appointments are set out in the Letters of Appointment, which are available for inspection on request at the registered office of the Company and at the AGM.

Board Changes and Succession Planning

Neil Collins served on the Board from September 2006 to his retirement on the 15 July 2016.

Hamish Buchan, the Senior Independent Director, has agreed to remain on the Board until July 2018, in order to assist with a smooth transition following a number of Board changes due to retirement. He offers himself for re-election at the 2017 AGM. Although Hamish Buchan has been on the Board for more than nine years, the Board has carefully considered his independence and believes he retains independence of character and of judgement. Chris Brady and Peter Harrison, both having served for over nine years, will retire at the conclusion of the 2017 AGM. The process to recruit a new Board member will commence in the first quarter of 2018.

Board Committees

The primary focus of the Directors at regular Board meetings is the consideration of investment performance and outlook, market activity, share buy back activity, marketing, shareholder profile, investor relations, peer group information and industry issues.

The **Audit Committee** comprises Peter Harrison (Chairman), Hamish Buchan, David Graham, Beatrice Hollond and Simon Jeffreys. The formal Report of the Audit Committee is on pages 53 to 57.

The **Management Engagement Committee** comprises Paul Manduca (Chairman), Christopher Brady, Hamish Buchan, David Graham, Peter Harrison, Beatrice Hollond and Simon Jeffreys. The role of the Committee is to review the performance of, and the contractual arrangements with the Manager. The Management Engagement Committee has undertaken a formal investment review of TEMIT's portfolio management during the year. The review considered investment strategy, investment process, performance and risk, and was carried out through meetings between the Management Engagement Committee and members of the investment and risk management teams of the Manager.

The **Nomination Committee** comprises Paul Manduca (Chairman), Hamish Buchan and Beatrice Hollond. The role of the Committee is to review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that seem appropriate, to consider the rotation and renewal of the Board, approve the candidate specification for all Board appointments, approve the process by which suitable candidates are identified and short-listed, and to nominate candidates for consideration by the full Board, whose responsibility it is to formally make appointments. The Committee also considers the effectiveness of individual Directors and makes recommendations to the Board in respect of re-elections. The Committee keeps under review the balance of skills, independence, knowledge of the Company and experience and length of service of the Directors. When the composition of the Board requires review, female candidates will be encouraged to apply and progress will be actively monitored in relation to diversity. An external search consultant will be used to assist with the selection of candidates in relation to new appointments.

The Committee periodically reviews the level of Directors' fees relative to other comparable companies and in the light of the Directors' responsibilities. In doing so, the Committee will access independent research

Directors' Report (continued)

and may obtain advice from external sources. The Chairman of the Nomination Committee will attend the Company's AGM and will be prepared to respond to questions which may be raised by shareholders on matters within the Nomination Committee's responsibilities.

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

The Board

The TEMIT Board is responsible for setting strategy and direction, oversight of service providers and the success of the Company, including protection of shareholders' interest as a whole.

The primary focus of the Directors at regular Board meetings is the consideration of investment performance and outlook, market activity, share buy back levels, marketing, shareholder profile, investor relations, peer group information, review of top risks, regulatory updates, corporate governance and industry issues.

Further details of the Directors' responsibilities can be found in the Statement of Directors' Responsibilities on page 58.

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

- Introduction and implementation of a gearing facility;
- Consideration of treasury shares;
- Three year marketing plan approved and contribution to marketing costs from the Manager agreed;
- In-depth review of investment strategy and portfolio management;
- Review of Risk Management Process and the interaction with the Investment Manager;
- Review of Top Risks;
- Agreement reached with the Manager on a revised management fee;
- Agreement to change the basis of allocation of expenses between income and capital;
- Agreement to change the service provider for shareholder analysis; and
- Approval of recommendation from Audit Committee in relation to selection of new audit partner.

Board Evaluation

The Board undertakes an annual evaluation of its own performance and that of its Committees and individual Directors including the Chairman. The Board has also considered the independence of each Director. In 2015, the Board evaluation was carried out by an external facilitator, Trust Associates Limited.

In the last year, the Chairman led the evaluation process which included the completion of questionnaires and discussions between the Chairman and each Director. The experience, balance of skills, diversity and knowledge of the Board was considered as well as Board effectiveness, role and structure. An evaluation of the Chairman by his fellow directors was facilitated by Hamish Buchan, the Senior Independent Director, who then met with the Chairman to discuss its content.

The Chairman confirms that, following performance evaluation, each Director's performance continues to be effective and they demonstrate commitment to their role.

Formal performance evaluations will continue to take place at least annually with the appointment of an external facilitator every three years. The next appointment of an external facilitator is due to be made in 2018.

Directors' Conflicts of Interest

The Company's Articles give the Directors authority to approve conflicts and potential conflicts with the Company's interests, where appropriate.

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

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. Directors are reminded at each Board meeting to disclose any conflicts not previously disclosed.

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

Indemnification and Insurance

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

The Company

Principal Activity and Investment Company Status

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

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

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

Directors' Report (continued)

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.

Results and Dividends

The capital gain for the year was £680.4 million (2016: loss of £384.9 million) and the revenue profit was £19.0 million (2016: £21.8 million).

The full results for the Company are disclosed in the Income Statement on page 64.

The Directors propose an ordinary dividend of 8.25 pence per share (2016: 8.25 pence) and, if approved by shareholders at the AGM on 13 July 2017, the dividend will be payable on 20 July 2017 to shareholders on the register at close of business on 16 June 2017.

Gearing

As part of the Company's investment objective and policy, the Company may borrow up to 10% of its net assets. During the year, the Board debated the merits of the Company borrowing with the aim of increasing investment returns. While the Board recognises that gearing increases volatility, it was 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. 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 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. The Company has no other debt.

The Manager has been granted discretion by the Board to draw down the debt as investment opportunities arise, subject to overall supervision by the Board.

By the year end, CNH 214,100,000 and USD 73,338,000 (£24,900,000 and £58,500,000 respectively) had been drawn down both of which are repayable within one year.

Financial

Share Capital and Discount

Changes in the share capital of the Company are set out in Note 10 of the Notes to the Financial Statements.

Share Buy Backs

The Board is once again seeking shareholder permission to continue its programme of share buy backs as outlined on page 47. A key point in the Investment Manager's mandate is to take a long-term view of investments and one of the advantages of a closed end fund is that the portfolio structure is not disrupted by large inflows or outflows of cash. However, the Board and the Investment Manager recognise that the returns experienced by shareholders are in the form of movements in the share price, which are not directly linked to NAV movements, and the shares may trade at varying discounts or premiums to NAV. Many shareholders, both professional and private investors, have expressed a view that a high level of volatility in the discount is undesirable. A less volatile discount, and hence share price, is seen as important to investors. For this reason, TEMIT uses share buy backs selectively with the intention of limiting volatility and where it is in the interests of shareholders.

	2017	2016
Shares bought back and cancelled during the year	16,395,704	20,925,302
Proportion of share capital bought back	5.50%	6.56%
Cost of share buy backs	£89.4m	£93.6m
The benefit to NAV	0.80%	0.84%
The benefit to NAV	£13.7m	£13.1m

Auditor

The Audit Committee has recommended that Deloitte LLP, who were appointed in 2009, be reappointed as the Company's auditor. Deloitte LLP has expressed a willingness to continue in office as auditor and a resolution proposing their reappointment will be submitted at the AGM. Further details on the assessment of the auditor can be found within the Report of the Audit Committee on page 56.

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

Directors' Report (continued)

Substantial Shareholdings

As at 18 May 2017 and 31 March 2017, the Company had been notified that the following were interested in 3% or more of the issued share capital of the Company.

Name	Number of shares	18 May 2017 %
City of London Investment Management Company Limited	34,784,442	12.38
Lazard Asset Management LLC Group	32,659,321	11.63
Investec Wealth & Investment Limited	18,523,449	6.59
Old Mutual Plc	17,039,167	6.07
Rathbone Brothers Plc	10,394,852	3.70

Name	Number of shares	31 March 2017 %
City of London Investment Management Company Limited	37,538,889	13.33
Lazard Asset Management LLC Group	31,407,534	11.15
Investec Wealth & Investment Limited	20,764,697	7.37
Old Mutual Plc	17,026,379	6.05
Rathbones Brothers Plc	10,242,030	3.64

Principal Service Providers

Alternative Investment Fund Manager, Secretary and Administrator

Franklin Templeton International Services S.à r.l. ("FTIS") is the Alternative Investment Fund Manager, Secretary and Administrator with the role of investment management delegated to Templeton Asset Management Ltd. ("TAML") and Franklin Templeton Investment Management Limited ("FTIML").

The main secretarial duties involve compliance with statutory and regulatory obligations which the Company must observe.

The annual ad valorem fee rate for the services provided by FTIS, including investment management, risk management, secretarial and administration services, is 1.10% of shareholders' funds. With effect from 1 July 2017 the annual ad valorem fee paid to FTIS will be reduced to 1.00% of shareholders' funds up to the value of £2 billion and 0.85% of shareholders' funds above £2 billion. The agreement between the Company and FTIS may be terminated by either party, but in certain circumstances the Company may be required to pay compensation to FTIS of an amount up to one year's fee. Compensation is not payable if at least one year's notice of termination is given.

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

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

Custodian

JP Morgan Chase Bank acts as global custodian to the Company and receives a fee for the provision of custody and nominee services to the Company under a custody agreement (which contains provision for the exclusion or limitation of liability as set out in the custody agreement). The custody agreement may be terminated by either party giving the other 90 days' notice.

Depository

J.P. Morgan Europe Limited performs the role of depository for the Company, by carrying out custody and other services, including monitoring cash flows, confirming ownership and ensuring income is properly applied. The depository agreement may be terminated by either party giving the other 90 days' notice.

A detailed list of service providers, along with addresses, can be found in the General Information section on page 88.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the shareholders for good governance and this statement describes how the Company applies the principles identified in the UK Corporate Governance Code (2014).

Compliance with the UK Corporate Governance Code

The Board considers that the Company has complied with the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in September 2014 throughout the year ended 31 March 2017.

The UK Code can be viewed at www.frc.org.uk/our-work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-September-2014.pdf.

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

Throughout the year ended 31 March 2017, the Company complied with the provisions of the AIC Guide and AIC Code.

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

Directors' Report (continued)

Additional Information for New Zealand Shareholders

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

- (a) The corporate governance rules and principles in TEMIT's home exchange jurisdiction in the United Kingdom may differ from the New Zealand Stock Exchange corporate governance rules and the principles of the Corporate Governance Best Practice Code.
- (b) Investors may find more information about the corporate governance and principles of TEMIT's home exchange in the United Kingdom in the above Corporate Governance statement and online at www.frc.org.uk/corporate/ukcgcode.cfm.
- (c) The Company relies on the Financial Reporting Act (Dual-listed Issuers) Exemption Notice 2015, issued by the New Zealand Financial Markets Authority, which exempts it from certain financial reporting obligations under the Financial Markets Conduct Act 2013.

Schedule of Reserved Matters

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

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

Environmental, Social, Community, Ethical Issues and Human Rights

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

The Investment Manager invests in companies that it considers to be well-managed and subject to appropriate corporate governance. A well-managed company is considered to be one which complies with all the relevant legislation and which meets the environmental, social, community, ethical and human rights requirements of the country in which it operates. It is important to recognise that local laws and requirements of emerging markets do not necessarily equate with those of developed countries.

Environmental, social, governance and human rights issues have become increasingly important to companies worldwide as they seek to balance organisational goals with the expectations of their stakeholders in an increasingly complex operating environment. When companies manage these stakeholder relationships effectively, they are more successful at managing risks and capturing opportunities – placing them in a better position for long-term success.

Recognising the importance of these considerations, the Investment Manager became a signatory to the United Nations Principles for Responsible Investment (“UNPRI”) in 2013. Becoming a signatory is a natural extension of the Investment Manager’s existing practices to integrate environmental, social and governance (“ESG”) considerations within the investment process.

In addition, the Investment Manager has established a dedicated environmental, social and governance team within the Investment Risk division to support and enhance ESG integration within the Investment Manager and provide firm wide support and participation in Responsible Investing Initiatives such as UNPRI. As a demonstration of the Investment Manager’s on going commitment to enhance effectiveness and understanding in implementing the Principles, the Investment Manager has also become a member of the International Corporate Governance Network (“ICGN”) and the United Kingdom Sustainable Investment and Finance Association (“UKSIF”).

We report on our greenhouse gas emissions within the Strategic Report on page 14.

As a long-term investor, the Investment Manager performs extensive bottom-up investment analysis, employing rigorous and comprehensive processes to assess both the risk and return potential of the investments it considers for the Company. The depth of its research provides comprehensive insights into the many factors that affect the value of an investment, which may include environmental, social, governance and human rights issues. The Investment Manager determines the extent to which various research inputs are included and weighted in its investment decisions.

Activities in the Field of Research and Development

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

Institutional Shareholder Voting and Engagement

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

The Company has engaged with the Investment Manager in relation to its approach to the Stewardship Code (“the Code”). The Company and the Investment Manager generally support the Principles of the Code as outlined below.

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

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

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

Directors' Report (continued)

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

Risk Management Objectives and Policy

The Company invests in equities and other investments for the long term to achieve its investment objectives, as stated on page 8. This creates potential exposure to the risks as stated on pages 12 and 13. Further details on the AIFMD risk disclosures can be found on the Company's website.

Internal Control

Details of the Company's system of internal controls can be found on pages 55 and 56.

Annual General Meeting

The AGM on Thursday 13 July 2017, will be held at Stationers' Hall, Ave Maria Lane, London.

Ordinary Business

It is proposed to receive and adopt the Directors' and Auditor's Report and Financial Statements for the year ended 31 March 2017.

It is proposed to approve the Directors' Remuneration Policy and Directors' Remuneration Report for the year ended 31 March 2017.

It is proposed to declare an ordinary dividend of 8.25 pence per share, payable on 20 July 2017 to shareholders on the register as at close of business on 16 June 2017.

It is proposed to elect David Graham and re-elect each of the other current Directors with the exception of Chris Brady and Peter Harrison who will retire from the Board at the conclusion of the AGM.

It is proposed to re-appoint Deloitte LLP as auditor and to authorise the Directors to determine the auditor's remuneration.

Special Business

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

i) Authority for the Allotment of New Shares

The resolutions to allot shares are set out in resolutions 13 and 14 in the Notice of Annual General Meeting. These resolutions, if passed, will give your Directors power to allot for cash equity securities of the Company and/or to sell equity securities held as treasury shares up to a maximum aggregate nominal amount of £3,511,109 (being an amount equal to 5% of the issued share capital of the Company as at 25 May 2017) as if Section 561 of the Companies Act 2006 ("the 2006 Act") did not apply (this section requires, when shares are to be allotted for cash or shares held as treasury shares are sold, that such shares first be offered to existing shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption

rights”). The authorities contained in resolutions 13 and 14 will continue until the AGM of the Company in 2018 and your Directors envisage seeking the renewal of this authority in 2018 and in each succeeding year.

Your Directors will not make any allotment of new shares other than in accordance with pre-emption rights at a price less than the net asset value per share.

ii) Authority to Purchase Own Shares

At the AGM of the Company held on 15 July 2016, a Special Resolution was passed authorising the Company to purchase its shares in the market, a maximum of 14.99% of the shares in issue on 15 July 2016 or 43,985,737 shares, whichever is lower, up to the conclusion of the AGM in 2017. The present authority expires at the end of the AGM on 13 July 2017.

The Directors are seeking renewal of the authority to purchase the Company’s shares in the market, being a maximum of 14.99% of the shares in issue on 13 July 2017 or 42,105,217 shares, whichever is the lower, at the 2017 AGM. This is set out in resolution 15 of the notice of the AGM.

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

- (a) 5% above the average market value of the shares for the five business days before the purchase is made; and
- (b) the higher of the last independent trade price and the highest current independent bid price on the London Stock Exchange. The minimum price payable for the shares will be the nominal value of 25 pence per share.

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

The Directors envisage seeking the renewal of the relevant authority in 2018 and in each succeeding year.

iii) Notice period for general meetings

At the AGM of the Company held on 15 July 2016, a Special Resolution was passed authorising the Company to call general meetings (other than Annual General Meetings) on 14 days’ clear notice, up to the conclusion of the AGM in 2017. The Directors are seeking renewal of the authority to call general meetings (other than Annual General Meetings) on 14 days’ clear notice, up to the conclusion of the Annual General Meeting in 2018. This is set out in resolution 16 of the notice of the AGM.

Directors' Report (continued)

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

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

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

Recommendation

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

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

Going Concern

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

By order of the Board

Paul Manduca

7 June 2017

Directors' Remuneration Report

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

The law requires your Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on pages 59 to 63.

All Directors are Non-Executive, appointed under the terms of Letters of Appointment, and none has a service contract. These letters are available for inspection by shareholders at the Company's registered address. The Directors' Report includes, on page 37, details of the Directors' terms of appointments. The Company has no employees.

Details on the Nomination Committee can be found on page 37 within the Directors' Report.

Directors' Remuneration Policy

This Policy provides details of the remuneration policy for the Directors of the Company. It was approved at the 2014 AGM and will be subject to shareholder approval at the 2017 AGM.

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

The review process involves an analysis of fees paid to Directors of other companies having similar profiles to that of the Company. This review would be submitted to the Nomination Committee and the Directors' fees would be agreed for the next year subject to approval by the shareholders at the relevant AGM. A review was carried out this year which recommended an increase of £1,000 for all independent non-executive Directors with the additional fee for the Chairman of £2,000. The last increase in Directors' remuneration was on 1 April 2011.

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

Directors' remuneration is not linked to the performance of the Company and Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in accordance with other investment trusts. The Directors are entitled to reclaim reasonable expenses incurred in order to perform their duties as Non-Executive Directors for the Company. Directors are not entitled to payment for loss of office.

Directors' Remuneration Report (continued)

Current Directors' Remuneration

Component	Director	Annual Fee	Determination
Annual Fee	All Directors	£35,000	Set by the Nomination Committee
Additional Fee	Chairman	£25,000	Set by the Nomination Committee
Additional Fee	Chairman of the Audit Committee	£12,000	Set by the Nomination Committee
Expenses	All Directors	n/a	Reimbursement upon submission of appropriate receipts

Proposed Directors' Remuneration

Component	Director	Annual Fee	Determination
Annual Fee	All Directors	£36,000	Set by the Nomination Committee
Additional Fee	Chairman	£27,000	Set by the Nomination Committee
Additional Fee	Chairman of the Audit Committee	£12,000	Set by the Nomination Committee
Expenses	All Directors	n/a	Reimbursement upon submission of appropriate receipts

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

Directors' Fees for the Year

Directors' fees for the financial year to 31 March 2017 are set out below. A non-binding ordinary resolution proposing adoption of the Remuneration Report was put to shareholders at the Company's AGM held on 15 July 2016, and was passed by 99.7% of shareholders voting in favour of the resolution, 0.2% voting against and 0.1% abstaining from voting.

A resolution proposing the approval of the Directors' Remuneration Policy was put to the shareholders at the 2014 AGM and passed by 84.3% of shareholders voting in favour of the resolution, 0.2% voting against and 15.5% abstaining from voting.

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

(audited information)	2017 £	2016 £
Paul Manduca ^(a)	60,000	32,500
Peter O Harrison ^(b)	47,000	47,000
Christopher D Brady	35,000	35,000
Hamish N Buchan	35,000	35,000
Neil A Collins ^(c)	10,200	35,000
David R Graham ^(d)	20,400	–
Beatrice Hollond	35,000	35,000
Simon Jeffreys ^(e)	24,800	–
Gregory E Johnson ^(f)	–	–
Peter A Smith ^(g)	–	38,500

^(a) Joined the Board on 1 August 2015 and became Chairman of the Board on 20 November 2015.

^(b) Chairman of the Audit Committee.

^(c) Retired from the Board on 15 July 2016.

^(d) Joined the Board on 1 September 2016.

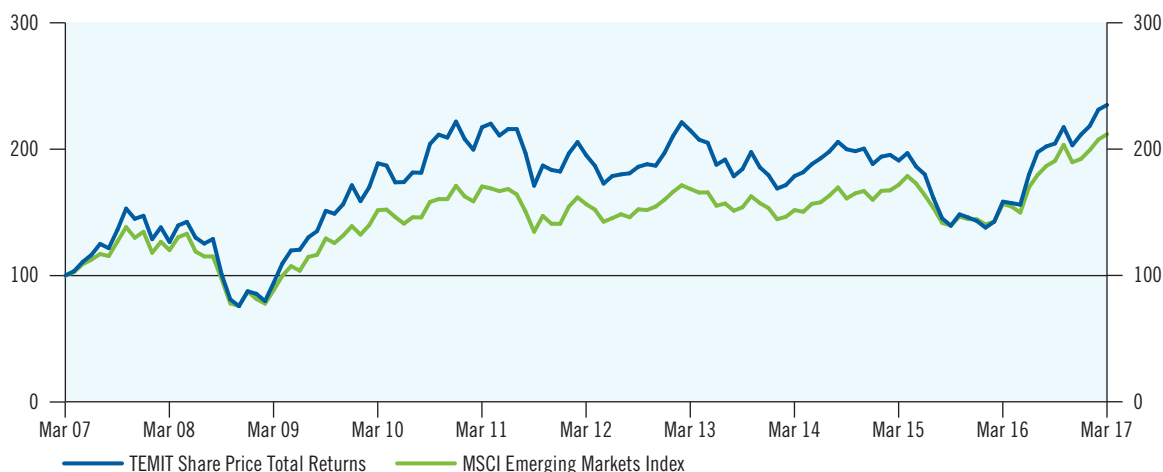
^(e) Joined the Board on 15 July 2016.

^(f) Compensated in his capacity as Chairman, President and Chief Executive Officer of Franklin Resources, Inc.

^(g) Retired as Chairman of the Board on 20 November 2015.

Performance Graph^(a)

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



^(a) Figures rebased to 100 at 31 March 2007.

Source: Franklin Templeton Investments.

Relative Cost of Directors' Fees

The table below shows the proportion of the Company's income spent on Directors' fees compared to the dividends paid out by the Company:

	2017 £'000	2016 £'000	Difference %
Revenue profit for the year	19,026	21,804	(12.7)
Capital profit/(loss) for the year	680,386	(384,944)	–
Dividends	23,173 ^(a)	24,132	(4.0)
Directors' Remuneration ^(b)	290	283	2.6

^(a) Proposed dividend.

^(b) Directors' Remuneration comprises Directors' fees of £267,000 and Employer National Insurance Contributions of £23,000 for the financial year 2017 (2016: £258,000 and £25,000 respectively).

Directors' Remuneration Report (continued)

Statement of Directors' Shareholdings

The Directors' interests (including any family interests) existing as at 31 March 2017 in the Company's shares are as follows:

(audited information)	31 March 2017	31 March 2016
Hamish N Buchan	15,000	15,000
Neil A Collins (retired from the Board on 15 July 2016)	n/a	7,000
David R Graham (appointed to the Board on 1 September 2016)	5,000	n/a
Peter O Harrison	4,330	4,330
Beatrice Hollond	6,250	6,250
Simon Jeffreys (appointed to the Board on 15 July 2016)	5,392	n/a
Paul Manduca	5,000	5,000

The Company has not received notifications of any changes in the above interests as at 25 May 2017.

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 7 June 2017.

Paul Manduca

7 June 2017

Report of the Audit Committee

As Chairman of the Audit Committee, I am pleased to present the Company's report of the Audit Committee to the shareholders. This report contains details of the Audit Committee's roles and responsibilities along with the effectiveness of the external audit process for the year ended 31 March 2017.

Details of the Audit Committee members can be found on page 37 within the Directors' Report.

Role and Responsibilities of the Audit Committee

The Company has an Audit Committee, which plays an important role in the appraisal and supervision of key aspects of the Company's business. The Audit Committee's main objectives are to:

- Review and recommend to the Board the Annual and Half-Yearly Financial Statements of the Company;
- Review the appropriateness of the Company's accounting policies;
- Review the quality and content of the Auditor's Report;
- Review and challenge the accounting estimates;
- Review and challenge compliance with appropriate reporting standards and corporate governance requirements;
- Consider whether the Annual Report and Audited Accounts, taken as a whole, are fair, balanced and understandable;
- Monitor and review the effectiveness of the controls and risk management systems on which the Company is reliant;
- Oversee the relationship with the external auditor;
- Review and report on the external auditor's effectiveness and independence and the effectiveness of the audit process;
- Review the effectiveness of the internal audit function of Franklin Templeton; and
- Review other ad hoc items referred to the Audit Committee that have come to the Board's attention.

During the year the Audit Committee worked additionally on a number of important projects including:

- Review and analysis of the relevant factors to determine the appropriateness of the allocation of expenses between revenue and capital;
- Review the costs and benefits of physically printing the Annual and Half-Yearly Reports which led to a recommendation, accepted by the Board, that these reports should no longer be printed and mailed automatically to shareholders;
- Completion of the selection process for a replacement audit partner following the mandatory rotation of the incumbent partner; and
- Ensuring an appropriate induction programme for its new members.

The Committee meets at least three times a year. The Company's external auditor also attends the Committee, at least twice a year, and reports on the quality of the Company's accounting procedures and their findings in relation to the Company's statutory accounts.

The Audit Committee Chairman will attend the Company's AGM and will be prepared to respond to questions which may be raised by shareholders on matters within the Audit Committee's responsibilities.

Report of the Audit Committee (continued)

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

Composition of the Audit Committee

The Audit Committee currently comprises Peter Harrison (Chairman), Hamish Buchan, David Graham, Beatrice Hollond and Simon Jeffreys. Peter Harrison is due to retire from the Board at the conclusion of the 2017 AGM. It is proposed that Simon Jeffreys be appointed as Audit Committee Chairman on this date.

The Board considers that the members of the Audit Committee have sufficient recent and relevant financial experience in order for it to perform its functions effectively, noting in particular that the Audit Committee Chairman is a Chartered Accountant and former auditor. The Directors' biographies are given on pages 34 to 36 of the Annual Report.

Annual Report and Financial Statements

The primary role of the Audit Committee is to review the appropriateness of the Annual and Half-Yearly Financial Statements with both the Manager and the external auditor.

To assist the Committee with their review, the Committee receives reports and representations from the Manager and the external auditor.

During the year, the Committee considered that the significant issues in relation to the Financial Statements included:

Portfolio Valuation

The Board receives regular portfolio reports, liquidity information and presentations from the Manager and the Investment Manager. The Manager employs global pricing policy procedures consistent with current regulations as disclosed in the accounting policies on page 70.

Other issues considered were:

Misappropriation of Assets

The Company has appointed an independent custodian (JPMorgan Chase Bank) to hold its assets. The Manager reconciles the investment portfolio to the custodian records on a regular basis.

Going Concern

The Committee considers the nature of the portfolio, the investment objective, income and expenditure, the principal risks of the Company and the continuation vote, and assesses whether it is appropriate to prepare Financial Statements on a going concern basis, and makes its recommendations to the Board.

Recognition of Investment Income

The Committee receives quarterly income forecast reports which detail the income received and the estimated income due to be received in the financial year.

Compliance with Section 1158

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

Conclusion

As a result of the work undertaken, the Committee has concluded that the Annual Report for the year ended 31 March 2017, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 58.

Internal Control

The Company does not have an internal audit function of its own because it has no employees. The Company relies on the internal audit department of Franklin Templeton to report any material failings or weaknesses.

The Board monitors the risk management and system of internal controls on an ongoing basis and the Company also engages Franklin Templeton's internal audit function to carry out a review of specific areas that the Audit Committee deems necessary.

The Audit Committee meets representatives of the Manager and Investment Manager, including their internal auditors, risk manager and their compliance officer, who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Manager and Investment Manager operate. The meeting held with the internal auditors is conducted on a private basis, with no other representation from the Manager or the Investment Manager.

The Committee reviewed the Company risk map. The risk map explained the key risks identified by the Company in detail, assessing the likelihood of the risk materialising and the impact this would have on the Company. It also identified the key operational procedures and oversight by the Manager and the Board.

During the year, the Audit Committee additionally reviewed the following significant items:

Report of the Audit Committee (continued)

Counterparty Credit Oversight

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

Global Custody Review

This annual review evaluated JPMorgan Chase Bank's global custody and sub-custody network.

Key Service Providers

This review assessed the value and quality of services provided to the Company by third parties.

Auditor Assessment and Independence

TEMIT's external auditor, Deloitte LLP, has been the Company's auditor since 27 August 2009. The Audit Committee reviewed the services provided by the auditor. The previous audit tender was conducted within the last ten years, therefore the Company is compliant with the latest corporate governance provisions relating to auditor tenure. The audit partner is rotated every five years. To this end, 2017 is Andrew Partridge's last year as partner and accordingly will be replaced for the 2018 audit by Stuart McLaren. It is expected that an audit tender will be held by 2019 to coincide with the ten year anniversary of Deloitte's appointment.

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

To assess the effectiveness of the external audit process, the auditor is asked, on an annual basis, to set out the steps that they have taken to ensure objectivity and independence. The auditor's performance, behaviour and effectiveness during the exercise of its duties are monitored during the year by the Audit Committee. The Committee also receives an annual independent Audit Quality Review from the Financial Reporting Council which monitors audit quality of the major audit firms in the UK.

The Committee also reviewed Deloitte's independence policies and procedures including quality assurance procedures and concluded they were satisfactory.

Performance of any non-audit services must be approved in advance by the Committee and in consideration of the recommendations of the Accounting Practices Board. All costs for non-audit services are considered to be appropriate relative to fees paid for audit services. An engagement letter is issued for all non-audit work and subsequently reviewed by the Committee to ensure that the independence and objectivity of the auditor is safeguarded.

During the year, Deloitte were also engaged to perform a review of the Half-Yearly Report.

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

The fees in the year were as follows:

	2017	2016
Audit Services	£30,500	£29,500
Non Audit Services:		
Half-Yearly Review	£5,100	£4,950

TEMIT is able to rely on the Financial Reporting Act (Dual-listed Issuers) Exemption Notice, issued on 27 March 2013 which exempts it from requirements in the New Zealand Financial Reporting Act 1993. This exemption recognises that companies with a primary listing in the United Kingdom prepare Financial Statements and are audited in accordance with UK requirements. This allows TEMIT to be exempted from the New Zealand requirement that firms be audited by a New Zealand unlimited liability entity.

Based on their review, the Committee recommends that Deloitte LLP is re-appointed as the Company's auditor.

Peter Harrison

Audit Committee Chairman

7 June 2017

Statement of Directors' Responsibilities

In Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Details of the Directors and members of the committees are reported on pages 34 to 38.

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

Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

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

Responsibility Statement

We, the Directors, confirm that to the best of our knowledge:

- the Financial Statements within this Annual Report, which have been prepared in accordance with IFRS, give a fair, balanced and understandable view of the assets, liabilities, financial position and profit or loss of the Company for the year ended 31 March 2017; and
- the Chairman's Statement, Strategic Report and the Report of the Directors include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure and Transparency Rules; and
- the Annual Report and Audited Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's position and performance, business model and strategy, and include a description of principal risks and uncertainties.

By order of the Board

Paul Manduca

Chairman

7 June 2017

Independent Auditor's Report

to the Members of Templeton Emerging Markets Investment Trust Plc

Opinion on Financial Statements of Templeton Emerging Markets Investment Trust PLC

In our opinion:

- the Financial Statements give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The Financial Statements that we have audited comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Cash Flow Statement;
- the Accounting Policies; and
- the related notes 1 to 18.

The Financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Summary of our audit approach

Key risks

The key risks that we identified in the current year were:

- Valuation and existence of investments; and
- Revenue recognition, completeness and cut off.

All risks within this report are in line with prior year.

Materiality

The materiality that we used in the current year was £21.5m which was determined on the basis of 1% of net asset value.

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Company

As required by the Listing Rules we have reviewed the Directors' Statement regarding the appropriateness of the going concern basis of accounting contained within note a to the Financial Statements and the Directors' Statement on the longer-term viability of the Company contained within the Strategic Report on page 14.

We are required to state whether we have anything material to add or draw attention to in relation to:

- the Directors' confirmation on page 14 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 12 and 13 that describe those risks and explain how they are being managed or mitigated;
- the Directors' Statement in note a to the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements; and
- the Directors' explanation on page 14 as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their Statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's Report (continued)

We confirm that we have nothing material to add or draw attention to in respect of these matters.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and confirm that we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with those standards.

We confirm that we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk Title	Risk Description	How the scope of our audit responded to the risk	Observations
Valuation and existence of investments	<p>For the year ended 31 March 2017 the investments of the Company £2,166m (2016: £1,482m) make up 101% (2016: 95%) of total net assets £2,148m (2016: £1,562m). Please see Report of the Audit Committee on page 53, Accounting Policy (g) and note 6.</p> <p>Investments listed on recognised exchanges are valued at the closing bid price at the year end.</p> <p>There is a risk that investments may not be valued correctly or may not represent the property of the Company.</p>	<p>We have performed the following procedures to address this risk:</p> <ul style="list-style-type: none"> critically assessed the design and implementation of the controls over valuation and ownership of investments; evaluated a report on the design and implementation of controls at the custodian; agreed 100% of the bid prices of quoted investments on the investment ledger at year end to closing bid prices published by an independent pricing source; and agreed 100% of the Company's investment portfolio at the year end to confirmation received directly from the custodian and depositary. 	<p>No misstatements were identified which required reporting to those charged with governance in regards to the valuation of investments.</p> <p>We did not identify any differences when agreeing the Company's investment portfolio to the confirmation received directly from the custodian and depositary.</p>

Risk Title	Risk Description	How the scope of our audit responded to the risk	Observations
Revenue recognition, completeness and cut off	<p>For the year ended 31 March 2017 income from investments is £46.1m (2016: £44.7m). Please see Report of the Audit Committee on page 53, Accounting Policy (c) and note 1.</p> <p>The Company invests in Emerging Markets where there is a risk that not all dividend information is captured in a timely manner and, as a result, revenue may be incomplete or recognised in the incorrect period.</p>	<p>We have performed the following procedures to address this risk:</p> <ul style="list-style-type: none"> critically assessed the design and implementation of controls relating to revenue recognition at the Manager; tested cut off around the balance sheet date by testing post year-end receipts; and selected a sample of investments, obtained ex dividend dates and rates for dividends declared during the year and agreed the amounts to the income received report and Bank Statement. 	<p>No misstatements were identified which required reporting to those charged with governance in regards to the revenue recognition, completeness and cut off.</p> <p>Accounting policies in relation to revenue recognition were found to be in line with IFRS and industry peers.</p>

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Materiality

£21.5m (2016: £15.6m)

Basis for determining materiality

1% (2016: 1%) of net assets.

Rationale for the benchmark applied

Net assets has been chosen as a benchmark as it is considered the most relevant benchmark for investors and is a key driver of shareholder value.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £429,000 (2016: £312,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. We note that the accounting and administration for the Company has been outsourced to Franklin Templeton International Services S.à r.l ("FTIS") as administrator. As part of our audit we evaluated the design and implementation of relevant controls in place at FTIS.

Independent Auditor's Report (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the Financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code.

We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited Financial Statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' Statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of Directors and auditor	<p>As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.</p> <p>This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.</p>
Scope of the audit of the Financial Statements	<p>An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the Financial and non-Financial information in the annual report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.</p>

Andrew Partridge (Senior statutory auditor)

for and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
7 June 2017

Financial Statements

Income Statement

For the Year Ended 31 March 2017

	Note	Year ended 31 March 2017			Year ended 31 March 2016		
		Revenue £'000	Capital £'000	Total £'000	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

Accounting Policies

(a) Basis of preparation

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and where appropriate, International Accounting Standards (“IAS”), which comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”), and International Accounting Standards and Standing Interpretations Committee (“IASC”) that remain in effect, and to the extent that they have been adopted by the European Union. The Financial Statements have also been prepared in accordance with the Statement of Recommended Practice (“SORP”) for investment trusts issued by the Association of Investment Companies (“AIC”) in November 2014 and updated in January 2017.

Adoption of new and revised Accounting Standards

The following amendments and new IFRSs were adopted for the year ended 31 March 2017:

- Annual Improvement Cycle 2012-2014;
- IAS 1: Disclosure Initiative;
- IAS 27: Separate Financial Statements (amendments); and
- IFRS 10, IFRS 12 and IAS 28: Investment Entities (amendments).

The new standards adopted have not had an effect on the measurement or disclosure of amounts recognised within the Financial Statements of the Company.

At the date of authorisation of these Financial Statements, the following standards and interpretations which have not been applied in these Financial Statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

International Accounting Standards	Effective date for accounting periods beginning on or after
IAS 7: Disclosure Initiative Statement of Cash Flows	1 January 2017
IAS 12: Accounting for Uncertainties in Income Taxes	1 January 2017
IFRS 9: Financial Instruments – Classification and Measurement (revised)	1 January 2018
IFRS 15: Revenue from Contracts with Customers	1 January 2018

The Directors do not expect that the adoption of the standards listed above will have a material or any impact on the Financial Statements of the Company in future periods.

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

The Directors consider that the Company has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Therefore a going concern basis has been adopted in preparing the Company’s Financial Statements. The going concern statement is set out on page 48.

All financial assets and financial liabilities are recognised (or de-recognised) on the date of the transaction by the use of “trade date accounting”.

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

(b) Presentation of income statement

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

(c) Revenue

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

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend is recognised in the income section of the Income Statement. Any excess in the value of the shares received over the amount of the cash dividend is recognised in the capital section of the Income Statement.

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

(d) Expenses

Transaction costs arising on the purchase of investments are included in the capital section of the Income Statement. All other operating expenses are accounted for on an accruals basis and are charged through the revenue and capital sections of the Income Statement according to the Directors expectation of future returns (please see Note 18 of the Notes to the Financial Statements) except as follows:

- expenses relating to the disposal of an investment are deducted from the sale proceeds. Details of transaction costs on purchases and sales of investments are disclosed in Note 6; and
- expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated.

(e) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method in the Income Statement. Finance costs are charged through the revenue and capital sections of the Income Statement according to the Directors expectations of future returns (please see Note 18 of the Notes to the Financial Statements).

(f) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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

Accounting Policies (continued)

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

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

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

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

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

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

The fair value of financial instruments at the Balance Sheet date is, ordinarily, based on the latest quoted bid price at, or before, the US market close (without deduction for any of the estimated future selling costs), if the instrument is held in active markets. This represents a Level 1 classification under s48A of IAS 39.

In limited circumstances where the Company deems it appropriate (e.g. where significant events have occurred at the Balance Sheet date between the latest quoted bid price in markets which close before the US, and the US market close, resulting in a valuation which is not deemed to be active), the close of market bid price for relevant securities may be adjusted using valuation techniques to achieve a fair value, thus representing a Level 2 type classification. Note 14 provides further details on the classification of assets as at the Balance Sheet date.

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

(h) Foreign currencies

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

(i) Cash and cash equivalents

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

(j) Share capital and reserves

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

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

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

Capital Reserve – gains and losses on realisation of investments; changes in fair value of investments which are readily convertible to cash, without accepting adverse terms; realised exchange differences of a capital nature; changes in the fair value of investments that are not readily convertible to cash, without accepting adverse terms; and the amounts by which other assets and liabilities valued at fair value differ from their book value are within this reserve.

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

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

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

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

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

4 Tax on ordinary activities

	Revenue £'000	2017 Capital £'000	Total £'000	Revenue £'000	2016 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

	2017 £'000	2016 £'000
Taxation		
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.

Notes to the Financial Statements (continued)

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

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

	Revenue pence	2017 Capital pence	Total pence	Revenue pence	2016 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

Notes to the Financial Statements (continued)

10 Called-up share capital

	2017		2016	
	Allotted, issued & fully paid £'000	Number	Allotted, issued & fully paid £'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		2016	
	Rate (pence)	£'000	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 on page 8 of this Annual Report, the Company holds a number of financial instruments which are exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction 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.

Notes to the Financial Statements (continued)

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	Trade, bank loans 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
Currency					
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.

Financial Assets and Liabilities	2017		2016	
	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.

Notes to the Financial Statements (continued)

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

Notes to the Financial Statements (continued)

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:

Name	31 March 2017		31 March 2016	
	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. More details can be found on page 6.

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

Investor Information

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Templeton Emerging Markets Investment Trust Public Limited Company (the “Company”) will be held at Stationers’ Hall, Ave Maria Lane, London EC4M 7DD on 13 July 2017 at 12 noon to transact the following business:

To consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14 to 16 will be proposed as special resolutions.

Ordinary Business:

1. To receive and adopt the Directors’ and Auditor’s Reports and financial statements for the year ended 31 March 2017.
2. To approve the Directors’ Remuneration Policy.
3. To approve the Directors’ Remuneration Report for the year ended 31 March 2017.
4. To declare a dividend of 8.25 pence per share for the year ended 31 March 2017.
5. To elect David Graham as a Director.
6. To re-elect Paul Manduca as a Director.
7. To re-elect Hamish N Buchan as a Director.
8. To re-elect Beatrice Hollond as a Director.
9. To re-elect Simon Jeffreys as a Director.
10. To re-elect Gregory E Johnson as a Director.
11. To re-appoint Deloitte LLP as auditor of the Company, to act until the conclusion of the next general meeting of the Company at which audited accounts are laid before the members.
12. To authorise the Directors to determine the auditor’s remuneration.

Special Business

13. That, in substitution for any existing authority, the Directors be generally and unconditionally authorised to allot equity securities (as defined in Section 560 of the Companies Act 2006 (the “Act”)) pursuant to Section 551 of the Act, up to an aggregate nominal amount of £3,511,109 (being an amount equal to 5% of the existing issued share capital of the Company as at 25 May 2017, being the latest practicable date before the date of this notice), provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Annual General Meeting of the Company to be held in 2018 save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
14. That, in substitution for any existing authority, subject to the passing of resolution 13, the Directors be given the general power to allot equity securities (as defined by Section 560 of the Act) for cash pursuant to the authority conferred by resolution 13, and/or to sell equity securities held as treasury shares for cash pursuant to Section 727 of the Act, in each case as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment and/or sale of equity securities up to an aggregate nominal amount of £3,511,109 (being an amount equal to 5% of the existing issued share capital of the Company as at 25 May 2017, being the latest practicable date before the date of this notice). The power

Notice of Meeting (continued)

granted by this resolution will expire on conclusion of the Annual General Meeting of the Company to be held in 2018 (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot or sell equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

15. That, in substitution for any existing authority, the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of shares of 25 pence each in the capital of the Company (“shares”) provided that:
- (i) the maximum number of shares hereby authorised to be purchased shall not exceed 14.99 per cent of the shares in issue on 13 July 2017, or 42,105,217 shares, whichever is lower;
 - (ii) the minimum price which may be paid for a share shall be 25 pence;
 - (iii) the maximum price which may be paid for a share shall not be more than the higher of: a) an amount equal to 105 per cent of the average of the closing mid-market price of shares (as derived from the daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and b) the higher of the last independent trade price and the highest current independent bid price on the London State Exchange; and
 - (iv) unless renewed, the authority hereby conferred shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2018, save that the Company may, and prior to such expiry, enter into a contract to purchase shares which will or may be completed wholly or partly after such expiry.
16. That a General Meeting, other than an Annual General Meeting, may be called on not less than 14 clear days’ notice.

By order of the Board

Paul Manduca

Registered office: 5 Morrison Street, Edinburgh, EH3 8BH

7 June 2017

Please ensure that you read the notes to this Notice on pages 85 and 86.

Notes:

1. THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent financial adviser authorised under the Financial Services and Markets Act 2000.
2. If you have sold or transferred all of your shares in Templeton Emerging Markets Investment Trust Public Limited Company, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.
3. The Company specifies that only those members registered on the Company's register of members at 6.30 pm on 11 July 2017 shall be entitled to attend and vote at the Annual General Meeting (the "Meeting").
4. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies to attend, to speak and vote thereat instead of him. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting in person.
5. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to one share. Please contact the Company's registrar Equiniti, at Aspect House, Lancing, West Sussex BN99 6DA to appoint more than one proxy.
6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
7. A proxy form is enclosed. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
8. A proxy form must be returned to the Company's registrar, Equiniti, Aspect House, Lancing, West Sussex BN99 6DA to arrive not later than 12 noon on 11 July 2017. New Zealand registered shareholders must return a proxy form to Computershare, Private Bag 92119, Auckland 1142, New Zealand to arrive not later than 5.00pm on 10 July 2017 (New Zealand time).
9. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
10. As at 25 May 2017, the Company's issued share capital was 280,888,710 shares of 25 pence each. Each share carries the right to vote at an Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 25 May 2017 is 280,888,710.
11. Copies of the letters of appointment of the Directors of the Company are available for inspection at the Company's registered office at 5 Morrison Street, Edinburgh, EH3 8BH, and at the Meeting (for 15 minutes prior to the Meeting and during the Meeting).
12. Electronic proxy appointment for CREST members (for UK only). CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by the issuer's agent (RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Notice of Meeting (continued)

13. Electronic proxy appointment for non-CREST members (for UK only). Shareholders who prefer to register the appointment of their proxy electronically via the Internet can do so through the Equiniti website at www.sharevote.co.uk where full instructions on the procedure are given. The personal Voting ID, Task ID and Shareholder Reference Number printed in the voting pack will be required to use this electronic proxy appointment system.
Alternatively, shareholders who have already registered with Equiniti's on-line portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk using their used ID and password. Once logged in. Click "View" on the "My Investments" page, click on the link to vote then follow the on screen instructions. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 12 noon on 11 July 2017. Please note that any electronic communication found to contain a computer virus will not be accepted.
14. Electronic proxy appointment for New Zealand registered shareholders. New Zealand registered investors who prefer to register the appointment of their proxy electronically via the Internet can do so through the Computershare website at www.investorvote.co.nz, and enter the Control Number 109389, where full instructions on the procedure are given. Your CSN (Common Shareholder Number) and postal code will be required to use this electronic proxy appointment system. A proxy appointment made electronically will not be valid if sent to any address other than that provided or if received after 5.00pm (New Zealand time) on 10 July 2017. Please note that any electronic communication found to contain a computer virus will not be accepted. New Zealand registered investors cannot appoint more than one proxy when registering the appointment of their proxy electronically.
15. A member of the Company may make a request in accordance with Section 527 of the Companies Act 2006 to have a statement published on the Company's website setting out an audit concern.
This allows a member or members having a right to vote at the Meeting and holding at least 5% of total voting rights of the Company, or at least 100 members having a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital, to make a request so that the Company must publish on its website a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting. Where the Company is required to publish such a statement on its website: (i) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request; (ii) it must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website; and (iii) the statement may be dealt with as part of the business of the Meeting.
A member wishing to request publication of such a statement on the Company's website must send the request to the Company in hard copy form to the Company Secretary or by email to enquiries@franklintempleton.co.uk. The request must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported and be received by the Company at least one week before the Meeting. Please note that any electronic communication found to contain a computer virus will not be accepted.
16. Pursuant to Section 319A of the Companies Act 2006, the Company must provide an answer to any question which is put by a member attending the Meeting relating to the business being considered, except if a response would not be in the interest of the Company or for the good order of the meeting or if to do so would involve the disclosure of confidential information. The Company may however elect to provide an answer to a question, within a reasonable period of days after the conclusion of the Meeting.
17. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website, www.temit.co.uk.
18. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

Key Dates

The Company's twenty-eighth Annual General Meeting will be held on Thursday 13 July 2017. Notice of this meeting is given on pages 83 to 86.

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

July 2017

Annual General Meeting held. Dividend paid.

November 2017

Half-Yearly results announced.

Half-Yearly Report for the period to 30 September 2017 published.

Investor Communications

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

Daily

- daily net asset value

Monthly

- factsheet
- monthly commentary

Ad hoc

- emerging market updates

General Information

BOARD OF DIRECTORS

Paul Manduca* (Chairman)
Christopher D Brady*
Hamish N Buchan*
David Graham* (appointed 1 September 2016)
Peter O Harrison*
Beatrice Hollond*
Simon Jeffreys* (appointed 15 July 2016)
Gregory E Johnson
*Independent non-executive

REGISTERED OFFICE

5 Morrison Street
EDINBURGH
EH3 8BH
UK
(Registered No. SC118022)

ALTERNATIVE INVESTMENT FUND MANAGER, SECRETARY AND ADMINISTRATOR

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

AUDITOR

Deloitte LLP
Saltire Court
20 Castle Street
EDINBURGH
EH1 2DB
UK

CUSTODIAN

JPMorgan Chase Bank
25 Bank Street
LONDON
E14 5JP
UK

DEPOSITARY

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

SOLICITOR

CMS Cameron McKenna LLP*
Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2EN
UK

REGISTRAR – UK

Equiniti Limited
Aspect House
Spencer Road
Lancing
WEST SUSSEX
BN99 6DA
UK

REGISTRAR – NEW ZEALAND

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
AUCKLAND 0622
NEW ZEALAND

FINANCIAL ADVISER AND STOCKBROKER

Winterflood Securities Limited
The Atrium Building
Cannon Bridge House
25 Dowgate Hill
LONDON
EC4R 2GA
UK

* CMS Cameron McKenna LLP changed its name to CMS Cameron McKenna Nabarro Olswang LLP from 1 May 2017.

Shareholder Information

Contact Details

Franklin Templeton Investments

Client Dealer Services

P.O. Box 24064

Edinburgh

EH3 1EX

Freephone 0800 305 306

Phone +44 (0) 20 7079 8690

Fax +44 (0) 02 7073 8701

Email: enquiries@franklintempleton.co.uk

Website: www.temit.co.uk

www.franklintempleton.co.uk

Principal Registrar

www.equiniti.com

Shareholders' Helpdesk

Phone 0371 384 2505

Lines open 8.30am to 5.30pm,

Monday to Friday.

Overseas Shareholders' Helpdesk

Phone +44 121 415 7047

Computershare Investor Services Limited

Telephone: +64 9 488 8777

Facsimile: +64 9 488 8787

Email: enquiry@computershare.co.nz

Website: www.investorcentre.com/nz

How to Invest

There are two ways of purchasing shares in TEMIT:

1. Through the Equiniti Investment Account or other investment platform:
 - invest a regular monthly or quarterly amount – minimum £50 monthly or £150 quarterly.
 - make occasional lump sum investments – no minimum applicable
2. Directly in the stock market through a stockbroker.

For more information contact your financial adviser or call us free on 0800 305 306. Alternatively, you can visit the website at: www.temit.co.uk

Other Sources of Information

Please consult the Financial Times for further pricing information on TEMIT or the Company's website (www.temit.co.uk).

Stock Exchange Codes and Net Asset Value Publication

The Stock Exchange Code for TEMIT's listed securities is TEM. The Net Asset Value per share is published in the Financial Times.

Frequency of Net Asset Value Publication

The NAV is released every business day through the London and New Zealand Stock Exchanges.



Client Dealer Services

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