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

UNAUDITED HALF YEARLY REPORT TO 30 SEPTEMBER 2017

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. Shares are listed 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 £2.3 billion as at 30 September 2017.

Net Asset Value Total Return 2017[a][b] **11.4%** (2016: 29.6%)	Total Net Assets 2017[b] **£2,334 million** (31 March 2017: £2,148 million)
Share Price Total Return 2017[a][b] **14.5%** (2016: 29.1%)	MSCI Emerging Markets Index Total Return 2017[a][b][c] **7.1%** (2016: 21.7 %)

[a] In sterling terms for the 6 months ended 30 September 2017 and 2016, with net dividends reinvested.
[b] A glossary of alternative performance measures is included in Shareholder Information on page 30.
[c] Source: MSCI. The Company's benchmark is the MSCI Emerging Markets Index, with net dividends reinvested.

Performance to 30 September 2017

Cumulative Total Return %

6 Months	1 Year	3 Year	5 Year	10 Year
11.4	27.0	38.3	48.5	92.6
14.5	31.6	34.6	44.6	97.7
7.1	19.0	41.0	49.0	78.9

Annualised Total Return %

3 Year	5 Year	10 Year	Since Launch
11.4	8.2	6.8	13.3
10.4	7.7	7.1	12.8
12.1	8.3	6.0	10.3

- Net Asset Value
- Share Price
- MSCI Emerging Markets Index

Chairman's Statement

Market Overview and Investment Performance

In the six months under review the recovery in the performance of emerging markets continued. The tables on page 1 set out the performance of TEMIT's NAV and share price over the six months and longer time periods.

Once again, I am pleased to be able to report further outperformance of broad benchmark indices by our Investment Manager. 30 September 2017 marked the second anniversary of the appointment of Carlos Hardenberg as our lead portfolio manager. Over the two years, Carlos and the Franklin Templeton management team have done much both to deliver strong returns to investors and to rebuild your Company's track record.

Revenue Earnings and Dividend

Our reported revenue earnings are set out in the table on page 27. Underlying revenues were significantly higher than the equivalent period last year and net revenues also increased as a result of the Board's review of TEMIT's allocation of expenses, following which we now charge 70% of the AIFM fee and 70% of the cost of borrowing to the capital account. The Directors will not make a dividend forecast at this stage. As I have noted before, our Investment Manager's primary focus is on generating capital returns and we do not target a particular level of income.

Managing the Discount

During the half year under review, TEMIT's shares traded at discounts of between 10.2% and 14.5%, and the discount stood at 11.0% on 30 September 2017.

We have continued to be active in buying back shares and bought back a total of 4,033,554 shares in the six month period at an average discount of 13.1%. At this year's AGM, shareholders gave permission for us to transfer shares which are bought back into Treasury and we have done so with 328,521 shares.

Share buy backs can be helpful in dealing with an excess supply of shares in the market but we have also continued our efforts to stimulate demand. Franklin Templeton has put in place a comprehensive marketing plan for TEMIT. Highlights of this over the last six months were the launch of a revamped website www.temit.co.uk, the launch on Twitter of @TEMIT and an effective media relations programme all of which have done much to increase our profile.

We will continue in our efforts both in share buy backs and in seeking to stimulate demand for your Company's shares.

Asset Allocation and Borrowing

Part of the borrowing facility announced in January 2017 continues to be drawn down, with the balance remaining available for investment as opportunities arise. As at 30 September 2017, gearing, net of cash in the portfolio, was 1.1%[a]. We continue to take a cautious approach to the deployment of gearing given recent market performance.

[a] A glossary of alternative performance measures is included in Shareholder Information on page 30.

The Board

As set out in the Annual Report, Peter Harrison and Chris Brady both retired from the Board at this year's AGM. I would like to repeat my thanks to Peter and Chris for their contribution to TEMIT since 2007. Simon Jeffreys duly took over the role of Chair of the Audit Committee following Peter Harrison's retirement.

Our current plan is that Hamish Buchan will retire at next year's AGM. We plan to appoint a new non-executive Director on Hamish's retirement and will start the process of searching for suitable candidates with the assistance of professional search consultants.

Outlook

Having experienced a continuing strong run in markets we are mindful of the current level of valuations but, as explained in the Investment Manager's report, there are strong grounds to believe that there remains the potential for further growth from your Company's investments. Our Investment Manager has performed particularly well in technology stocks, which have developed to become a key driver of performance in emerging markets. Your Board is encouraged to note that the Investment Manager focuses on valuations and manages risk by thorough, continuing analysis and by diversification of the portfolio.

We remain of the view that investment in emerging markets equities should prove rewarding over the long term.

Paul Manduca
Chairman
27 November 2017

Interim Management Report

Principal risks

The Company invests, where possible, directly in the stock markets of emerging markets. The principal risks facing the Company, as determined by your Board, are detailed below.

- Investment and concentration;
- Market;
- Foreign currency;
- Credit;
- Operational and custody;
- Key personnel;
- Regulatory; and
- Cyber security.

The Board has provided the Investment Manager with guidelines and limits for the management of these principal risks. Further information on risks is given in the Strategic Report within the Annual Report and Audited Accounts, which is available on the Company's website (www.temit.co.uk). In the Board's view, these principal risks are equally applicable to the remaining six months of the financial year as they were to the six months under review.

Related party transactions

There were no transactions with related parties, other than the fees paid to the Directors, during the six months ended 30 September 2017 which have a material effect on the results or the financial position of the Company. Under the AIC SORP November 2014 and updated in January 2017, the Franklin Templeton entities are not classified as related parties under IAS 24 (as adopted by the EU).

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, the Directors are satisfied that the Company has adequate resources to continue to operate as a going concern for the foreseeable future and, as such, a going concern basis is appropriate in preparing the Financial Statements.

Statement of Directors' Responsibilities

The Disclosure and Transparency Rules of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm that to the best of their knowledge:

(a) the condensed set of financial statements, for the period ended 30 September 2017, have been prepared in accordance with the applicable International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the EU; and

(b) the Half Yearly Report includes a fair review of the information required by:

(i) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

(ii) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

The Half Yearly Report was approved by the Board on 27 November 2017 and the above responsibility statement was signed on its behalf by

Paul Manduca
Chairman
27 November 2017

Portfolio Report

Market Overview

Emerging markets continued their recent positive run over the six months to the end of September, with the MSCI Emerging Markets Index rising by 7.1% in sterling terms. This was despite a slight decline in September, which was the first negative month of the period.

Global financial markets have been relatively calm over the last six months, doing a reasonably good job of looking through some bouts of volatility (political, geopolitical, and otherwise) and generally showing modest levels of growth. This positive growth and solid fundamentals in some developed markets has led to concerns that the US, in particular, will begin to unwind their quantitative easing programme and start a gradual increase in interest rates.

Emerging markets have also been relatively calm over the period, with a number of countries such as Brazil, India and Argentina making progressive political reforms, while a broad range of companies are showing strong earnings growth and more robust corporate governance. Despite encouraging growth, emerging markets' equity valuations have remained attractive compared to equivalent developed market businesses. This has stimulated investment as has the ensuing improved performance, with the period witnessing strong investment flows into emerging markets funds.

Information Technology (IT) remained a key driver of performance. We have outlined previously the huge structural change that has occurred in emerging markets, leading to the dominance of world-leading technology companies in the sector. For us, this theme offers continued opportunity and diversification, stretching from a manufacturer of components for autonomous cars, or smart phones in Asia, a digital bank in Africa, to an internet business in Russia.

The consumer sector is also a key growth area. There is still plenty of space for sales of goods and services in emerging markets and this is allowing companies to develop and grow. Household incomes are rising steadily in emerging and frontier markets. This increased household spending power has led to improving demand for domestic goods and services. We see many companies taking advantage of this trend, building strong local brands. This effect is not only seen in traditional consumer goods; consumers with increased wealth are also spending on banking, pharmaceuticals and health care.

Looking in more detail at China, better than expected first-quarter GDP growth and reducing concerns over capital outflows and renminbi depreciation supported the Chinese equity market early in the period. A credit-rating downgrade by Moody's in May had already been reflected in market valuations and caused little concern. A short boost came from the announcement by MSCI that it would start to phase-in inclusion of China A-Shares in its benchmark indices from next year. For TEMIT's portfolio, we currently have very limited exposure to the A-Share market as we are finding better value opportunities investing through our more traditional routes such as Hong Kong. In July and August, China's industrial output, retail sales and fixed asset investment all showed strong growth but at lower rates than in previous periods and missing consensus estimates. (Source: National Bureau of Statistics of China). The International Monetary Fund raised its forecast for China's GDP growth between 2017 and 2021, but warned that the country's debt levels were handicapping the economy's long-term growth potential. In our view, as a managed economy, China has the tools at its disposal to navigate this risk, particularly in the short-term, but we remain vigilant in monitoring the risk. The Chinese market ended the six months with a solid double-digit performance.

We are still seeing some opportunities in South Korea, despite intensifying geopolitical tensions. These tensions are nothing new for the Korean peninsula, dating back decades and are generally reflected in market pricing. The equity market in South Korea was supported by foreign investment and strength in the IT, health care, materials and energy sectors. Our largest holding **Samsung Electronics** has performed strongly, both in terms of earnings growth and stock price appreciation. We took advantage of market weakness to increase our position as the attractive fundamentals became available at cheap valuations. We remain alert to sentiment and risk in the country.

A strengthening rupee early in the period defied net-selling by foreign investors and mixed first quarter results to support the Indian market. India has been generally positive on the back of certain long-term planned reforms being pushed through by the Modi administration. The effects can be faltering though, and India has many structural issues which hold it back. Although not universally acclaimed, the implementation of a new unified tax regime replaces a collection of previously disparate, regionally-focused systems which made intra-country trade difficult at best. This should be a game-changer, making doing business easier in the long term. Indeed a smooth initial implementation boosted markets in July when, combined with the positive effect of good second-quarter earnings and expectation of rate cuts, India was the region's top performer for that month. Otherwise though, India generally lagged its regional peers over the period and ended with a slight negative return overall.

After a long and deep recession, Brazil finally saw economic growth turn positive with first-quarter GDP growth announced at the start of the period. Although Brazil has been hurt in the short term by political allegations against President Temer, consensus seems to be that as an interim president (with little prospect for re-election) he is the best placed to push reforms through as he has no interest in garnering a populist vote. As such he has been able to make dramatic changes to implement much needed economic and structural reforms such as employment/labour reforms and the promotion of widespread privatisation. These, together with an easing in monetary policy, were supportive factors for equities. However, weakness in the real and the government's fiscal position, together with emerging political allegations, weighed at the start of the period leading to a flat market. Overall, the Brazilian market came out in positive territory over the six months.

Mexico has come from a position of low valuations and a very cheap currency earlier in the year. This was mostly sentiment driven which was supportive of some normalisation during the review period. Certainly the peso was hugely over-sold on the back of worries over President Trump's policies but it has since recovered, being one of the most highly traded emerging market currencies. The Mexican market has responded well to positive political news, including the trouble which President Trump has had pushing through many of his controversial policies. Economic fundamentals came to the fore instead and showed good incremental improvements, supported in the latter half of the period by strong trade and manufacturing data. Although not growing at a huge rate, the economy in Mexico is performing well. Hints of an end to monetary tightening also raised investor confidence later in the period, spurring markets upwards. Markets gave back some of their gains towards the end of the period, partly because of currency weakness.

In Russia crude oil price declines and depreciation of the rouble put pressure on equities despite a supportive cut to the benchmark interest rate. Investors were also concerned that lower oil prices could impact corporate earnings growth. Additional US sanctions spawned negative sentiment, although the actual impact has not been too great and some business sectors have even been strengthened. Macroeconomic data showed promise, pointing to a recovery, with GDP expanding in the first half of 2017 after two years of contraction. We expect the economy to remain fairly stable but believe that macro risks remain high, given the volatility of commodity prices.

Investment Performance and Portfolio Changes

The following sections detail how the Company's performance over the period is attributed across investment factors such as stocks, sectors and geographies. The primary driver of TEMIT's outperformance of its MSCI benchmark was once again stock selection (as seen in the table below). This reflects the emphasis that we put on our 'bottom-up' stock selection driven investment process. We select companies based on their individual attributes and ability to provide risk-adjusted returns for investors, rather than allocating funds to investment sectors or geographies.

While we consider politics and macroeconomic events, a fundamental focus on individual companies and their earnings can often play a bigger role in achieving our stated objectives. Avoiding stocks from the index which do not fit our investment criteria can be as important as investing in the diverse range of companies that do; for example not owning almost three quarters of the stocks in the benchmark index contributed 2.7% of relative outperformance in the period.

Our investment style is based on finding good value in the companies in which we invest. We define value by reference to our projections of the growth potential of companies, with a strong focus on risks to that potential. This means that we look beyond traditional measures of value such as price/earnings ratios to a detailed analysis of cost compared with potential return.

Performance Attribution Analysis %

To 30 September 2017	**6 months**
Total Return (Net)[(a)]	11.4
Expenses[(b)]	0.6
Total Return (Gross)[(c)]	12.0
Benchmark Total Return[(d)]	7.1
Excess Return[(e)]	4.9
Sector Allocation	1.8
Stock Selection	2.7
Currency	0.1
Residual[(f)]	0.3
Total Portfolio Manager Contribution	**4.9**

Source: FactSet and Franklin Templeton Investments.

(a) The NAV return inclusive of dividends reinvested.
(b) Expenses incurred by the Company for period to 30 September 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	48.8	2.7
Hon Hai Precision Industry	23.4	0.5
CIA Hering[b]	55.4	0.5
Ping An Insurance Group	44.5	0.4
Mail.Ru, GDR[b]	39.5	0.4
Yandex[b]	40.5	0.3
Banco Bradesco, ADR	12.2	0.3
Naspers	17.1	0.3
China Mobile	(6.0)	0.2
Samsung Electronics	13.9	0.2

[a] For the period 31 March 2017 to 30 September 2017.
[b] Security not included in the MSCI Emerging Markets Index.

Brilliance China Automotive manufactures and sells cars and commercial vehicles for the Chinese domestic market, predominantly through its joint venture with German luxury car manufacturer BMW. There is also a joint venture with Renault SA for production of minibuses and light commercial vehicles. Another subsidiary, Xinchen China Power, is an internal combustion engine manufacturer which has an engine assembly licensing agreement with BMW. Performance during the last 6 months was driven by strong 2017 first-half results, with the contribution from the BMW joint venture increasing by 40%. The announcement of the joint venture with Renault added to market optimism with the current loss-making subsidiary in that venture expected to break even by 2020. TEMIT took some profits in Brilliance based on the strong performance over the period. It remains one of our largest holdings.

Hon Hai Precision Industry, based in Taiwan, is one of the world's largest electronics manufacturing service (EMS) company in terms of design, manufacturing, global logistics and after-market services. It has developed a unique business model which helps build up the economic scale along the electronics 'food chain', strengthening a dominant position and creating high barriers to entry. Hon Hai Precision performed strongly on the back of solid earnings and expectations for a positive impact from the launch of the iPhone 8 and X. It is the sole supplier of the touch screen for the iPhone X. TEMIT took some profits based on the strong performance over the period.

CIA Hering is one of the largest apparel manufacturers and retailers in Brazil. Internally designed casual wear is sold under three brands: Hering, PUC and DZARM. The retail structure includes company-owned, franchised and online stores and multi-brand retail stores. There are also 17 franchised stores in other countries in Latin America and three web stores. Hering's stock price was driven by 2017 second-quarter results beating market estimates by a wide margin. Investors increasingly like the stock to gain exposure to improving discretionary consumer spending in Brazil.

Top Detractors to Relative Performance by Security (%)[a]

Top Detractors	Share Price Total Return	Relative Contribution to Portfolio
Astra International	(14.2)	(0.5)
IMAX[b]	(37.7)	(0.4)
MCB Bank	(12.4)	(0.4)
Hyundai Development	(19.9)	(0.3)
Glenmark Pharmaceuticals	(34.6)	(0.3)
Massmart	(23.6)	(0.3)
SK Hynix[c]	49.4	(0.2)
Buenaventura, ADR	(0.2)	(0.2)
Evergrande Real Estate Group[c]	251.0	(0.2)
Tencent	40.7	(0.2)

[a] For the period 31 March 2017 to 30 September 2017.
[b] Security not included in the MSCI Emerging Markets Index.
[c] Security not held by TEMIT.

Astra International has four core businesses: automotive, financial services, heavy equipment and agribusiness. Its automotive business can be further broken down into motorcycles, cars and auto parts. It has a 50/50 joint venture with Honda of Japan to manufacture and distribute Honda motorcycles in Indonesia. It is also the principal distributor for Toyota, Daihatsu, Isuzu, BMW, and Peugeot cars as well as Nissan trucks in Indonesia. Its financial services arm provides purchase financing, motor and other insurance services through various subsidiaries. The financial services arm also owns a stake in Bank Permata. Astra suffered a fall in share price over the period as 2017 second quarter results were behind market expectations, especially in the automotive division. We continue to like Astra as one of our key holdings exposed to the growing Indonesian economy.

IMAX is one of the world's leading entertainment technology companies, specialising in immersive motion picture technologies. IMAX offers a unique end-to-end cinematic solution combining proprietary software, theatre architecture and equipment to create a high quality, immersive motion picture experience. The Company's principal businesses are the design and manufacture of premium theatre systems plus the digital re-mastering of films into the IMAX format and the exhibition of those films in the IMAX theatre network. IMAX theatre systems are in over 1,100 theatres globally with most growth in its 68.5% held IMAX China Holdings. IMAX has experienced a share price fall since March 2017 as weekly box office results were below expectations, resulting in disappointing 2017 second quarter numbers. Although listed in the US, we continue to like the stock because of its growing China business. The stock price has started to recover since reaching a one-year low in late August 2017.

MCB Bank is the fourth largest bank in Pakistan with around an eight percent market share. It has a branch network of 1,227 domestic and 11 international branches. MCB Ltd was formed in 1959 and was the first Pakistani bank to be privatised in 1991. The bank is controlled by Nishat Group, the largest economic group in Pakistan, with interests in cement, insurance, textiles and power. The main advantage of MCB is a low cost deposit base, giving it industry-high interest margins. MCB's stock price was volatile during the last six months. It spiked in mid-May 2017 and subsequently fell, related to the upgrade of Pakistan from the MSCI Frontier Markets Index to the MSCI Emerging Markets Index. We like the stock due to its strong franchise in an underpenetrated banking market, high net interest margin and healthy capital position.

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	6.2	2.5	Real Estate	22.6	(0.4)
Financials	4.2	1.4	Energy	0.5	(0.3)
Telecommunication Services	(1.4)	0.5	Health Care	0.6	(0.2)
Information Technology	19.7	0.5	Industrials	(1.5)	(0.1)
Consumer Staples	0.6	0.2			
Utilities	(2.3)	0.1			
Materials	2.5	0.1			

[(a)] For the period 31 March 2017 to 30 September 2017.

From a sector perspective, as we have described, the main themes remain information technology and the consumer, reflecting our overweight positions compared to the MSCI Emerging Markets Index. As you can see in the table above, these themes contributed heavily to portfolio returns. Large underweights (by a factor of ten) in the telecommunications services and utilities sectors also boosted relative performance as they yielded small negative returns. We believe high levels of regulation, coupled with the fact they are no longer in a fast growth phase in emerging markets, make investment in these sectors hard to justify from a risk perspective. Real estate, energy and health care were detractors from relative performance as was industrials despite a reasonably significant underweight. Although real estate performed well, we remain heavily underweight due to our concerns over generally low transparency and poor corporate governance in the sector as a whole.

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	18.4	2.4	Indonesia	0.3	(0.6)
Brazil	7.1	1.0	United States[c]	–	(0.4)
Taiwan	3.0	0.8	Pakistan	(24.4)	(0.3)
Russia	(0.7)	0.6	Thailand	5.7	(0.3)
South Africa	0.2	0.6	Peru	14.0	(0.3)
Qatar[b]	(22.6)	0.2	India	(1.3)	(0.1)
Malaysia[b]	(0.2)	0.2	Poland[b]	16.2	(0.1)
Kenya[c]	–	0.2	Saudi Arabia[c]	–	(0.1)
United Kingdom[c]	–	0.2	Hungary	21.9	(0.1)
South Korea	5.6	0.1	Turkey[b]	12.0	(0.1)

(a) For the period 31 March 2017 to 30 September 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/Hong Kong was once again a significant contributor to relative performance. Selection and allocation in Brazil (overweight relative to the benchmark index) and stock selection in Taiwan also contributed. On the other hand, an overweight position in Pakistan detracted from relative performance against the benchmark index due to the fall experienced by the market after Pakistan was promoted from frontier to emerging market status by MSCI. Stock selection in Thailand and Indonesia also detracted. Although we reduced some Taiwan holdings in August, we also started a position in **PChome Online**, a large e-commerce company.

Over the six month period, TEMIT sold out of **América Móvil** in Mexico, **Guangzhou Automobile Group** and **Sunny Optical Technology** in China/Hong Kong, **Hankook Tire** and **Hyundai Wia** in South Korea, **MercadoLibre** in Argentina and **MTN Group** in South Africa. Positions were started in **BBVA Banco Francés** in Argentina, **B2W Digital** in Brazil, **Crédit Real** in Mexico, **FIT Hon Teng** and **PChome Online** in Taiwan, **Naver Corp** and **POSCO** in South Korea, **Ping An Bank** and **China Mobile** in China/Hong Kong and **Novus Holdings** in South Africa.

We continue to utilise our research-based, active approach to investing to help us find companies with high standards of corporate governance, that respect their shareholder base and who understand the local intricacies that may determine consumer trends and habits. We aim to maintain close contact with the board and senior management and believe in engaging constructively with our investee companies.

In addition we are mindful of the amount of flows from passive investment and the impact which these flows are likely to have on stock valuations. As a result of their structure, most passive funds are forced to replicate the weighting of stocks in the index, buying or selling indiscriminately as a company's stock weighting in the index changes. With the heavy concentration of countries, sectors and companies in the index, investors can therefore move in and out of companies quickly, causing share price volatility. We factor this into our research and decision making as it sometimes creates opportunity or additional risk. With current investment and geopolitical risks in mind, we remain focused on ensuring that 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 15 to 18.

Portfolio changes by Sector

Sector	31 Mar 2017 Market Value £m	Purchases £m	Sales £m	Market Movement £m	30 Sep 2017 Market Value £m	Total Return in sterling TEMIT %	MSCI Emerging Markets Index %
Information Technology	626	54	76	107	711	19.0	19.7
Financials	439	84	28	40	535	10.8	4.2
Consumer Discretionary	476	19	81	83	497	18.5	6.2
Consumer Staples	176	5	7	7	181	4.5	0.6
Energy	186	8	16	(11)	167	(1.8)	0.5
Materials	129	20	15	3	137	3.6	2.5
Industrials	68	2	4	(9)	57	(15.3)	(1.5)
Health Care	34	15	–	(5)	44	(11.9)	0.6
Real Estate	13	–	–	–	13	5.4	22.6
Telecommunication Services	11	12	12	–	11	(5.5)	(1.4)
Utilities	8	–	–	(4)	4	(40.6)	(2.3)
Other Net Assets	(18)	–	–	(5)	(23)	–	–
Total	**2,148**	**219**	**239**	**206**	**2,334**		

Sector Asset Allocation
As at 30 September 2017

Sector weightings vs benchmark (%)

Sector	TEMIT	MSCI Emerging Markets Index
Information Technology	30.5	27.6
Financials	22.9	23.4
Consumer Discretionary	21.3	10.3
Consumer Staples	7.7	6.5
Energy	7.2	6.8
Materials	5.9	7.2
Industrials	2.3	5.4
Health Care	1.9	2.3
Real Estate	0.6	2.9
Telecommunication Services	0.5	5.1
Utilities	0.2	2.6

Portfolio changes by Country

Country	31 March 2017 Market Value £m	Purchases £m	Sales £m	Market Movement £m	30 September 2017 Market Value £m	Total Return in sterling TEMIT %	MSCI Emerging Markets Index %
China/Hong Kong	471	46	132	146	531	33.2	18.4
South Korea	266	52	11	16	323	5.9	5.6
Brazil	173	56	2	38	265	16.0	7.1
Taiwan	220	19	23	14	230	9.5	3.0
Russia	168	3	–	15	186	11.4	(0.7)
South Africa	116	–	4	11	123	9.4	0.2
India	132	15	15	(10)	122	(7.1)	(1.3)
Thailand	123	–	2	(2)	119	1.4	5.7
Other	497	28	50	17	458	–	–
Other Net Assets	(18)	–	–	(5)	(23)	–	–
Total	**2,148**	**219**	**239**	**206**	**2,334**		

Geographic Asset Allocation
As at 30 September 2017

Country weightings vs benchmark (%)[(a)]

Country	TEMIT	MSCI Emerging Markets Index
China/Hong Kong	22.7%	29.5%
South Korea	13.7%	15.0%
Brazil	11.4%	7.6%
Taiwan	9.8%	11.5%
Russia	8.0%	3.4%
India	5.3%	8.4%
South Africa	5.3%	6.3%
Thailand	5.1%	2.2%
Indonesia	4.1%	2.3%
United Kingdom[(b)]	3.5%	0.0%
Peru	2.8%	0.4%
Mexico	2.1%	3.5%
Kenya[(b)]	1.5%	0.0%
Pakistan	1.3%	0.1%
Hungary	1.1%	0.3%
United States[(b)]	0.9%	0.0%
Saudi Arabia[(b)]	0.6%	0.0%
Cambodia[(b)]	0.6%	0.0%
Philippines	0.5%	1.1%
Czech Republic	0.5%	0.2%
Argentina[(b)]	0.2%	0.0%
Nigeria[(b)]	0.0%	0.0%

(a) Other countries included in 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 Investments by Fair Value
As at 30 September 2017

Holding	Country	Sector	Trading[(a)]	Fair Value £'000	% of net assets
Samsung Electronics	South Korea	Information Technology	IH	186,482	8.0
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	PS	156,915	6.7
Naspers	South Africa	Consumer Discretionary	NT	107,766	4.6
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	NT	102,179	4.3
Alibaba, ADR[(b)]	China/Hong Kong	Information Technology	IH	87,342	3.8
Unilever[(c)]	United Kingdom	Consumer Staples	PS	81,438	3.5
Tencent	China/Hong Kong	Information Technology	PS	69,598	3.0
Banco Bradesco, ADR[(b)(d)]	Brazil	Financials	IH	65,892	2.8
Buenaventura, ADR[(b)]	Peru	Materials	NT	64,235	2.8
Itaú Unibanco, ADR[(b)]	Brazil	Financials	IH	60,364	2.6
TOP 10 LARGEST INVESTMENTS				**982,211**	**42.1**
Astra International	Indonesia	Consumer Discretionary	NT	54,796	2.4
Hon Hai Precision Industry	Taiwan	Information Technology	PS	49,037	2.1
ICICI Bank	India	Financials	NT	46,042	2.0
LUKOIL, ADR[(b)]	Russia	Energy	NT	39,224	1.7
Ping An Insurance Group	China/Hong Kong	Financials	IS	36,137	1.5
Bank Danamon Indonesia	Indonesia	Financials	PS	35,771	1.5
Sberbank Of Russia, ADR[(b)]	Russia	Financials	IH	35,605	1.5
CIA Hering	Brazil	Consumer Discretionary	NT	34,486	1.5
Mail.Ru, GDR[(e)]	Russia	Information Technology	NT	33,918	1.5
Grupo Financiero Santander Mexico, ADR[(b)]	Mexico	Financials	NT	32,795	1.4
TOP 20 LARGEST INVESTMENTS				**1,380,022**	**59.2**

(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) US listed American Depositary Receipt.
(c) This company, listed on stock exchanges in developed markets, has significant exposure to operations from emerging markets.
(d) Preferred Shares.
(e) UK listed Global Depositary Receipt.

Holding	Country	Sector	Trading[(a)]	Fair Value £'000	% of net assets
Kasikornbank	Thailand	Financials	NT	28,933	1.2
Lojas Americanas	Brazil	Consumer Discretionary	IH	28,758	1.2
Largan Precision	Taiwan	Information Technology	NT	28,648	1.2
Gazprom, ADR[(b)]	Russia	Energy	NT	28,150	1.2
Yandex	Russia	Information Technology	NT	28,057	1.2
MCB Bank	Pakistan	Financials	PS	28,028	1.2
CNOOC	China/Hong Kong	Energy	IH	26,190	1.1
BM&F Bovespa	Brazil	Financials	IH	25,734	1.1
Gedeon Richter	Hungary	Health Care	NT	25,217	1.1
Kiatnakin Bank	Thailand	Financials	PS	25,188	1.1
TOP 30 LARGEST INVESTMENTS				**1,652,925**	**70.8**
China Petroleum and Chemical	China/Hong Kong	Energy	NT	24,993	1.1
Hyundai Development	South Korea	Industrials	IS	24,446	1.0
Thai Beverages	Thailand	Consumer Staples	PS	23,085	1.0
Daelim Industrial	South Korea	Industrials	PS	21,934	0.9
IMAX[(c)]	United States	Consumer Discretionary	IH	21,708	0.9
POSCO	South Korea	Materials	NH	21,571	0.9
NetEase, ADR[(b)]	China/Hong Kong	Information Technology	NT	21,084	0.9
Hanon Systems	South Korea	Consumer Discretionary	NT	20,282	0.9
Uni-President China	China/Hong Kong	Consumer Staples	PS	20,251	0.8
Catcher Technology	Taiwan	Information Technology	NT	17,808	0.8
TOP 40 LARGEST INVESTMENTS				**1,870,087**	**80.0**
Baidu, ADR[(b)]	China/Hong Kong	Information Technology	NT	17,215	0.7
Ping An Bank	China/Hong Kong	Financials	NH	17,182	0.7
Siam Commercial Bank	Thailand	Financials	NT	16,314	0.7
TOTVS	Brazil	Information Technology	PS	15,843	0.7
Glenmark Pharmaceuticals	India	Health Care	IH	15,829	0.7
Massmart	South Africa	Consumer Staples	NT	15,347	0.7
KCB Group	Kenya	Financials	NT	15,267	0.7
Norilsk Nickel, ADR[(b)]	Russia	Materials	NT	14,321	0.6
Pegatron	Taiwan	Information Technology	NT	14,178	0.6
Tata Chemicals	India	Materials	NT	13,265	0.6
TOP 50 LARGEST INVESTMENTS				**2,024,848**	**86.7**

(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) US listed American Depositary Receipt.

(c) This company, listed on stock exchanges in developed markets, has significant exposure to operations from emerging markets.

Holding	Country	Sector	Trading[a]	Fair Value £'000	% of net assets
Land and Houses	Thailand	Real Estate	NT	13,198	0.6
MGM China	China/Hong Kong	Consumer Discretionary	NT	13,142	0.6
NagaCorp	Cambodia	Consumer Discretionary	NT	13,070	0.6
M. Dias Branco	Brazil	Consumer Staples	NT	12,334	0.5
Equity Group	Kenya	Financials	NT	11,922	0.5
SK Innovation	South Korea	Energy	NT	11,795	0.5
Infosys Technologies	India	Information Technology	PS	11,572	0.5
SABIC, Participatory Note	Saudi Arabia	Materials	PS	11,257	0.5
China Mobile	China/Hong Kong	Telecommunication Services	NH	11,220	0.5
Wiz Soluções e Corretagem	Brazil	Financials	NT	10,815	0.5
TOP 60 LARGEST INVESTMENTS				**2,145,173**	**92.0**
Moneta Money Bank	Czech Republic	Financials	IH	10,568	0.5
Naver Corp	South Korea	Information Technology	NH	10,425	0.4
Coal India	India	Energy	NT	9,867	0.4
PTT Exploration and Production	Thailand	Energy	NT	9,337	0.4
FIT Hon Teng	Taiwan	Information Technology	NH	9,219	0.4
Nemak	Mexico	Consumer Discretionary	IH	9,087	0.4
Bloomage Biotechnology	China/Hong Kong	Materials	NT	8,920	0.4
Bajaj Holdings & Investments	India	Financials	IH	8,662	0.4
PChome Online	Taiwan	Information Technology	NH	8,605	0.4
Hite Jinro	South Korea	Consumer Staples	NT	8,292	0.4
TOP 70 LARGEST INVESTMENTS				**2,238,155**	**96.1**
Tata Motors	India	Consumer Discretionary	NT	8,282	0.3
East African Breweries	Kenya	Consumer Staples	IH	8,196	0.3
Dairy Farm	China/Hong Kong	Consumer Staples	NT	6,894	0.3
COSCO Pacific	China/Hong Kong	Industrials	NT	6,858	0.3
TMK, GDR[e]	Russia	Energy	IH	6,766	0.3
Reliance Industries	India	Energy	PS	6,722	0.3
BDO Unibank	Philippines	Financials	NT	6,628	0.3
B2W Digital	Brazil	Consumer Discretionary	NH	6,234	0.3
Youngone	South Korea	Consumer Discretionary	NT	6,110	0.3
Security Bank	Philippines	Financials	IH	5,710	0.2
TOP 80 LARGEST INVESTMENTS				**2,306,555**	**99.0**

(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.

Holding	Country	Sector	Trading[a]	Fair Value £'000	% of net assets
KT Skylife	South Korea	Consumer Discretionary	NT	5,232	0.2
MAHLE Metal Leve	Brazil	Consumer Discretionary	NT	4,910	0.2
Crédit Real	Mexico	Financials	NH	4,546	0.2
Perusahaan Gas Negara Persero	Indonesia	Utilities	NT	4,444	0.2
BBVA Banco Francés, ADR[b]	Argentina	Financials	NH	4,169	0.2
Inner Mongolia Yitai Coal	China/Hong Kong	Energy	PS	4,149	0.2
iMarketKorea	South Korea	Industrials	NT	3,365	0.1
Industrias Peñoles	Mexico	Materials	NT	3,244	0.1
Weifu High-Technology	China/Hong Kong	Consumer Discretionary	NT	3,033	0.1
Interpark	South Korea	Consumer Discretionary	NT	3,025	0.1
TOP 90 LARGEST INVESTMENTS				**2,346,672**	**100.6**
United Bank	Pakistan	Financials	NT	2,584	0.1
Univanich Palm Oil	Thailand	Consumer Staples	PS	2,450	0.1
Biocon	India	Health Care	NT	2,083	0.1
Savola Group, Participatory Note	Saudi Arabia	Consumer Staples	IH	1,930	0.1
Nigerian Breweries	Nigeria	Consumer Staples	NT	550	0.0
Novus Holdings	South Africa	Financials	NH	84	0.0
TOTAL INVESTMENTS				**2,356,353**	**101.0**
OTHER NET ASSETS				**(22,662)**	**(1.0)**
TOTAL NET ASSETS				**2,333,691**	**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.

(b) US listed American Depositary Receipt.

Portfolio Summary

As at 30 September 2017
All figures are in %

	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Telecommunication Services	Utilities	Total Equities	Other Net Assets	30 September 2017 Total	31 March 2017 Total
Argentina	–	–	–	0.2	–	–	–	–	–	–	–	**0.2**	–	**0.2**	**0.2**
Brazil	3.2	0.5	–	7.0	–	–	0.7	–	–	–	–	**11.4**	–	**11.4**	**8.1**
Cambodia	0.6	–	–	–	–	–	–	–	–	–	–	**0.6**	–	**0.6**	**0.6**
China/Hong Kong	7.4	1.1	2.4	2.2	–	0.3	8.4	0.4	–	0.5	–	**22.7**	–	**22.7**	**21.9**
Czech Republic	–	–	–	0.5	–	–	–	–	–	–	–	**0.5**	–	**0.5**	**0.4**
Hungary	–	–	–	–	1.1	–	–	–	–	–	–	**1.1**	–	**1.1**	**1.2**
India	0.3	–	0.7	2.4	0.8	–	0.5	0.6	–	–	–	**5.3**	–	**5.3**	**6.1**
Indonesia	2.4	–	–	1.5	–	–	–	–	–	–	0.2	**4.1**	–	**4.1**	**5.3**
Kenya	–	0.3	–	1.2	–	–	–	–	–	–	–	**1.5**	–	**1.5**	**1.2**
Mexico	0.4	–	–	1.6	–	–	–	0.1	–	–	–	**2.1**	–	**2.1**	**2.5**
Nigeria	–	0.0	–	–	–	–	–	–	–	–	–	**0.0**	–	**0.0**	**0.0**
Pakistan	–	–	–	1.3	–	–	–	–	–	–	–	**1.3**	–	**1.3**	**2.4**
Peru	–	–	–	–	–	–	–	2.8	–	–	–	**2.8**	–	**2.8**	**3.0**
Philippines	–	–	–	0.5	–	–	–	–	–	–	–	**0.5**	–	**0.5**	**0.5**
Russia	–	–	3.2	1.5	–	–	2.7	0.6	–	–	–	**8.0**	–	**8.0**	**7.8**
Saudi Arabia	–	0.1	–	–	–	–	–	0.5	–	–	–	**0.6**	–	**0.6**	**1.3**
South Africa	4.6	0.7	–	–	–	–	–	–	–	–	–	**5.3**	–	**5.3**	**5.4**
South Korea	1.5	0.4	0.5	–	–	2.0	8.4	0.9	–	–	–	**13.7**	–	**13.7**	**12.4**
Taiwan	–	–	–	–	–	–	9.8	–	–	–	–	**9.8**	–	**9.8**	**10.2**
Thailand	–	1.1	0.4	3.0	–	–	–	–	0.6	–	–	**5.1**	–	**5.1**	**5.7**
United Kingdom	–	3.5	–	–	–	–	–	–	–	–	–	**3.5**	–	**3.5**	**3.7**
United States	0.9	–	–	–	–	–	–	–	–	–	–	**0.9**	–	**0.9**	**0.9**
Other Net Assets	–	–	–	–	–	–	–	–	–	–	–	–	(1.0)	**(1.0)**	**(0.8)**
30 September 2017 Total	**21.3**	**7.7**	**7.2**	**22.9**	**1.9**	**2.3**	**30.5**	**5.9**	**0.6**	**0.5**	**0.2**	**101.0**	**(1.0)**	**100.0**	**–**
31 March 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**

Market Capitalisation Breakdown[(a)] (%)	Less than £1.5bn	£1.5bn to £5bn	Greater than £5bn	Other Net Assets
30 September 2017	10.2	15.9	74.9	(1.0)
31 March 2017	9.3	18.9	72.6	(0.8)

(a) A glossary of alternative performance measures is included in Shareholder Information on page 30.
Source: FactSet

Split Between Markets[(b)] (%)	30 September 2017	31 March 2017
Emerging Markets	92.8	92.4
Frontier Markets	2.9	3.8
Developed Markets[(c)]	5.3	4.6
Other Net Assets	(1.0)	(0.8)

(b) Geographic split between “Emerging Markets”, “Frontier Markets” and “Developed Markets” are as per MSCI index classifications.
(c) Developed markets exposure represented by companies listed in the United Kingdom and United States.
Source: FactSet Research System, Inc.

Market Outlook

We believe that the recovery in emerging markets which has been underway since 2016 is showing little sign of abating. Prior to the turning point in 2016, the gap between emerging market growth and that of developed markets was shrinking. Now it is growing and this is one of the key indicators of a sustainable recovery as it has shown a strong correlation historically with emerging market outperformance of developed markets. In addition, emerging market currencies are on average still undervalued, earnings are improving and emerging markets generally continue to trade at a discount to their developed market peers. The combination of all of these factors should support emerging market equities in the near future. There will undoubtedly be volatility ahead, particularly as investment flows can often reflect ever changing attitudes to perceived risk, with inflows as investors move ‘risk-on’ and outflows as they move ‘risk-off’ in outlook. Less mature markets tend to be heavily sentiment driven and so will naturally quickly reflect any scepticism in share prices. The supportive economic fundamentals combined with discounted valuations should, however, make emerging markets less susceptible to negative global news flow as there is not as high a level of ‘unwinding’ of trades to occur as there would be in developed markets. Furthermore we are still seeing underweight exposure to emerging markets from large institutional investors, sovereign wealth funds and large insurers, below what we would expect given the proportion of global GDP and market capitalisation that emerging markets represent. This should support continuing capital inflows.

Asia remains the most exciting region for us. In China, at the Communist Party Congress in October, Xi Jingping and the Party leadership clearly demonstrated a desire to promote stability, both geopolitically and in the economy. Chinese internet stocks continue to surprise with their growth on a global scale whilst the government’s aim of moving to a consumer driven economy remains on target. While we invest in the more established larger Asian nations and gain many outstanding opportunities from them, we are also seeing lots of interesting opportunities in the smaller countries such as Indonesia, the Philippines and Vietnam. These countries are very quickly developing their own niches of expertise with interesting companies able to take advantage of improving domestic consumption. Whilst the Korean peninsula remains a concern to the world, many analysts and commentators believe that there is plenty of space for diplomacy with neither side actually benefitting from starting a conflict. We will keep a close eye on events, but, in any case, a US-North Korea military conflict will have global implications that would not be confined to emerging markets.

Latin America also remains interesting from an investment perspective and we recently started a new investment in Argentina. Although there are challenges in Brazil from massive unemployment and corruption scandals, we are seeing good opportunities, buoyed by the massive reform efforts of the Temer regime. Investors in Mexico need to monitor developments surrounding the renegotiation of the North American Free Trade Agreement (NAFTA).

In Europe, Russia has been unpopular with investors for some time – suffering under sanctions and simply being run in a generally sub-optimal fashion. However it is still possible to find well run companies operating in the private sector. These companies are able to exploit the situation and demonstrate fast growth. This is enabling us to gain access to the country and its consumer growth and development at attractive valuations due to the overall negative market sentiment.

There are many frontier markets in Africa and Latin America where we are also seeing potential. However, they are currently looking at a longer time horizon of beyond five years. This suits our ethos as a long term investor.

Technology remains the key driver for the emerging markets. We are continuing to see high levels of investment in R&D and workforce demographics comprising younger populations that are benefitting from increased investment in education. We are now seeing a huge number of patent registrations – almost half of the global total – coming from emerging markets and, increasingly, companies are not only supporting the products from developed markets with component or licensed device manufacture, but are actually developing desirable branded technology products which are being exported to the rest of the world, gaining traction and market share. It is the idea generation occurring in emerging markets and driving business models there which we are keen to invest in.

We must not ignore macroeconomic, political and regulatory risk. While our investment process helps us to uncover attractively-priced businesses with the potential to be successful, we need to examine carefully any potential roadblocks to their business growth. Looking through multiple risk perspectives and ensuring that the portfolio has a high a degree of diversification, we aim to recognise any associated risks and make sure that we are rewarded for taking them. We particularly like companies which exhibit diversity in their underlying business models and are thinking globally, not just locally – this is a big mitigating factor to risks and volatility. Corporate governance is still a significant risk in emerging markets and can be greater still in frontier markets. We have a rigorous assessment of these factors as part of our investment process and only invest in those companies demonstrating the highest standards.

We believe our rigorous research and investment process places TEMIT in a good position to weather any periods of volatility and to benefit from ongoing performance in these dynamic markets.

Carlos Hardenberg
27 November 2017

Income Statement
For the six months to 30 September 2017

	For the six months to 30 September 2017 (unaudited)			For the six months to 30 September 2016 (unaudited)			Year ended 31 March 2017 (audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Gains/(losses) on investments and foreign exchange									
Gains on investments at fair value	–	210,139	210,139	–	425,774	425,774	–	682,120	682,120
Gains/(losses) on foreign exchange	–	6,646	6,646	–	(1,275)	(1,275)	–	(1,357)	(1,357)
Revenue									
Dividends	40,680	–	40,680	27,986	–	27,986	46,071	–	46,071
Bank and deposit interest	40	–	40	48	–	48	49	–	49
	40,720	**216,785**	**257,505**	**28,034**	**424,499**	**452,533**	**46,120**	**680,763**	**726,883**
Expenses									
AIFM fee	(3,730)	(8,702)	(12,432)	(9,571)	–	(9,571)	(20,735)	–	(20,735)
Other expenses	(1,113)	–	(1,113)	(890)	–	(890)	(1,857)	–	(1,857)
	(4,843)	**(8,702)**	**(13,545)**	**(10,461)**	–	**(10,461)**	**(22,592)**	–	**(22,592)**
Profit before finance costs and taxation	**35,877**	**208,083**	**243,960**	**17,573**	**424,499**	**442,072**	**23,528**	**680,763**	**704,291**
Finance costs	(591)	(1,380)	(1,971)	–	–	–	(418)	–	(418)
Profit before taxation	**35,286**	**206,703**	**241,989**	**17,573**	**424,499**	**442,072**	**23,110**	**680,763**	**703,873**
Tax expense	(3,963)	(596)	(4,559)	(2,395)	(1,129)	(3,524)	(4,084)	(377)	(4,461)
Profit for the period	**31,323**	**206,107**	**237,430**	**15,178**	**423,370**	**438,548**	**19,026**	**680,386**	**699,412**
Profit attributable to equity holders of the Company	**31,323**	**206,107**	**237,430**	**15,178**	**423,370**	**438,548**	**19,026**	**680,386**	**699,412**
Earnings per share	**11.19p**	**73.67p**	**84.86p**	**5.18p**	**144.71p**	**149.89p**	**6.59p**	**235.71p**	**242.30p**
Ongoing charges ratio[a]			**1.12%**			**1.21%**			**1.20%**

[a] A glossary of alternative performance measures is included in Shareholder Information on page 30.

Under the Company's Articles of Association the capital element of return is not distributable.

The total column is the Income Statement of the Company.

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

With effect from 1 April 2017, 70% of the annual AIFM fee and 70% of the finance costs have been allocated to the capital account. For the year ended 31 March 2017, 100% of the annual AIFM fee and the finance costs were allocated to the income account.

From 1 July 2017, the annual AIFM fee was reduced from 1.1% of net assets per annum to 1% of net assets up to £2 billion and 0.85% of net assets above that level.

Balance Sheet
As at 30 September 2017

	As at 30 September 2017 £'000 (unaudited)	As at 30 September 2016 £'000 (unaudited)	As at 31 March 2017 £'000 (audited)
Non-current assets			
Investments at fair value through profit or loss	**2,356,353**	**1,870,982**	**2,165,950**
Current assets			
Trade and other receivables	5,466	12,298	6,390
Cash and cash equivalents	99,165	61,248	65,265
Total current assets	**104,631**	**73,546**	**71,655**
Current liabilities			
Bank loans	(123,799)	–	(83,732)
Trade and other payables	(2,741)	(16,409)	(5,286)
Capital gains tax provision	(753)	(1,352)	(490)
Total liabilities	**(127,293)**	**(17,761)**	**(89,508)**
Net current (liabilities)/assets	**(22,662)**	**55,785**	**(17,853)**
Total assets less current liabilities	**2,333,691**	**1,926,767**	**2,148,097**
Share capital and reserves			
Equity Share Capital	69,480	72,017	70,406
Capital Redemption Reserve	13,189	10,652	12,263
Special Distributable Reserve	433,546	433,546	433,546
Capital Reserve	1,713,307	1,318,417	1,535,899
Revenue Reserve	104,169	92,135	95,983
Equity Shareholders' Funds	**2,333,691**	**1,926,767**	**2,148,097**
Net Asset Value pence per share[a]	840.7	668.9	762.8

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

Statement of Changes in Equity
For the six months to 30 September 2017 (unaudited)

	Equity Share Capital £'000	Capital Redemption Reserve £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
Balance at 31 March 2016	**74,505**	**8,164**	**433,546**	**944,961**	**101,089**	**1,562,265**
Profit for the period	–	–	–	423,370	15,178	438,548
Equity dividends	–	–	–	–	(24,132)	(24,132)
Purchase and cancellation of own shares	(2,488)	2,488	–	(49,914)	–	(49,914)
Balance at 30 September 2016	**72,017**	**10,652**	**433,546**	**1,318,417**	**92,135**	**1,926,767**
Profit for the period	–	–	–	257,016	3,848	260,864
Equity dividends	–	–	–	–	–	–
Purchase and cancellation of own shares	(1,611)	1,611	–	(39,534)	–	(39,534)
Balance at 31 March 2017	**70,406**	**12,263**	**433,546**	**1,535,899**	**95,983**	**2,148,097**
Profit for the period	–	–	–	206,107	31,323	237,430
Equity dividends	–	–	–	–	(23,137)	(23,137)
Purchase and cancellation of own shares	(926)	926	–	(26,198)	–	(26,198)
Purchase of shares into Treasury	–	–	–	(2,501)	–	(2,501)
Balance at 30 September 2017	**69,480**	**13,189**	**433,546**	**1,713,307**	**104,169**	**2,333,691**

Cash Flow Statement
For the six months to 30 September 2017

	For the six months to 30 September 2017 £'000 (unaudited)	For the six months to 30 September 2016 £'000 (unaudited)	For the year to 31 March 2017 £'000 (audited)
Cash flows from operating activities			
Profit before finance costs and taxation	243,960	442,072	704,291
Adjustments for:			
Gains on investments at fair value	(210,139)	(425,774)	(682,120)
Realised (gains)/losses on foreign exchange	(6,646)	1,275	1,357
Stock dividends received in period	(74)	(797)	(1,108)
Increase/(decrease) in debtors	571	655	(785)
Increase in creditors	382	134	528
Cash generated from operations	**28,054**	**17,565**	**22,163**
Tax paid	(4,296)	(2,498)	(4,296)
Net cash inflow from operating activities	**23,758**	**15,067**	**17,867**
Cash flows from investing activities			
Purchases of non-current financial assets	(221,207)	(274,995)	(556,380)
Sales of non-current financial assets	245,525	317,995	556,971
Net cash inflow from investing activities	**24,318**	**43,000**	**591**
Cash flows from financing activities			
Equity dividends paid	(23,137)	(24,132)	(24,132)
Purchase and cancellation of own shares	(26,644)	(50,046)	(89,734)
Repurchase of shares into Treasury	(2,491)	–	–
Movement in bank loans outstanding	40,145	–	83,390
Bank loan interest paid	(2,049)	–	(76)
Net cash outflow from financing activities	**(14,176)**	**(74,178)**	**(30,552)**
Net increase/(decrease) in cash	**33,900**	**(16,111)**	**(12,094)**
Cash at the start of the period	65,265	77,359	77,359
Cash at the end of the period	**99,165**	**61,248**	**65,265**

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