

Company Overview

Base Currency	GBP
Launch Date	12.06.1989
Benchmark	MSCI Emerging Markets Index
Total Net Assets	£2,134.39 million
Market Capitalisation	£1,853.26 million
Net Gearing	3.5%
Invested Assets	104.7%
Ongoing Charges Ratio	1.08%
Number of Shares in Issue	264,373,100
ISA Status	Yes

Investment Objective and Policy

The Company seeks long-term capital appreciation through investment in companies listed in emerging markets or companies which have 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 there are believed to be advantages to so doing. 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. 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.

Fund Management

Chetan Sehgal (Portfolio Manager) Singapore

Pricing Information

NAV (Cum-Income)	807.34p
Ordinary Share Price	701.00p
Discount (Cum-Income)	-13.17%
Net Yield (% of NAV)	1.86%
Dividends	15.00p per Ordinary Share (paid July 2018)

Ratings

Morningstar™ Category: Global Emerging Markets Equity

Morningstar™ Overall Rating: ★★★★★

What are the Key Risks?

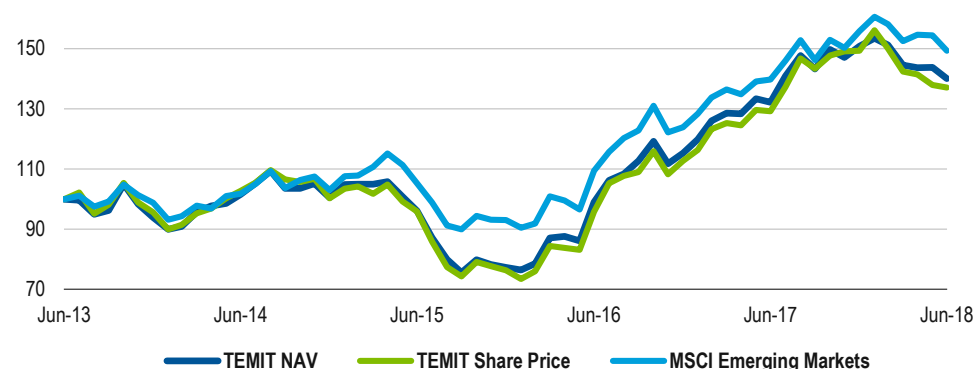
The value of shares in the Templeton Emerging Markets Investment Trust (TEMIT) and any income received from it can go down as well as up and investors may not get back the full amount invested. There is no guarantee that TEMIT will meet its objective.

TEMIT invests in the equity securities of emerging markets companies. Emerging markets have historically been subject to significant price movements, often to a greater extent than more established equity markets. As a result, the share price and net asset value of TEMIT can fluctuate significantly over relatively short time periods.

Other significant risks include borrowing risk and share price discount to NAV risk. For more details of all the risks applicable to TEMIT, please refer to the Key Information Document, Investor Disclosure Document and the risk section in TEMIT's Annual Report, which can be downloaded from our website – www.temit.co.uk

Performance

Performance over 5 Years in GBP (rebased to 100)



Discrete Annual Performance (%)

	Jun-17 to Jun-18	Jun-16 to Jun-17	Jun-15 to Jun-16	Jun-14 to Jun-15	Jun-13 to Jun-14
Share Price	6.08	34.92	-0.08	-6.61	2.69
NAV	5.90	33.60	2.98	-5.35	1.53
Benchmark	6.84	27.79	3.86	3.53	1.73

Cumulative Performance to 30.06.2018 (%)

	3 Mths	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Incept
Share Price	-3.70	6.08	43.01	37.15	98.07	2,803.25 [^]
Benchmark	-2.09	6.84	41.81	49.35	94.87	1,568.35 [^]
NAV	-3.12	5.90	45.70	40.01	109.18	3,184.18 [†]
Benchmark	-2.09	6.84	41.81	49.35	94.87	1,501.82 [†]

Past performance is not an indicator or a guarantee of future performance.

The value of shares in TEMIT and income received from it can go down as well as up, and investors may not get back the full amount invested.

Performance details are in TEMIT's base currency, include the reinvested dividends net of basic rate UK tax and are net of management fees. Sales charges and other commissions, other taxes and relevant costs to be paid by an investor are not included in the calculations. Performance may also be affected by currency fluctuations. Up to date performance figures can be found on our website www.temit.co.uk

[^] Share Price-based and Index returns are shown from 9/07/89 (first available date). [†] NAV-based and Index returns are shown from 31/07/89 (first available date).

Top 10 Holdings

Security	Sector	Country	% of Total
Samsung Electronics	Information Technology	South Korea	8.1
Naspers	Consumer Discretionary	South Africa	7.3
Alibaba, ADR	Information Technology	China / Hong Kong	5.1
Taiwan Semiconductor Manufacturing	Information Technology	Taiwan	5.0
Brilliance China Automotive	Consumer Discretionary	China / Hong Kong	4.9
Tencent	Information Technology	China / Hong Kong	3.6
Buenaventura, ADR	Materials	Peru	3.1
Unilever	Consumer Staples	United Kingdom	3.0
ICICI Bank	Financials	India	2.4
LUKOIL, ADR	Energy	Russia	2.4

Largest Contributors and Detractors to Performance (3 months to 30.06.2018)

Securities – Largest Contributors	Sector	Country	Total Effect (%)
Naspers	Consumer Discretionary	South Africa	0.58
Uni-President China	Consumer Staples	China	0.39
Unilever	Consumer Staples	United Kingdom	0.27
CNOOC	Energy	China	0.25
IMAX	Consumer Discretionary	United States	0.21
Securities – Largest Detractors	Sector	Country	Total Effect (%)
Hyundai Development Company	Industrials	South Korea	-0.26
Brilliance China Automotive	Consumer Discretionary	China / Hong Kong	-0.31
Massmart	Consumer Staples	South Africa	-0.34
Banco Bradesco	Financials	Brazil	-0.36
Itaú Unibanco	Financials	Brazil	-0.39

Sector Weightings v Benchmark (%)

Sector	TEMIT	Benchmark	+/-
Information Technology	33.5	27.9	5.6
Financials	22.8	22.8	0.0
Consumer Discretionary	20.9	9.8	11.2
Energy	8.4	7.2	1.2
Consumer Staples	6.8	6.7	0.1
Materials	5.9	7.6	-1.7
Industrials	2.5	5.2	-2.7
Health Care	1.8	3.2	-1.4
Telecommunication Services	1.3	4.3	-3.0
Real Estate	0.6	3.0	-2.4
Utilities	0.2	2.4	-2.2
Cash & Cash Equivalents	-4.7	0.0	-4.7

Largest Contributors/Detractors to Performance (3 months to 30.06.2018)

Sector	Total Effect (%)
Energy	0.64
Real Estate	0.18
Telecommunication Services	0.17
Industrials	0.12
Consumer Discretionary	0.06
Consumer Staples	0.00
Health Care	-0.02
Utilities	-0.02
Cash & Other Net Assets	-0.12
Materials	-0.19
Information Technology	-0.69
Financials	-1.20

Ten Largest Country Weightings v Benchmark (%)

Country	TEMIT	Benchmark	+/-
China / Hong Kong	25.5	32.7	-7.2
South Korea	14.8	14.6	0.2
Taiwan	10.5	11.6	-1.1
Russia	9.1	3.5	5.5
South Africa	8.0	6.6	1.4
Brazil	7.2	5.8	1.4
India	5.7	8.6	-2.9
Thailand	4.4	2.2	2.2
Indonesia	3.7	1.9	1.8
Peru	3.5	0.4	3.0

Largest Contributors/Detractors to Performance (3 months to 30.06.2018)

Country – Largest Contributors	Total Effect (%)
South Africa	0.74
United Kingdom	0.27
Thailand	0.23
United States	0.21
Turkey	0.18
Country – Largest Detractors	Total Effect (%)
China/Hong Kong	-0.17
Russia	-0.30
India	-0.35
Taiwan	-0.47
Brazil	-0.79

Fundamental Portfolio Characteristics (as at 30.06.2018)

	TEMIT	Benchmark
Price / Earnings	12.32	13.81
Price / Book	1.72	1.68
Price / Cash Flow	7.23	9.00
Dividend Yield	2.45%	2.58%
Weighted Average Market Capitalisation (millions)	£78,788	£59,516

Market Capitalisation Breakdown (%)

>25 Billion	48.4
10-25 Billion	13.6
2-10 Billion	25.9
<2 Billion	11.6
Not Classified	0.5

Risk Statistics (as at 30.06.2018)

	1 Year	3 Years
Alpha	-0.57	0.32
Beta	0.96	1.07
Annualised Downside Risk	2.82	3.75
Information Ratio (Relative)	-0.25	0.20
R ²	89.35	91.91
Sharpe Ratio	0.48	0.76
Annualised Tracking Error	3.82	4.98
Annualised Volatility	11.61	17.12
Positive Months	6	20
Negative Months	6	16

INVESTMENT APPROACH

The investment management team is led by Lead Portfolio Manager Chetan Sehgal, Senior Managing Director and Director of Portfolio Management, Franklin Templeton Emerging Markets Equity.

The team looks closely at each potential investment and seeks to identify the life cycle of each company's products and determine the impact of government and regulatory changes on that business, and its management's strategic thinking over the long term, to confidently estimate where a company may be in five years. The team seeks to purchase companies with sustainable earnings that are available at a discount, a characteristic often overlooked by a market that focuses intently on the next quarterly earnings. Stock selection drives the team's portfolio investment process, reflecting the most compelling opportunities they see.

Shareholders in TEMIT should consider it as a long-term financial commitment. Please refer to the latest annual report for more details of the risks associated with an investment in TEMIT.

BOARD OF DIRECTORS

Paul Manduca (Chairman)	Hamish N Buchan (retired from Board 12 July 2018)	Simon Jeffreys	Beatrice Hollond
David Graham	Gregory E Johnson	Charlie Ricketts (appointed to Board 12 July 2018)	

GLOSSARY OF TERMS

Alpha - Alpha measures the difference between a portfolio's actual returns and its expected performance, given its level of risk (as measured by beta). A positive alpha means that the portfolio has over performed, a negative alpha means the portfolio has under performed; for example, an alpha of 1.0 means the portfolio outperformed the market 1.0%.

Beta - Beta is a measure of a portfolio's sensitivity to market movements. It measures the relationship between a portfolio's excess return over an investment in a risk-free investment such as cash and the excess return of the benchmark index. For TEMIT, this is the MSCI Emerging Markets Index. By definition, the beta of the benchmark (in this case, an index) is 1.00. Accordingly, a portfolio with a 1.10 beta has performed 10% better (after deducting the cash rate) than the index in up markets and 10% worse in down markets, assuming all other factors remain constant. A portfolio with a high beta will tend to move more than the benchmark, a portfolio with a low beta will tend to move less.

Contributor - The amount an individual stock, country or sector has added to the performance of the entire portfolio for a given period.

Cumulative Performance - The percentage increase or decrease of a portfolio's share price or NAV over a given time period, with net income (dividends) reinvested. The fund's performance is usually benchmarked against either a relevant index or sector.

Detractor - The amount an individual stock, country or sector has subtracted from the performance of the entire portfolio for a given period.

Discrete Annual Performance - The percentage increase or decrease of a portfolio's share price or NAV over a complete 12 month period, with net income (dividends) reinvested. The fund's performance is usually benchmarked against either a relevant index or sector.

GLOSSARY OF TERMS (continued)

Dividend Yield - The yield a company pays out to its shareholders in the form of dividends. It is calculated by the dividends paid per share over a year divided by the stock's price. For a vehicle like Temit, which invests in a number of companies, this figure represents the weighted average annual dividend paid by all of the companies in which it invests. Because of share types, fees and other considerations, the dividend yield quoted here should not be used as an indication of the income to be received from this portfolio.

Downside Risk - Downside risk is a measurement which only considers negative returns. It is calculated as a downside deviation of returns below the Risk Free Rate (this is the amount a manager could expect to receive by investing in a "risk free" asset, such as with a cash deposit).

Information Ratio - This ratio divides the annualised average return for the portfolio by the Tracking Error (Relative). The higher the ratio, the better, as it reflects the extent to which a portfolio has outperformed the benchmark.

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.

Market Cap (average) - The weighted average of all the companies in which it invests.

NAV - Net Asset Value, or the total value of the portfolio at any one time, including all shares and cash, divided by the number of shares in issue.

Net Gearing (sometimes described as leverage) - a term used to describe the process of borrowing money for investment purposes in the expectation that the returns on the investments purchased using the borrowings exceeds the costs of those borrowings. For example, a figure of 5% means that the shareholder funds are 5% geared and indicates the extra amount by which the shareholder funds would rise or fall if the total assets were to rise or fall. A figure of 0% means there is no gearing. Net Gearing is the gearing level less the level of cash in the portfolio.

Ongoing Charges Ratio ("OCR") - From the year ending 31 March 2012, the Ongoing Charges Ratio ("OCR") replaces the Total Expense Ratio. Prior year numbers have not been restated as the ratios are not materially different. The OCR represents the annualised ongoing charges of the Company divided by the average daily net asset values of the Company for the year, and has been prepared in accordance with the AIC's recommended methodology.

Positive & Negative Periods - This shows how many positive/negative months returns that a portfolio experiences across a period.

Price to Book (P/B) - The price per share of a stock divided by its book value (i.e. net worth) per share. For a portfolio, the ratio is the weighted harmonic average price/book ratio of the stocks it holds.

Price to Cash Flow (P/CF) - Supplements price/earnings ratio as a measure of relative value; it represents a weighted harmonic average of the price/cash flow ratios for the underlying portfolio holdings.

Price to Earnings (P/E) - The share price of a stock, divided by its per-share earnings over the past year. For a portfolio, it is the weighted harmonic average P/E ratio of the stocks in the portfolio. P/E is a good indicator of market expectations about a company's prospects; the higher the P/E, the greater the expectations for a company's future growth in earnings.

R² - R² or R squared, is an indication of how closely aligned the portfolio and the benchmark index are. R² ranges between 0 and 100, with 0 indicating a lot of difference and 100 indicating a perfect match. A value of 70 and upwards generally suggests that a portfolio's performance is very closely linked to the performance of the benchmark index.

Share Price - The cost of a unit of ownership in a company as purchased through the stock exchange.

Sharpe Ratio - Sharpe Ratio judges whether the relationship between a portfolio's risk and its return is good or bad. The underlying assumption is that a portfolio manager could invest in a riskless asset (such as cash), therefore the return of the risk free asset is deducted from the annualised average return. This net return is then divided by the total risk (annualised volatility). The higher the ratio the better the return for investors for the risk taken.

Total Net Assets - The total value of a company's shares. For a vehicle like Temit, which invests in a number of companies, this is calculated by the Net Asset Value (NAV) on a certain date multiplied by the number of shares in issue.

Tracking Error (Relative) - Tracking Error (Relative) measures how much the return of the portfolio deviates from the benchmark index. The lower the tracking error of the portfolio, the more it resembles the benchmark in terms of risk and return characteristics.

Trust - A Trust, or Investment Trust, is a closed ended vehicle investing in a wide variety of underlying investments. Investment Trusts are traded in exactly the same way as any other equity on the London Stock Exchange. The price at which they are traded (share price) depends on the demand for the shares in the investment trust and is often at a variance with the value of their underlying holdings (or NAV).

Volatility - This is a statistical measure of the amount of movement in the price of a share or portfolio over a given period of time. If a portfolio's share price hardly moves over time, it is said to have a low volatility. Volatility is a simple measure of the consistency of returns.

IMPORTANT INFORMATION

The price of shares in Temit and income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is not an indicator or a guarantee of future performance.

Currency fluctuations will affect the value of overseas investments. Investments in funds denominated in a currency other than sterling, your performance may also be affected by currency fluctuations. In emerging markets, the risks can be greater than in developed markets.

This document does not constitute or form part of an offer for shares or an invitation to apply for shares. An investment in Temit entails risks which are described in the Key Information Document, Investor Disclosure Document and the risk section in Temit's Annual Report, which can be downloaded from our website – www.temit.co.uk Please consult your professional adviser before deciding to invest.

Performance figures are not based on audited financial statements and, unless indicated otherwise, assume reinvestment of interest and dividends.

Data from third party sources may have been used in its preparation and Franklin Templeton Investments has not independently verified, validated or audited such data.

References to particular industries, sectors or companies are for general information and are not necessarily indicative of a portfolio's holding at any one time.

Opinions expressed are the author's at publication date and they are subject to change without prior notice. Given the rapidly changing market environment, we disclaim responsibility for updating this material.

Attribution-related data provided by FactSet as at 30/06/2018. Relative attribution refers to the MSCI Emerging Markets Index in sterling terms.

References to indices are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown. An index is unmanaged and one cannot invest directly in an index. The performance of the index does not include the deduction of expenses and does not represent the performance of any Franklin Templeton fund.

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A copy of the latest annual report and half-yearly report, if published thereafter can be found, on our website: www.temit.co.uk or can be obtained, free of charge, from the address below. For more information, UK investors should contact: Franklin Templeton Investments, Cannon Place, 78 Cannon Street, London EC4N 6HL. Telephone: 0800 305 306, Email: enquiries@franklintempleton.co.uk.

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