Templeton Emerging Markets Investment Trust PLC ("TEMIT" or "the Company")
Unaudited Half Yearly Report to 30 September 2020
Legal Entity Identifier 5493002NMTB70RZBXO96

Company Overview

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

The Company is governed by a Board of Directors that is 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. All Directors are independent.

TEMIT's research-driven investment approach and strong long-term performance has helped it to grow to be the largest emerging markets investment trust in the UK, with net assets of £2.2 billion as at 30 September 2020.

TEMIT at a glance

For the six months to 30 September 2020

Net asset value total return (cum-income)[a]	Share price total return[a]	MSCI Emerging Markets Index total return[a][b]
31.2%	28.4%	24.4%
(2019: 6.3%)	(2019: 4.4%)	(2019: 2.2%)

Interim dividend for the financial year 2021	Special dividend
5.00p	10.00p
(Interim dividend for the financial year 2020: 5.00p)	(Special dividend for the financial year 2020: 2.60p)

Cumulative total return to 30 September 2020 (%)

	6 Months	1 Year	3 Year	5 Year	10 Year
Net asset value (cum-income)	31.2	9.6	19.7	126.8	63.2
Share Price	28.4	8.1	18.8	129.2	56.7
MSCI Emerging Markets Index	24.4	5.7	12.7	83.3	61.7

[a] A glossary of alternative performance measures is included in the full half-yearly report.
[b] Source: MSCI. The Company's benchmark is the MSCI Emerging markets Index, with net dividends reinvested.

Chairman's Statement

Market overview and investment performance

The six months under review started at the beginning of April 2020, a time at which many countries around the world had recently taken dramatic steps to lock down their populations in an attempt to contain the growing COVID-19 pandemic. Stock markets had naturally fallen in value as a result. The six months under review saw emerging markets recover strongly and our benchmark index was up by 24.4% while our NAV return was 31.2% and share price return was 28.4%, all on a total return basis.

For the financial year to the end of March, I reported a fall in NAV, albeit outperforming the broad market index, and it is encouraging to note that performance since then has more than reversed the falls over the last accounting year while again outperforming the benchmark index by some margin.

Revenue and dividend

As noted in our last Annual Report, in April 2020 we were informed by the UK tax authorities that TEMIT was entitled to a substantial repayment amounting to 10.0 pence per share and relating to Corporation Tax levied some years ago, along with associated interest. This repayment will be accounted for in the current financial year.

Excluding the tax repayment, revenue earnings for the period under review were 11.4 pence per share, compared with 15.3 pence per share for the same period last year (on a like-for-like basis and excluding an extraordinary receipt of 2.6 pence per share in the equivalent period). This reduction in core revenue earnings is largely a result of the COVID-19 pandemic and, while at the time of writing it is too early to predict revenues for the full accounting year, the Investment Manager's projections indicate that core revenues for the year will be noticeably lower than last year.

An interim dividend of 5.0 pence per share will be paid on 11 January 2021, which is the same amount as paid at the half year stage last year. In addition, the Board has elected to pay also on 11 January 2021, a special dividend of 10.0 pence per share to distribute the tax rebate to shareholders.

Asset allocation and borrowing

TEMIT has fixed borrowings of £100 million, and a revolving credit facility under which up to £120 million may be drawn down. During the period under review, in the light of the continuing COVID-19 pandemic and likely market volatility, the Investment Manager elected not to borrow under the revolving credit facility and cash held in the portfolio effectively offset the fixed borrowing. The strong returns described above were not, therefore, driven by gearing.
The discount

The discount

Despite the strong investment performance in the period under review, the discount remained stubbornly wide as there was relatively little demand for emerging markets from private investors. We remained active with our share buyback programme, buying back 5,781,760 shares at a total cost of £45.3 million. Nevertheless, the discount was a little wider at the end of September than the end of March, ending the period at 12.5%.

Despite not being able to meet investors in person, our Investment Manager remained active in marketing the Company's shares with a combination of remote meetings, video conferences and presentations made available via our website and social media. In September we won the award in the "Emerging Markets – Active" category in the A J Bell Fund and Investment Trust Awards 2020, which was particularly gratifying as the award was made on the basis of voting by private investors from a short list of open ended funds, ETFs and investment trusts drawn up by investment experts.

COVID-19 pandemic

The Board, and particularly the Audit Committee which has risk management as one of its key functions, continues to monitor the Company's operations closely. I am pleased to report that our Investment Manager and key service providers have continued to provide a robust service, with good communication and effective risk controls. While to date all of our key suppliers have maintained business as usual, we remain alert to the risks presented by prolonged absence from the office and unconventional working practices.

AIFM fees
With effect from 1 July 2020, the annual fee rate levied on assets above £1 billion was cut to 0.80% from 0.85%. The fee rate on assets below £1 billion is unchanged at 1.0%. Based on net assets as at 30 September 2020, this results in an annual saving to the Company of £0.6 million.

The Board
Gregory Johnson duly stepped down from the Board at the Annual General Meeting on 9 July 2020.

On 23 September, we announced that Medha Samant would join the Board with effect from 1 October 2020. Medha was appointed following a process in which a number of candidates were considered with the assistance of independent recruitment consultants, Trust Associates. Medha has 27 years' experience based in Hong Kong, working with asset management firms in the Asia Pacific equities markets covering marketing, business development, portfolio management and research, with a recent focus on ESG.

Annual General Meeting
All resolutions at the Annual General Meeting, which this year was held as a closed meeting due to restrictions as a result of the COVID-19 pandemic, were passed by a large margin. The Board would like to thank shareholders for their support and forbearance this year and we look forward to meeting you at next year's AGM, when we hope that we will return to normal arrangements with a meeting open to all shareholders.

In preparation for the AGM, a number of shareholders queried our approach to diversity on the Board. Recent changes to the Board are described above but I would emphasise that all appointments are made on merit and having considered a variety of candidates.

Two shareholders also asked whether the Board would contemplate issuing shares at a discount. Our policy is only to issue new shares or reissue shares from treasury at a price which is at or above the prevailing net asset value per share.

Outlook
It was encouraging to see TEMIT's net asset value perform so well in the six months under review but I would caution that, with a second wave of COVID-19 infections in many parts of the world, it would be unwise to expect matters to be straightforward over the next few months. Our Investment Manager's projection of revenues indicates that companies in our investment universe are, in general, reducing dividend payments. This clearly indicates a degree of natural caution on the level of profits, at least in the short term. However, some countries and companies in our investment universe have dealt with the crisis very effectively, recently we have seen positive news on three COVID-19 vaccines and the election of President-elect Biden in the US should lead to a more constructive approach to international trade. There is value in our portfolio of investments and we maintain full confidence in our Investment Manager's bottom up stock selection process, which should stand shareholders in good stead in the longer term.

Paul Manduca
Chairman
25 November 2020

Interim Management Report

Principal risks

The Company predominantly invests directly in the stock markets of emerging markets. The principal categories of risks facing the Company, as determined by your Board, are:

- Pandemic;
- Cyber;
- Investment and concentration;
- Market and geo-political;
- Foreign currency;
- Portfolio liquidity;
- Counterparty and credit;
- Operations and custody;
- Key personnel; and
- Regulatory.

The Board has provided the Investment Manager with guidelines and limits for the management of 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). There have been no changes to the principal and emerging risks reported in the Annual Report and, in the Board's view, these principal and emerging risks are equally applicable to the remaining six months of the financial year as they were to the six months under review.

While Brexit has created a degree of uncertainty, in light of the nature of TEMIT's business and regulatory arrangements, the Board has decided that Brexit is not one of the principal risks facing the Company. Nevertheless, the Board and AIFM continue to monitor developments closely.

Related party transactions

The Directors consider that under the classification of related party transactions outlined in the Statement of Recommended Practice for Investment Trusts issued by the Association of Investment Companies in November 2014 and updated in February 2018 and October 2019, 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 six months ended 30 September 2020, which have a material effect on the results or financial position of the Company.

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, net current assets, expenditure forecasts, the principal and emerging risks and uncertainties described within the Annual Report, and with due consideration to the COVID-19 pandemic, the Directors are satisfied that the Company has adequate resources to continue to operate as a going concern for the foreseeable future, being a period of at least 12 months from the date of approval of the Financial Statements, 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.

Each of the Directors, who are listed in the full half-yearly report, confirms that to the best of their knowledge:

(a) the condensed set of financial statements, for the period ended 30 September 2020, 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 25 November 2020 and the above responsibility statement was signed on its behalf by

Paul Manduca
Chairman
25 November 2020

Portfolio Report

Market Overview

Emerging market equities posted significant gains during the six months under review, despite the onset of a major global recession following the stringent measures imposed to slow the spread of the novel coronavirus (COVID-19). A gradual easing of restrictions, government stimulus and monetary easing drove a resumption of economic activity, leading stocks higher throughout most of the period. Optimism about the development of treatments and vaccines for COVID-19 further supported the recovery in equity prices. However, geopolitical tensions, rising COVID-19 cases in some countries and the possibility of renewed restrictions raised investor concerns in the latter part of the reporting period. The MSCI Emerging Markets Index returned +24.4%, while TEMIT delivered a net asset value total return of +31.2% (figures measured in sterling) in the six-month period under review. Full details of TEMIT's performance can be found in the full half-yearly report.

China's economy contracted for the first time on record in the first quarter of 2020, reflecting the significant disruption caused by the COVID-19 pandemic and subsequent lockdowns of non-essential businesses. To bolster the economy, the government implemented fiscal stimulus measures, while the People's Bank of China took steps to lower interest rates for borrowers and enact additional stimulus measures, such as a new one-year medium-term lending facility. These efforts proved effective, allowing the economy to reopen and resume growth in the second quarter, albeit at a lower rate than prior to the pandemic. While near-term growth was severely impacted, we believe that there is pent-up domestic demand, which will help drive growth in the future. Although US-China tensions heightened following bans on Chinese applications TikTok and WeChat, sanctions on Huawei, tighter regulatory scrutiny on Chinese companies listed in the US and export controls, commitment to the trade deal reached in early 2020 provided investors with some comfort. We expect US-China relations to remain volatile, we remain positive on China's longer-term outlook, but we are positive that domestic consumption continues to lag (although improving), other economic indicators such as industrial production and manufacturing have returned to pre-COVID-19 levels.

Moreover, China's focus on economic restructuring and long-term sustainable growth has led to quicker application of structural reforms, industry consolidation and development of local technology supply chains to replace US sources. We believe that China will become a leader in fifth-generation wireless technology (5G), which together with artificial intelligence and robotics could help drive China's economy as it seeks to rely less on the US. Additional characteristics that favour China include continued domestic reforms, technological advancement, rapid digitalisation, a huge consumer market and the availability of a multitude of fiscal and monetary tools to help weather external shocks. In this environment, Chinese equities rose during the period reassured by the government's aggressive actions to contain the virus and the economy's return to growth in the second quarter. However, renewed trade tensions with the US and subsequent COVID-19 outbreaks in China later in the period restricted further gains. China continued to be TEMIT's largest market exposure but the portfolio remained underweight relative to the benchmark.

Post the end of the reporting period, there were some announcements in China indicating greater regulatory oversight over the operations of dominant internet companies and fintech companies. These announcements led to the cancellation of the ANT Financial IPO and did impact on share prices of Tencent and Alibaba which are amongst the top 4 holdings of TEMIT. While there is little doubt that there would be more scrutiny on operations of the large internet companies, not only in China, at this stage the policy has not been fully enacted and it remains to be seen how the underlying operations are fundamentally impacted. The diversified nature of these two mega-caps and flourishing competition in the internet space within China gives us some comfort that the overall operations should not be significantly impacted and we do believe that the underlying resilience of these companies has not been compromised.

South Korea embodies much of emerging markets' new realities; namely institutional resilience, improved economic diversification and the emergence of world-leading companies. In addition to standing out as illustrative of the aforementioned factors, South Korea is also an example in terms of its handling of the COVID-19 pandemic. As a major oil importer, South Korea has disproportionately benefited from relatively lower oil prices, while also seeing little economic impact from the collapse in international travel due to its lower dependency on tourism. An export powerhouse, several South Korean exporters are of global importance, supplying hardware that enables the modern economy to function. World-leading semiconductor and battery makers are benefitting from the secular trends of increased computing power and greener mobility—some of which are accelerating due to the pandemic. The country's internet sector has also been thriving with social distancing. South Korean companies also continue to implement policies aimed at improving their environmental, social and governance (ESG) policies. We have seen leading companies in South Korea publicly apologise for governance missteps and manage their balance sheets more effectively through returning capital to shareholders. The South Korean stock market outperformed its emerging market counterparts, and South Korea was TEMIT's second-largest market position at the end of September as well as overweight versus the benchmark.

A rally in technology stocks and effective control of COVID-19 in the country drove **Taiwan's** equity benchmark to an all-time high in September, making it one of the best performing emerging markets over the reporting period. Known for its research and development strength, Taiwan's semiconductor industry is a global leader, with the island home to one of the world's largest independent integrated chip manufacturers. The industry has been benefitting from increased demand from cloud applications related to remote working and online education, trends which the pandemic has accelerated. We believe that the global outlook for memory chips will remain strong, driven by demand for memory solutions from smartphones, high performance computing, fifth-generation wireless technology (5G), artificial intelligence, internet of things, data centres and cloud infrastructure. Taiwan's manufacturers are also at the forefront of the global push to move supply chains out of China, as rising US-China tension fuels demand for servers and chips not made on the mainland. TEMIT's exposure to Taiwan was largely attributable to Taiwan Semiconductor Manufacturing Company (TSMC), one of the portfolio's largest holdings and one of the largest stock contributors to TEMIT's performance relative to the benchmark. TSMC is one of the world's leading semiconductor makers and counts major technology companies amongst its clients.

The implementation of stimulus measures and monetary easing efforts coupled with better-than-expected second-quarter GDP data provided a conducive environment for the **Russian** market. However, in an environment where technology-related stocks outperformed, the MSCI Russia Index, which is more heavily exposed to energy and materials stocks that were adversely impacted by relatively low oil and basic metals prices as well as demand concerns as a result of the pandemic, lagged its emerging markets counterparts, over the six-month period. While oil—an old economy sector—is a major contributor to Russia's economy, we have found that the new economy in Russia is also thriving. The country's leading bank, Sberbank for example, is so much more than a traditional bank. Its digital ecosystem incorporates artificial intelligence (AI), big data and robotisation. Similarly, Russia's leading search engine Yandex, has built an impressive ecosystem. Thus, in addition to its continued dominance in the old economy of oil, we believe that Russia appears to offer a compelling investment pool for those wanting to ride the structural tailwind of the new reality where consumption and technology are tomorrow's drivers of growth – an area which accounts for the majority of TEMIT's Russian exposure and has contributed to TEMIT's relative outperformance. We trimmed our holdings over the reporting period on potential political risk arising from the upcoming US elections.

Brazil has been among the countries hardest hit by the COVID-19 pandemic, just behind the US and India in the number of reported cases. However, we have started to see the number of new cases decline from its peak in July. Heavy government spending and monetary policy easing, with interest rates cut to record-low levels, have helped bring some stability to the economy. Moreover, Brazil has continued to make progress on the reforms front despite political noise. In terms of investment opportunities, we continue to favour the financials sector, including companies with strong capital market exposure. Interestingly, Brazil's stock exchange itself has a strong sustainability agenda, while ESG principles are not only implemented within the exchange itself, but also promoted in the Brazilian stock market broadly. E-commerce is another exciting investment theme. As in other countries, the COVID-19 crisis has accelerated the adoption of internet-based retailing in Brazil. Despite continued uncertainties, we remain generally positive on the prospects for Brazil over the longer-term and continue to favour domestic-oriented themes including the financial, infrastructure and consumer-related sectors, which we believe should benefit from the country's economic recovery. Although equities rose over the period, they lagged their emerging market peers. Brazil's overweight exposure was maintained but we sold out of Brazil's energy sector during the reporting period.

Although **India** took bold steps to contain the spread of COVID-19, enforcing a complete lockdown across the country on 25 March 2020 by sealing international borders and restricting domestic travel, the daily number of COVID-19 cases in the country started to increase in late-August as the country continued to ease quarantine restrictions and economic activity began gradually to normalise. A silver lining is that India has not seen a corresponding jump in mortalities, reflecting improved treatments and wider testing revealing asymptomatic cases. While this may raise uncertainty on the pace of economic recovery, government stimulus and support from the Reserve Bank of India, which also helped restore some confidence in financial markets and boost liquidity, should filter into the real economy gradually, supporting a recovery in due course. India may also benefit from change in global supply chains in select products, as companies diversify their production base away from China. Importantly, while the government is working on reviving growth, the current challenging macro environment provides opportunities for stronger companies to gain market share at the expense of weaker ones. For example, stronger private-sector banks have increased their lead at the expense of weaker public sector banks and non-financial banking companies. As we continue to reposition the portfolio, we sold out of some positions in India in favour of other more attractive investment opportunities. India, however, remained one of TEMIT's larger exposures as we believe that long-term reforms and expectations of faster earnings growth, combined with our positive outlook on India in the long-term underpinned by a number of structural growth drivers, supports the case for investing in Indian equities.

Investment Strategy, Portfolio Changes and Performance

The following sections show how different investment factors (stocks, sectors and geographies) accounted for TEMIT's performance over the period. We continue to emphasise our investment process that selects companies based on their individual attributes and ability to generate risk-adjusted returns for investors, rather than taking a high-level view of sectors, countries or geographic regions to determine our investment allocations.

Our investment style is centred on finding companies with sustainable earnings power and whose shares trade at a discount relative to their intrinsic worth and to other investment opportunities in the market. We also pay close attention to risks.

We continue to utilise our research-based, active approach to help us find companies which have high standards of corporate governance, respect their shareholder base and understand the local intricacies that may determine consumer trends and habits. Utilising our large team of analysts, we aim to maintain close contact with the board and senior management of existing and potential investments and believe in engaging constructively with our investee companies. This further enables us to best understand individual business models and how companies are prepared for the risks and opportunities that arise from a changing world.

Typically, we conduct detailed analyses of potential returns versus risks with a time horizon of typically five years or more.

We believe, as active investors, that company engagement remains a crucial part of philosophy as we look to improve returns for our investors. Bringing about better corporate behaviour and a better understanding of companies' responsibilities toward all stakeholders are themes that we continue to push in our stewardship of client capital. The tone of engagement in emerging markets has shifted in recent years: companies that formerly took a narrow, hard-nosed approach to returns are adopting more accommodative measures. In countries such as South Korea companies are placing more emphasis on ESG issues. In India, companies are required to spend a certain portion of their profits on social activities. ESG reporting has become mandatory in some countries, a trend that we expect to continue elsewhere.

The ESG conversation is changing further amid the COVID-19 pandemic, with a greater focus on the social impact of policies. Many governments are supporting jobs, while companies are more cognisant of the reputational risks of layoffs. ESG has become more important, with companies considering it critical to sustainable business performance. In our view, this "delta" of improving ESG in emerging markets is a further tailwind supporting the secular outlook for the asset class as the world emerges from this crisis.

Our investment focus remains on companies that demonstrate sustainable earnings power, trading at discounts to our assessment of their intrinsic worth. Amongst the portfolio's key holdings are companies that have shown leadership in various technology-related areas such as semiconductors and internet services. The portfolio is also invested in companies that offer exposure to emerging markets' longer-term consumption growth potential, reflected in a rising penetration of goods and services or a "premiumisation" in demand.

Performance attribution analysis %

Six months to 30 September	2020	2019	2018	2017	2016
Net asset value total return[a]	31.2	6.3	(1.5)	11.4	29.6
Expenses incurred	0.5	0.5	0.6	0.6	0.6
Gross total return[a]	31.7	6.8	(0.9)	12.0	30.2
Benchmark total return[a]	24.4	2.2	(1.8)	7.1	21.7
Excess return[a]	7.3	4.6	0.9	4.9	8.5
Stock selection	2.5	2.6	(0.2)	1.8	0.2
Sector allocation	4.0	1.6	(0.5)	2.7	7.9
Currency	0.5	0.4	1.1	0.1	0.4
Residual[a]	0.3	–	0.5	0.3	–
Total Portfolio Manager contribution	**7.3**	**4.6**	**0.9**	**4.9**	**8.5**

Source: FactSet and Franklin Templeton Investments.

[a] A glossary of alternative performance measures is included in the full half-yearly report.

Top contributors to relative performance by security (%)[a]

Top contributors	Country	Sector	Share price total return	Relative contribution to portfolio
NAVER	South Korea	Communication Services	75.9	1.6
Taiwan Semiconductor Manufacturing Company	Taiwan	Information Technology	63.3	1.5
Yandex	Russia	Communication Services	84.4	0.9
China Construction Bank[b]	China/Hong Kong	Financials	(19.5)	0.6
Tencent	China/Hong Kong	Communication Services	32.9	0.5
Alibaba Group	China/Hong Kong	Consumer Discretionary	45.2	0.4
Industrial and Commercial Bank of China[b]	China/Hong Kong	Financials	(21.8)	0.4
Glenmark Pharmaceuticals[c]	India	Health Care	123.8	0.3
Cognizant Technology Solutions[c]	United States	Information Technology	44.8	0.3
Bank of China[b]	China/Hong Kong	Financials	(16.4)	0.2

[a] For the period 31 March 2020 to 30 September 2020.
[b] Security not held by TEMIT as at 30 September 2020.
[c] Security not included in the MSCI Emerging Markets Index.

The pandemic's boost to e-commerce and other online business models lifted investors' outlook for companies with the technology to capture this trend. Internet companies NAVER in South Korea and Yandex in Russia surged. Both companies are the leading internet search engine operators in their home markets and they offer a wide range of other online services in areas such as e-commerce.

NAVER also provides services including LINE, the largest messenger app in Japan that is in the process of being merged with SoftBank subsidiary, Yahoo Japan. NAVER'S second-quarter revenue and earnings recorded double-digit growth, benefitting from increased online shopping on its platform amid the pandemic. It also introduced new membership and financial services with an eye to enhancing customer loyalty. Investors also remained confident of NAVER'S penetration into ecommerce and businesses in other areas such as digital content and financial services, which could contribute to its longer-term growth.

In addition to its search engine and e-commerce interests, **Yandex's** major businesses also include taxi ride- hailing services, food delivery services and online advertising. Amidst the pandemic, the company ramped up its food and grocery delivery services with support from its ride-hailing business, while its media services saw faster growth. Investors viewed positively the termination of a partnership between Yandex and major Russian bank, Sberbank, as it allowed Yandex to freely develop its own fintech initiatives going forward. Shares reached a record high on 31 August 2020 on inclusion in the MSCI Russia and Emerging Markets indices. Plans to spins-off its self-driving cars business into a separate unit further boosted sentiment in the stock.

TSMC is one of the world's leading semiconductor makers and counts major technology companies amongst its clients. The company has been a beneficiary of increased demand from cloud applications related to remote working and online education, trends which the pandemic has accelerated. The chip maker posted better-than-expected second-quarter results and lifted its full-year revenue guidance amid strong demand for its cutting-edge chips. While a further tightening of US restrictions on its customer Huawei, which prohibits semiconductor makers that use US technology from selling products to Huawei without US government permission, raised investor uncertainty. However, the announcement by a major American competitor of a delay in the production of its next-generation chips and the possibility of outsourcing led the share price to jump in July, leading shares to end the reporting period near all-time highs**.**

Top detractors to relative performance by security (%)[a]

Top detractors	**Country**	**Sector**	**Share price total return**	**Relative contribution to portfolio**
Meituan Dianping[b]	China/Hong Kong	Consumer Discretionary	147.7	(0.7)
Reliance Industries[b]	India	Energy	98.0	(0.6)
Itaú Unibanco	Brazil	Financials	(14.2)	(0.5)
ICICI Bank	India	Financials	6.8	(0.5)
Banco Bradesco	Brazil	Financials	(10.1)	(0.4)
JD.com[b]	China/Hong Kong	Consumer Discretionary	83.8	(0.3)
Banco Santander Mexico[c]	Mexico	Financials	(5.0)	(0.3)
NIO[b]	China/Hong Kong	Consumer Discretionary	632.1	(0.3)
China Mobile	China/Hong Kong	Communication Services	(12.0)	(0.2)
LUKOIL	Russia	Energy	0.8	(0.2)

[a] For the period 31 March 2020 to 30 September 2020.

[b] Security not held by TEMIT as at 30 September 2020.

[c] Security not included in the MSCI Emerging Markets Index.

A collapse in economic activity amid the COVID-19 pandemic and expectations of slowing loan growth, falling margins and rising bad debts have hurt near-term earnings forecasts for leading Brazilian financials **Itau Unibanco** and **Banco Bradesco**. Although both banks reported weak first-quarter corporate results largely due to higher-than-expected provisions related to COVID-19 and suspended guidance for 2020, net income rose in the second quarter compared to the preceding quarter. While the pandemic has weighed on their businesses in the short-term, we see a low probability of a systemic banking crisis in Brazil. The pandemic could, in fact, have the unintended effect of boosting bank penetration in Brazil. The government's disbursement of emergency handouts through banks has compelled scores of previously "unbanked" individuals to open accounts. This group of new customers could drive a fresh wave of demand for financial services in the future. When the outbreak eventually passes, we expect these quality banks to resume secular growth. Credit penetration in Brazil is far below many other countries, signalling room to head higher in the coming years. Brazil's central bank has also cut its policy interest rate to a record low, which reduces the cost of renegotiating or restructuring loans and could be a catalyst for longer-term credit growth. Our longer- term conviction remains bullish for both banks where we see strong fundamentals, improving competitive positions and the potential to benefit from structural growth drivers.

ICICI Bank is one of the largest private-sector banks in India. Although the stock contributed to absolute performance, it was among the largest relative detractors as its returns lagged its emerging market counterparts on concerns about the interim impact of economic disruptions caused by COVID-19 on the bank's loans and margins. Indian financials stocks were generally hurt by worries of bad debts in the banking system as the central bank extended loan repayment relief to borrowers, while holding back from allowing a one-time restructuring of loans. ICICI Bank reported a double-digit increase in first- and second-quarter 2020 profits, despite higher COVID-19-related provisions. ICICI Bank's sale of its insurance subsidiaries and solid participation from the global and domestic investor community in the bank's US$2 billion equity issuance in August to raise capital to strengthen its balance sheet was also viewed positively by investors. Although we trimmed our position in the stock, it remains amongst TEMIT's top 10 holdings, as we believe ICICI Bank is well-capitalised with a strong deposit base and should be able to withstand challenges.

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**
Communication Services	21.4	3.7	Consumer Discretionary	48.8	(1.3)
Information Technology	39.7	1.4	Materials	33.4	(0.5)
Financials	3.0	1.2	Energy	17.9	(0.4)
Real Estate[b]	2.8	0.6	Health Care	34.4	–
Utilities[b]	1.8	0.5			
Industrials	15.5	0.5			
Consumer Staples	13.6	0.2			

[a] For the period 31 March 2020 to 30 September 2020.
[b] No companies held by TEMIT in this sector.

Favourable stock selection in the **communication services** was a leading contributor to TEMIT's performance relative to the benchmark index in the review period. Stock selection and an overweight position in the **information technology** sector added to relative returns. Stock selection and an underweight position to the financials sector which underperformed also had a positive impact. Beneficiaries of increased demand from cloud applications related to remote working and online education, trends which the pandemic has accelerated, further supported returns. Although we remain slightly underweight in financials relative to the benchmark index, the sector remains a key area of secular growth given the low levels of credit penetration across emerging markets. Our holdings are primarily in dominant well-managed incumbent banks with strong capitalisation levels and robust deposit franchises, which should emerge stronger post crisis given their larger positions versus smaller fintech players.

Conversely, stock selection in the **consumer discretionary, materials** and **energy** sectors negatively impacted relative returns. Although the COVID-19 pandemic had led to demand interruption for discretionary products, taking a longer-term view we believe that consumption in emerging markets remains a multi-year growth opportunity for investors as they continue to upgrade the quality of the goods and services that they consume.

Low- or under-penetration of a wide range of goods and services in emerging markets also provides an attractive investment opportunity. We used the market fall as an opportunity to increase our holdings in the consumer discretionary sector. A slower-than-expected recovery in demand following the gradual re-opening of economies and a resurgence of new COVID-19 cases in some economies weighed on businesses in the materials and energy sectors. We reduced our holdings in the energy sector during the reporting period and maintained an underweight position in materials relative to the benchmark.

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
Taiwan	36.6	1.8	India	33.2	(0.4)
South Korea	29.5	1.6	Brazil	14.4	(0.3)
Russia	9.1	1.2	South Africa	27.4	(0.2)
China/Hong Kong	24.6	0.9	United Kingdom(c)	–	(0.2)
United States	(7.6)	0.4	Kenya(c)	–	(0.1)
Malaysia[b]	11.8	0.2			
Indonesia	11.2	0.2			
Saudi Arabia[b]	19.5	0.1			
Qatar[b]	10.5	0.1			
Turkey[b]	(3.8)	0.1			

[a] For the period 31 March 2020 to 30 September 2020.
[b] No companies held by TEMIT in this country.
[c] No companies included in the MSCI Emerging Markets Index in this country.

Our selection of stocks in **Taiwan, South Korea** and **Russia**, were amongst the leading contributors to TEMIT's returns relative to the benchmark index.

In contrast, relative performance was hurt by stock selection in the **India, Brazil** and **South Africa**. Exposure to banks in India and Brazil accounted for a substantial portion of the underperformance in those markets.

Portfolio changes by sector

						Total return in sterling	
Sector	**31 March 2020 market value £m**	**Purchases £m**	**Sales £m**	**Market movement £m**	**30 September 2020 market value £m**	**TEMIT %**	**MSCI Emerging Markets Index %**
Information Technology	418	68	(54)	169	601	42.3	39.7
Consumer Discretionary	337	41	(15)	117	480	35.6	48.8
Communication Services	345	39	(80)	149	453	42.7	21.4
Financials	348	12	(21)	24	363	7.6	3.0
Consumer Staples	106	7	(7)	13	119	14.0	13.6
Materials	66	–	–	11	77	22.9	33.4
Energy	92	–	(16)	(4)	72	(0.9)	17.9
Industrials	38	5	–	11	54	26.7	15.5
Health Care	30	–	(22)	11	19	32.0	34.4
Real Estate	–	–	–	–	–	–	2.8
Utilities	–	–	–	–	–	–	1.8
Net assets/(liabilities)[a]	(5)	–	–	7[b]	2	–	–
Total	**1,775**	**172**	**(215)**	**508**	**2,240**		

[a] The Company's net assets/liabilities are the total of net current assets/liabilities plus non-current liabilities per the Statement of Financial Position in the full half-yearly report.
[b] The movement relates to changes in cash, receivables, payables, the loan facility and capital gains tax provision.

Sector asset allocation
As at 30 September 2020
Sector weightings vs benchmark (%)

	TEMIT	**MSCI Emerging Markets Index**
Information Technology	26.9	18.4
Consumer Discretionary	21.6	20.2
Communication Services	20.0	12.7
Financials	16.1	17.1
Consumer Staples	5.4	6.1
Materials	3.4	7.0
Energy	3.2	5.4
Industrials	2.5	4.4
Health Care	0.8	4.3
Real Estate	–	2.4
Utilities	–	2.0

Portfolio changes by country

						Total return in sterling	
Country	**31 March 2020 market value £m**	**Purchases £m**	**Sales £m**	**Market movement £m**	**30 September 2020 market value £m**	**TEMIT %**	**MSCI Emerging Markets Index %**
China/Hong Kong	594	85	(71)	154	762	27.3	24.6
South Korea	306	32	(32)	117	423	38.0	29.5
Taiwan	204	47	(34)	109	326	56.2	36.6
Russia	135	–	(22)	39	152	33.3	9.1
Brazil	128	–	(7)	10	131	9.8	14.4
India	115	–	(30)	29	114	25.9	33.2
Other	298	8	(19)	43	330	–	–
Net assets/(liabilities)[a]	(5)	–	–	7[b]	2	–	–
Total	1,775	172	(215)	508	2,240		

[a] The Company's net assets/liabilities are the total of net current assets/liabilities plus non-current liabilities per the Statement of Financial Position in the full half-yearly report.
[b] The movement relates to changes in cash, receivables, payables, the loan facility and capital gains tax provision.

Geographic asset allocation
As at 30 September 2020
Country weightings vs benchmark (%)[c]

	TEMIT	MSCI Emerging Markets Index
China/Hong Kong	34.1	42.0
South Korea	18.9	12.1
Taiwan	14.6	12.7
Russia	6.7	3.0
Brazil	5.8	4.5
India	5.1	8.3
South Africa	3.3	3.5
United Kingdom[d]	3.0	–
United States	2.0	0.1
Thailand	1.5	1.8
Mexico	1.0	1.7
Hungary	0.8	0.2
Indonesia	0.7	1.2
Cambodia[d]	0.7	–
Pakistan	0.5	–
Kenya[d]	0.5	–
Czech Republic	0.3	0.1
Philippines	0.2	0.7
Peru	0.2	0.2

[c] Other countries included in the benchmark are Chile, Colombia, Egypt, Greece, Malaysia, Poland, Qatar, Turkey, Saudi Arabia and the United Arab Emirates.
[d] Countries not included in the MSCI Emerging Markets Index.

Portfolio investments by fair value

As at 30 September 2020

Holding	Country	Sector	Trading[(a)]	Fair Value £'000	% of Net Assets
Alibaba[(b)]	China/Hong Kong	Consumer Discretionary	IH	249,416	11.1
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	PS	235,696	10.5
Samsung Electronics	South Korea	Information Technology	IH	207,959	9.3
Tencent	China/Hong Kong	Communication Services	PS	194,419	8.7
NAVER	South Korea	Communication Services	PS	101,322	4.5
Naspers	South Africa	Consumer Discretionary	IH	67,252	3.0
Unilever[(c)]	United Kingdom	Consumer Staples	PS	66,638	3.0
ICICI Bank	India	Financials	PS	58,677	2.6
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	PS	56,356	2.5
Yandex	Russia	Communication Services	PS	53,721	2.4
TOP 10 LARGEST INVESTMENTS				**1,294,456**	**57.6**
LG	South Korea	Industrials	IH	50,556	2.3
MediaTek	Taiwan	Information Technology	NH	44,275	2.0
Sberbank of Russia, ADR[(d)]	Russia	Financials	NT	39,466	1.8
LUKOIL, ADR[(d)]	Russia	Energy	NT	38,243	1.7
Cognizant Technology Solutions[(c)]	United States	Information Technology	PS	34,550	1.5
China Merchants Bank[(e)]	China/Hong Kong	Financials	IH	32,238	1.4
Itaú Unibanco, ADR[(d)(f)]	Brazil	Financials	NT	31,409	1.4
China Resources Cement	China/Hong Kong	Materials	NT	31,237	1.4
Banco Bradesco, ADR[(d)(f)]	Brazil	Financials	NT	29,234	1.3
Hon Hai Precision Industry	Taiwan	Information Technology	IH	28,813	1.3
TOP 20 LARGEST INVESTMENTS				**1,651,477**	**73.7**
Infosys	India	Information Technology	NT	28,526	1.3
Samsung Life Insurance	South Korea	Financials	PS	25,427	1.1
China Mobile	China/Hong Kong	Communication Services	NT	25,301	1.1
Ping An Insurance[(e)]	China/Hong Kong	Financials	NT	22,573	1.0
Vale	Brazil	Materials	NT	22,498	1.0
Baidu, ADR[(d)]	China/Hong Kong	Communication Services	NT	21,499	0.9
Tencent Music Entertainment, ADR[(d)]	China/Hong Kong	Communication Services	NH	19,160	0.8
Gedeon Richter	Hungary	Health Care	PS	18,910	0.8
Banco Santander Mexico, ADR[(d)]	Mexico	Financials	NT	18,214	0.8
POSCO	South Korea	Materials	NT	17,940	0.8
TOP 30 LARGEST INVESTMENTS				**1,871,525**	**83.3**
CNOOC	China/Hong Kong	Energy	NT	17,454	0.8
Prosus[(g)]	China/Hong Kong	Consumer Discretionary	NT	17,453	0.8
Lojas Americanas	Brazil	Consumer Discretionary	PS	16,498	0.7
B3	Brazil	Financials	NT	16,344	0.7
Astra International	Indonesia	Consumer Discretionary	NT	15,350	0.7
Bajaj Holdings & Investments	India	Financials	NT	14,589	0.7
NagaCorp	Cambodia	Consumer Discretionary	NT	14,491	0.7
Ping An Bank	China/Hong Kong	Financials	NT	14,391	0.6
Fila	South Korea	Consumer Discretionary	NT	13,871	0.6
NetEase, ADR[(d)]	China/Hong Kong	Communication Services	NT	13,320	0.6
TOP 40 LARGEST INVESTMENTS				**2,025,286**	**90.2**

Holding	Country	Sector	Trading[(a)]	Fair Value £'000	% of Net Assets
Uni-President China	China/Hong Kong	Consumer Staples	IH	12,761	0.6
H&H Group	China/Hong Kong	Consumer Staples	NT	12,571	0.6
Kiatnakin Phatra Bank	Thailand	Financials	NT	12,019	0.5
Kasikornbank	Thailand	Financials	NT	11,600	0.5
Sunny Optical Technology	China/Hong Kong	Information Technology	PS	10,682	0.5
IMAX[(c)]	United States	Communication Services	IH	10,562	0.5
Gazprom, ADR[(d)]	Russia	Energy	PS	10,554	0.4
Mail.Ru, GDR[(h)]	Russia	Communication Services	PS	10,401	0.4
MCB Bank	Pakistan	Financials	NT	8,713	0.4
B2W Digital	Brazil	Consumer Discretionary	NT	8,454	0.4
TOP 50 LARGEST INVESTMENTS				**2,133,603**	**95.0**
Massmart	South Africa	Consumer Staples	NT	7,564	0.3
Moneta Money Bank	Czech Republic	Financials	NT	7,103	0.3
Thai Beverage	Thailand	Consumer Staples	NT	6,981	0.3
Coal India	India	Energy	NT	6,193	0.3
PChome Online	Taiwan	Consumer Discretionary	NT	6,115	0.3
East African Breweries	Kenya	Consumer Staples	NT	5,600	0.3
Tata Chemicals	India	Materials	NT	5,538	0.2
Nemak	Mexico	Consumer Discretionary	PS	5,218	0.2
Catcher Technology	Taiwan	Information Technology	NT	4,967	0.2
M. Dias Branco	Brazil	Consumer Staples	NT	4,964	0.2
TOP 60 LARGEST INVESTMENTS				**2,193,846**	**97.6**
BDO Unibank	Philippines	Financials	NT	4,786	0.2
Intercorp Financial Services	Peru	Financials	NT	4,563	0.2
Siam Commercial Bank	Thailand	Financials	NT	4,319	0.2
Largan Precision	Taiwan	Information Technology	NT	4,053	0.2
BAIC Motor	China/Hong Kong	Consumer Discretionary	NT	3,238	0.2
Hankook Tire	South Korea	Consumer Discretionary	PS	3,194	0.2
COSCO SHIPPING Ports	China/Hong Kong	Industrials	IH	3,085	0.2
KT Skylife	South Korea	Communication Services	PS	3,012	0.1
KCB Group	Kenya	Financials	NT	2,453	0.1
Weifu High-Technology	China/Hong Kong	Consumer Discretionary	PS	2,158	0.1
TOP 70 LARGEST INVESTMENTS				**2,228,707**	**99.3**
TOTVS	Brazil	Information Technology	NT	1,835	0.1
Equity Group	Kenya	Financials	PS	1,829	0.1
CTBC Financial	Taiwan	Financials	NT	1,628	0.1
Dairy Farm	China/Hong Kong	Consumer Staples	NT	1,624	0.1
MGM China	China/Hong Kong	Consumer Discretionary	PS	1,531	0.1
United Bank	Pakistan	Financials	NT	1,039	0.1
Univanich Palm Oil	Thailand	Consumer Staples	NT	266	0.0
TOTAL INVESTMENTS				**2,238,459**	**99.9**
NET ASSETS/(LIABILITIES)				**1,849**	**0.1**
TOTAL NET ASSETS				**2,240,308**	**100.0**

[(a)] Trading activity during the year: (NH) New Holdings, (IH) Increased Holdings, (PS) Partial Sale and (NT) No Trading.
[(b)] The Company's holding in Alibaba is split between ADR's (9.3%) and Hong Kong listed shares (1.8%).
[(c)] This company, listed on a stock exchange in a developed market, has significant exposure to operations from emerging markets.
[(d)] US listed American Depository Receipt.

(e) Company is listed on the Hong Kong and Shanghai Stock Exchanges.
(f) Preferred Shares.
(g) This company is listed in the Netherlands. The classification of China/Hong Kong is due to most of its revenue coming from its holding in Tencent.
(h) UK listed Global Depositary Receipt.

Portfolio summary

As at 30 September 2020
All figures are in %

	Communication Services	**Consumer Discretionary**	**Consumer Staples**	**Energy**	**Financials**	**Health Care**	**Industrials**	**Information Technology**	**Materials**	**Total Equities**	**Net assets/ liabilities**	**30 September 2020 Total**	**31 March 2020 Total**
Brazil	–	1.1	0.2	–	3.4	–	–	0.1	1.0	**5.8**	–	**5.8**	**7.2**
Cambodia	–	0.7	–	–	–	–	–	–	–	**0.7**	–	**0.7**	**0.7**
China/Hong Kong	12.1	14.8	1.3	0.8	3.0	–	0.2	0.5	1.4	**34.1**	–	**34.1**	**33.5**
Czech Republic	–	–	–	–	0.3	–	–	–	–	**0.3**	–	**0.3**	**0.4**
Hungary	–	–	–	–	–	0.8	–	–	–	**0.8**	–	**0.8**	**1.2**
India	–	–	–	0.3	3.3	–	–	1.3	0.2	**5.1**	–	**5.1**	**6.4**
Indonesia	–	0.7	–	–	–	–	–	–	–	**0.7**	–	**0.7**	**0.7**
Kenya	–	–	0.3	–	0.2	–	–	–	–	**0.5**	–	**0.5**	**0.6**
Mexico	–	0.2	–	–	0.8	–	–	–	–	**1.0**	–	**1.0**	**1.3**
Pakistan	–	–	–	–	0.5	–	–	–	–	**0.5**	–	**0.5**	**0.5**
Peru	–	–	–	–	0.2	–	–	–	–	**0.2**	–	**0.2**	**0.3**
Philippines	–	–	–	–	0.2	–	–	–	–	**0.2**	–	**0.2**	**0.3**
Russia	2.8	–	–	2.1	1.8	–	–	–	–	**6.7**	–	**6.7**	**7.6**
South Africa	–	3.0	0.3	–	–	–	–	–	–	**3.3**	–	**3.3**	**3.2**
South Korea	4.6	0.8	–	–	1.1	–	2.3	9.3	0.8	**18.9**	–	**18.9**	**17.2**
Taiwan	–	0.3	–	–	0.1	–	–	14.2	–	**14.6**	–	**14.6**	**11.5**
Thailand	–	–	0.3	–	1.2	–	–	–	–	**1.5**	–	**1.5**	**2.2**
United Kingdom	–	–	3.0	–	–	–	–	–	–	**3.0**	–	**3.0**	**3.2**
United States	0.5	–	–	–	–	–	–	1.5	–	**2.0**	–	**2.0**	**2.3**
Net assets/(liabilities)[a]	–	–	–	–	–	–	–	–	–	**–**	0.1	**0.1**	**(0.3)**
30 September 2020 Total	**20.0**	**21.6**	**5.4**	**3.2**	**16.1**	**0.8**	**2.5**	**26.9**	**3.4**	**99.9**	**0.1**	**100.0**	**-**
31 March 2020 Total	**19.4**	**19.0**	**6.1**	**5.1**	**19.7**	**1.7**	**2.1**	**23.6**	**3.6**	**100.3**	**(0.3)**	**-**	**100.0**

(a) The Company's net assets/liabilities per the Statement of Financial Position in the full half-yearly report.

Market capitalisation breakdown[a] (%)	**Less than £1.5bn**	**£1.5bn to £5bn**	**£5bn to £25bn**	**Greater than £25bn**	**Net assets/ (liabilities)[b]**
30 September 2020	4.2	10.6	15.2	69.9	0.1
31 March 2020	8.2	10.4	22.7	59.0	(0.3)

Split between markets[c] (%)	**30 September 2020**	**31 March 2020**
Emerging Markets	93.7	93.5
Developed Markets[d]	5.0	5.5
Frontier Markets	1.2	1.3
Net assets/(liabilities)[b]	0.1	(0.3)

(a) A glossary of alternative performance measures is included in the full half-yearly report.
(b) The Company's net assets/liabilities per the Statement of Financial Position in the full half-yearly report.

[c] Geographic split between "Emerging Markets", "Frontier Markets", "Developed Markets" are as per MSCI index classifications.
[d] Developed market exposure represented by companies listed in United Kingdom and United States who have significant exposure to operations from emerging markets.
Source: FactSet Research System, Inc.

Market outlook

Investors had expected greater economic normalisation globally as we head into the end of 2020. However, rising COVID-19 cases in various parts of the world have shown that the pandemic is likely to persist and policymaking has largely remained reactive.

We expect the current economic and market environments to continue until a vaccine is widely available or herd immunity is achieved, with outcomes potentially varying widely by country. We believe that economic recoveries are likely to be modest, contrasting with the steep downturns that we saw earlier in the year. Governments have deployed massive stimulus, but many businesses have shut as lockdowns hit economies.

The COVID-19 crisis has catalysed the acceleration of some long-term themes that we have identified and followed in recent years. This trajectory will likely continue into 2021. A further marked trend this year has been increased differentiation within emerging markets amid rapid changes brought about by various economic, social and exogeneous shocks including the pandemic.

As a region, emerging Asia has outperformed global developed and emerging market indices, buoyed by China, South Korea, and Taiwan. By contrast, emerging markets such as Brazil and Russia have lagged. Similar divergence is seen at a sectoral level. While emerging market equities' overall valuations have increased, this is largely due to the narrow leadership of internet, technology, consumer and other "new economy" companies that are thriving amid COVID-19. We believe that this constant flux in emerging markets underlines the importance of a bottom-up, stock-driven investment approach that is sector- and country-agnostic.

The pandemic has reinforced three key realities in emerging markets that we have been focusing on. First, the increased institutional resilience in these countries. Second, the growth of consumption and technology, resulting in more diversified economies. Third, the growing innovation in emerging markets —and the capacity of companies to "leapfrog" developed-world competitors. On top of these multi-year themes, three nearer-term issues have our attention: the US-China relationship and deepening bilateral tensions; the impact of COVID-19 on companies and markets; and companies' readiness to embrace the new normal.

Our constructive near-term outlook recognises the potential for bouts of market volatility ahead. Concerns could arise as certain emerging markets approach policy stimulus limits imposed by prudence or shrinking public coffers. We have seen hostility toward China grow across the US political spectrum and we expect bilateral tensions to remain regardless of the election's outcome. Ongoing US-China trade and technology conflicts could also impact supply chains, resulting in more localisation and reshoring.

As long as COVID-19 remains a preoccupation for investors, countries and companies that have effectively managed the crisis and seen their businesses deliver are likely to continue doing well. In addition, growing business visibility and recovery in parts of the old economy, coupled with a wide valuation discount, could lead to a broadening of market performance through the end of 2020 and into 2021.

Chetan Sehgal
Lead Portfolio Manager
25 November 2020

Independent Review Report
to the members of Templeton Emerging Markets Investment Trust Plc

Introduction
We have been engaged by Templeton Emerging Markets Investment Trust plc ('the Company') to review the set of financial statements in the half-yearly financial report for the six months ended 30 September 2020, which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows, and the related explanatory notes 1 to 8. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on, Review Engagements 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union.

Our Responsibilities
Our responsibility is to express to the Company a conclusion on the financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the financial statements in the half-yearly financial report for the six months ended 30 September 2020 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
Edinburgh
25 November 2020

Statement of Comprehensive Income
For the six months to 30 September 2020

		For the six months to 30 September 2020 (unaudited)		
	Note	**Revenue £'000**	**Capital £'000**	**Total £'000**
Gains/(losses) on investments and foreign exchange				
Gains/(losses) on investments at fair value		–	498,128	498,128
Gains/(losses) on foreign exchange		–	2,104	2,104
Income				
Dividends		31,595	–	31,595
Other income		2,910	–	2,910
		34,505	**500,232**	**534,737**
Expenses				
AIFM fee		(2,871)	(6,700)	(9,571)
Other expenses		(1,012)	–	(1,012)
		(3,883)	**(6,700)**	**(10,583)**
Profit/(loss) before finance costs and taxation		**30,622**	**493,532**	**524,154**
Finance costs		(388)	(905)	(1,293)
Profit/(loss) before taxation		**30,234**	**492,627**	**522,861**
Tax income/(expense)	5	21,180	(403)	20,777
Profit/(loss) for the period		**51,414**	**492,224**	**543,638**
Profit/(loss) attributable to equity holders of the Company		**51,414**	**492,224**	**543,638**
Earnings per share	**2**	**21.42p**	**205.11p**	**226.53p**
Ongoing charges ratio[(a)]				**0.99%**

[(a)] A glossary of alternative performance measures is included in Shareholder Information in the full half-yearly report.

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.

70% of the annual Alternative Investment Fund Manager ("AIFM") fee and 70% of the finance costs have been allocated to the capital account.

For the six months to 30 September 2019 (unaudited)			Year ended 31 March 2020 (audited)		
Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
–	90,470	90,470	–	(271,335)	(271,335)
–	(1,251)	(1,251)	–	(883)	(883)
52,549	–	52,549	74,470	–	74,470
307	–	307	643	–	643
52,856	**89,219**	**142,075**	**75,113**	**(272,218)**	**(197,105)**
(2,996)	(6,990)	(9,986)	(5,900)	(13,766)	(19,666)
(1,080)	–	(1,080)	(2,095)	–	(2,095)
(4,076)	**(6,990)**	**(11,066)**	**(7,995)**	**(13,766)**	**(21,761)**
48,780	**82,229**	**131,009**	**67,118**	**(285,984)**	**(218,866)**
(437)	(1,021)	(1,458)	(873)	(2,037)	(2,910)
48,343	**81,208**	**129,551**	**66,245**	**(288,021)**	**(221,776)**
(3,815)	256	(3,559)	(6,312)	1,350	(4,962)
44,528	**81,464**	**125,992**	**59,933**	**(286,671)**	**(226,738)**
44,528	**81,464**	**125,992**	**59,933**	**(286,671)**	**(226,738)**
17.90p	**32.74p**	**50.64p**	**24.40p**	**(116.75)p**	**(92.35)p**
		1.02%			**1.02%**

([a]) A glossary of alternative performance measures is included in Shareholder Information in the full half-yearly report.

Statement of Financial Position
As at 30 September 2020

	As at 30 September 2020 £'000 (unaudited)	**As at 30 September 2019 £'000 (unaudited)**	**As at 31 March 2020 £'000 (audited)**
Non-current assets			
Investments at fair value through profit or loss	**2,238,459**	**2,184,767**	**1,780,253**
Current assets			
Trade and other receivables	7,570	8,811	10,736
Cash and cash equivalents	97,827	100,287	87,830
Total current assets	**105,397**	**109,098**	**98,566**
Current liabilities			
Bank loans	–	(117,132)	–
Other payables	(3,548)	(4,703)	(3,169)
Capital gains tax provision	–	(1,094)	–
Total current liabilities	**(3,548)**	**(122,929)**	**(3,169)**
Net current assets/(liabilities)	**101,849**	**(13,831)**	**95,397**
Non-current liabilities			
Other payable falling due after more than one year	(100,000)	–	(100,000)
Total assets less liabilities	**2,240,308**	**2,170,936**	**1,775,650**
Share capital and reserves	**–**	**–**	**–**
Equity Share Capital	64,367	66,582	65,812
Capital Redemption Reserve	18,302	16,087	16,857
Capital Reserve	1,583,246	1,528,489	1,136,322
Special Distributable Reserve	433,546	433,546	433,546
Revenue Reserve	140,847	126,232	123,113
Equity Shareholders' Funds	**2,240,308**	**2,170,936**	**1,775,650**
Net Asset Value pence per share[a]	946.5	884.1	732.3

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

Statement of Changes in Equity
For the six months to 30 September 2020 (unaudited)

	Equity Share Capital £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Special Distributable Reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 March 2019	**68,045**	**14,624**	**1,492,845**	**433,546**	**109,124**	**2,118,184**
Profit for the period	–	–	81,464	–	44,528	125,992
Equity dividends	–	–	–	–	(27,420)	(27,420)
Purchase and cancellation of own shares	(1,463)	1,463	(45,820)	–	–	(45,820)
Balance at 30 September 2019	**66,582**	**16,087**	**1,528,489**	**433,546**	**126,232**	**2,170,936**
Profit for the period	–	–	(368,135)	–	15,405	(352,730)
Equity dividends	–	–	–	–	(18,524)	(18,524)
Purchase and cancellation of own shares	(770)	770	(24,032)	–	–	(24,032)
Balance at 31 March 2020	**65,812**	**16,857**	**1,136,322**	**433,546**	**123,113**	**1,775,650**
Profit for the period	–	–	492,224	–	51,414	543,638
Equity dividends	–	–	–	–	(33,680)	(33,680)
Purchase and cancellation of own shares	(1,445)	1,445	(45,300)	–	–	(45,300)
Balance at 30 September 2020	**64,367**	**18,302**	**1,583,246**	**433,546**	**140,847**	**2,240,308**

Statement of Cash Flows
For the six months to 30 September 2020

	For the six months to 30 September 2020 £'000 (unaudited)	**For the six months to 30 September 2019 £'000 (unaudited)**	**For the year to 31 March 2020 £'000 (audited)**
Cash flows from operating activities			
Profit/(loss) before finance costs and taxation	524,154	131,009	(218,866)
Adjustment for:			
Bank and deposit interest	(2,910)	(307)	(622)
Dividend income	(31,595)	(52,549)	(74,470)
Net (gains)/losses on investment at fair value	(498,128)	(90,470)	271,335
Net (gains)/losses on foreign exchange	(2,104)	1,251	883
Stock dividends received in period	(494)	(103)	(103)
(Increase)/decrease in receivables	589	(540)	(732)
Increase/(decrease) in payables	255	152	(108)
Cash generated from operations	**(10,233)**	**(11,557)**	**(22,683)**
Bank and deposit interest received	2,910	307	622
Dividends received	34,139	52,887	72,987
Tax refund/(paid)	20,777	(4,043)	(6,540)
Net cash inflow from operating activities	**47,593**	**37,594**	**44,386**
Cash flows from investing activities			
Purchases of non-current financial assets	(172,222)	(266,769)	(440,488)
Sales of non-current financial assets	214,775	337,897	553,409
Net cash inflow from investing activities	**42,553**	**71,128**	**112,921**
Cash flows from financing activities			
Equity dividends paid	(33,680)	(27,420)	(45,944)
Purchase and cancellation of own shares	(45,191)	(45,058)	(69,453)
Repayment of revolving credit facility	–	–	(124,679)
Draw down of fixed term loan	–	–	100,000
Movement in banks loan outstanding	–	(7,677)	–
Bank loans interest and fees paid	(1,278)	(1,493)	(2,614)
Net cash outflow from financing activities	**(80,149)**	**(81,648)**	**(142,690)**
Net increase/(decrease) in cash	**9,997**	**27,074**	**14,617**
Cash at the start of the period	87,830	73,213	73,213
Cash at the end of the period	**97,827**	**100,287**	**87,830**

Reconciliation of liabilities arising from bank loans

	Liability as at 31 March 2020 £000	Cash flows £000	Non-cash movements FX movement £000	Profit & Loss £000	Liability as at 30 September 2020 £000
Revolving credit facility	–	–	–	–	–
Interest and fees payable	111	(232)	–	243	122
Fixed term loan	100,000	–	–	–	100,000
Interest and fees payable	350	(1,046)	–	1,050	354
Total liabilities from bank loans	**100,461**	**(1,278)**	**–**	**1,293**	**100,476**

Notes to the Financial Statements
For the six months 30 September 2020

1 Basis of preparation

The Half Yearly Report for the period ended 30 September 2020 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

The Company has adopted the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") issued in November 2014 and updated in February 2018 and October 2019 insofar as the SORP is compatible with IFRS. The accounting policies applied in these half yearly accounts are consistent with those applied in the accounts for the twelve months ended 31 March 2020.

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 30 September 2020 and 30 September 2019 has not been audited. The figures and financial information for the year ended 31 March 2020 are extracted from the published accounts and do not constitute the statutory accounts for that period. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors, which was unqualified and did not include a statement under sections 498(2) or 498(3) of the Companies Act 2006.

As at 30 September 2020, the Company had net current assets of £101,849,000 (31 March 2020: net current assets £95,397,000). The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

2 Earnings per share

	For the six months to 30 September 2020 £'000	For the six months to 30 September 2019 £'000	For the year 31 March 2020 £'000
Revenue profit	51,414	44,528	59,933
Capital profit/(loss)	492,224	81,464	(286,671)
Total	**543,638**	**125,992**	**(226,738)**
Weighted average number of shares in issue	239,976,332	248,756,861	245,537,352
Revenue profit per share	21.42p	17.90p	24.40p
Capital profit/(loss) per share	205.11p	32.74p	(116.75)p
Total profit/(loss) per share	**226.53p**	**50.64p**	**(92.35)p**

3 Equity share capital

In the six months to 30 September 2020, the Company bought back 5,781,760 shares for cancellation for a total consideration of £45,300,000.

In the six months to 30 September 2019, the Company bought back 5,851,774 shares for cancellation for a total consideration of £45,820,000.

Shares of 25p each	**For the six months to 30 September 2020**	**For the six months to 30 September 2019**	**For the year 31 March 2020**
Opening shares balance	242,484,139	251,416,170	251,416,170
Purchase and cancellation of own shares	(5,781,760)	(5,851,774)	(8,932,031)
Closing shares balance	**236,702,379**	**245,564,396**	**242,484,139**

4 Dividends

On 25 November 2020 the Board declared an interim dividend of 5.00 pence per share for the financial year 2021 (interim dividend for the financial year 2020: 5.00 pence per share) and a special dividend of 10.00 pence per share (special dividend for financial year 2020: 2.60 pence per share). The total of 15.00 pence per share is payable on 11 January 2021 to shareholders on the register on 4 December 2020. These dividends have not been accrued in the financial statements for the six months ended 30 September 2020 as dividends are recognised when the shareholder's right to receive the payment is established. For the interim and special dividend this would be the ex-dividend date of 3 December 2020.

5 Taxation

The revenue tax includes a £23.8 million Corporation Tax refund suffered on overseas dividend income received pre 2009 based on the Prudential & CFC FII GLO cases, this has been offset by the current year overseas withholding tax suffered. The tax refunded amounted to 10.0 pence per share. The capital tax expense consists of a £0.40 million expense arising from tax on realised gains on Indian holdings.

6 Costs of investment transactions

During the period, expenses were incurred in acquiring or disposing of investments. The following costs of transactions are included in the gains/(losses) on investments at fair value:

	For the six months to 30 September 2020 £'000	**For the six months to 30 September 2019 £'000**	**For the year to 31 March 2020 £'000**
Purchase expenses	233	384	503
Sales expenses	449	363	843
	682	**747**	**1,346**

7 Fair value

Fair values are derived as follows:

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

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

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The hierarchy valuation of listed investments through profit and loss are shown below:

	30 September 2020 £'000	**30 September 2019 £'000**	**31 March 2020 £'000**
Level 1	2,238,459	2,184,767	1,780,253
Total	**2,238,459**	**2,184,767**	**1,780,253**

8 General

The Half Yearly Report for the six months to 30 September 2020 was approved by the Board on 25 November 2020. A copy of the report is available on our website www.temit.co.uk.

Glossary of Alternative Performance Measures

Net asset value total return

A measure showing how the net asset value ("NAV") per share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders in sterling terms. Total return measures allow shareholders to compare performance between investment trusts where the dividend yield may differ. To calculate total return, it is assumed that dividends are reinvested into the assets of the Company at the prevailing NAV on the day that the shares first trade ex-dividend. Total return is calculated using published daily NAVs. The NAVs include income for the current period ("cum-income").

Share price total return

A measure showing how the share price has performed over a period of time, taking into account both capital returns and dividends paid to shareholders in sterling terms. Total return measures allow shareholders to compare performance between investment trusts where the dividend yield may differ. To calculate total return, it is assumed that dividends are reinvested into the shares of the Company at the prevailing share price on the day that the shares first trade ex-dividend.

Share price discount to net asset value ("NAV")

A measure showing the relationship between the share price and the NAV, which is expressed as a percentage of the NAV per share. As at 30 September 2020 the Company's share price was 828.0 pence and the NAV per share was 946.5 pence, therefore the discount was (828.0 – 946.5)/946.5 = 12.5% (31 March 2020: 10.3%). If the share price is lower than the NAV per share, the shares are said to be trading at a discount. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

Gearing/net gearing

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 will exceed the costs of those borrowings. For example, a figure of 5% means that the shareholder funds are exposed to NAV returns by an additional 5%, positive or negative, as a result of borrowings. Gearing considers the effect of gearing on the whole portfolio including any cash. Net gearing offsets any cash against the debt, as both debt and cash levels are unaffected by changes in the market value of securities in the portfolio.

Ongoing charges ratio

The OCR represents the annualised ongoing charges (excluding finance costs, transaction costs and (taxation) divided by the average daily net asset values of the Company for the period and has been prepared in accordance with the AIC's recommended methodology. Ongoing charges reflect expenses likely to recur in the foreseeable future. As at 30 September the OCR ratio was 0.99% (31 March 2020: 1.02%). For periods where the AIFM fee changes during the year, the latest fee rate is used for the purposes of the OCR to more accurately reflect the ongoing charges to the Company.

Gross total return

Gross total return is net asset value total return before the deduction of expenses (see page 10).

Excess return

The difference between the gross total return of TEMIT and the benchmark total return (see page 10).

Residual

A measure representing 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 (see page 10).

Market capitalisation

The total market value of a company's shares. This is calculated by multiplying the share price on the date in question by the number of shares in issue (see page 19).

Benchmark return

The Company's benchmark is the MSCI Emerging Markets Index. The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not track this index and, consequently, there may be material divergence between the Company's performance and that of the benchmark. Although not an alternative performance measure, total return of the benchmark is calculated on a closing market value to closing market value basis, assuming that all dividends received were reinvested into the shares of the relevant companies at the time at which the shares were quoted ex-dividend. Returns are converted by the index provider into sterling at prevailing exchange rates. Benchmark performance source: MSCI.

Copies will be uploaded and available for viewing on the National Storage Mechanism, copies will also be posted to the website www.temit.co.uk and may also be requested during normal business hours from Client Dealer Services at Franklin Templeton Investment Management Limited on freephone 0800 305 306. A pdf version of the full Half Yearly Report to 30th September 2020 will be available by accessing the following hyperlink http://www.temit.co.uk/content-common/semi-annual-report/en_GB/local-GB/TEMIT-semi-annual-report.pdf

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