Stock Exchange Announcement
Statement of Annual Results
TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC
(“TEMIT” or “the Company”)
Legal Entity Identifier 5493002NMTB70RZBXO96

Company Overview

Launched in June 1989, Templeton Emerging Markets Investment Trust PLC (“TEMIT” or the “Company”) is an investment trust 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 traded on both the London and New Zealand stock exchanges.

TEMIT has a diversified portfolio of around 80 high quality companies, actively selected for their long-term growth potential, sustainable earnings and with due regard to environmental, social and governance (“ESG”) attributes. 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 assets of £2.6 billion as at 31 March 2021. Since launch to 31 March 2021, TEMIT’s net asset value (“NAV”) total return was +4,629.5% compared to the benchmark total return of +1,930.4%.

The Company is governed by a Board of Directors who are committed to ensuring that shareholders’ best interests, taking into account the wider community of stakeholders, 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.

TEMIT at a glance

For the year to 31 March 2021

Total return for the year to 31 March 2021		
Net asset value[(a)]	Share price[(a)]	Benchmark[(a)(b)]
54.5%	**59.5%**	**42.8%**
(2020: -11.2%)	(2020: -12.1%)	(2020: -13.2%)

Dividends for the year to 31 March 2021[(c)]	
Proposed total ordinary dividend	Special dividend
19.00p	**10.00p**
(2020: 19.00p)	(2020: 2.60p)

(a) A glossary of alternative performance measures is included on pages 112 and 113 of the full Annual Report.
(b) Source: MSCI. The Company's benchmark is the MSCI Emerging Markets Index, with net dividends reinvested.
(c) An annual ordinary dividend of 19.00 pence per share for the year ended 31 March 2021 has been proposed. This comprises the interim dividend of 5.00 pence per share paid by the Company on 11 January 2021 and the proposed final dividend of 14.00 pence per share. In addition, a special dividend of 10.00 pence per share was paid by the Company on 11 January 2021.

Strategic Report

The Directors present the Strategic Report for the year ended 31 March 2021, which incorporates the Chairman's Statement, and has been prepared in accordance with the Companies Act 2006.

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed in their duty to promote the success of the Company for shareholders' collective benefit, and having regard for the interests of all stakeholders, by bringing together in one place key information about the Company's strategy, the risks it faces, how it is performing and the outlook.

Financial Summary
2020-2021

2020-2021	**Notes**	**Year ended 31 March 2021**	**Year ended 31 March 2020**	**Capital return %**	**Total return %**
Total net assets (£ million)		2,591.3	1,775.7		
Net asset value (pence per share)	(a)	1,096.9	732.3	50.9	54.5
Highest net asset value (pence per share)		1,177.8	971.4		
Lowest net asset value (pence per share)		706.1	705.6		
Share price (pence per share)	(a)	1,012.0	657.0	55.4	59.5
Highest end of day share price (pence per share)		1,072.0	876.0		
Lowest end of day share price (pence per share)		636.0	578.0		
MSCI Emerging Markets Index				39.4	42.8
Share price discount to net asset value at year end	(a)	7.7%	10.3%		
Average share price discount to net asset value over the year		11.1%	10.7%		
Ordinary dividend (pence per share)	(b)	19.00	19.00		
Special dividend (pence per share)	(c)	10.00	2.60		
Revenue earnings (pence per share)	(d)	28.64	24.40		
Capital earnings (pence per share)	(d)	363.65	(116.75)		
Total earnings (pence per share)	(d)	392.29	(92.35)		
Net gearing	(a)	0.5%	0.7%		
Ongoing charges ratio	(a)	0.97%	1.02%		

Source: Franklin Templeton and FactSet.

(a) A glossary of alternative performance measures is included on pages 112 and 113 of the Annual Report.

(b) An annual dividend of 19.00 pence per share for the year ended 31 March 2021 has been proposed. This comprises the interim dividend of 5.00 pence per share paid by the Company on 11 January 2021 and a proposed final dividend of 14.00 pence per share.

(c) Special dividend of 10.00 pence per share paid by the Company on 11 January 2021.

(d) The revenue, capital and total earnings per share figures are shown in the Statement of Comprehensive Income on page 80 of the Annual Report and Note 7 of the Notes to the Financial Statement.

Ten Year Record

2011-2021

Year ended	Total net assets (£m)	NAV (pence per share)	Share price (pence per share)	Year-end discount[a] (%)	Revenue earnings (pence per share)	Annual dividend (pence per share)	Ongoing charges ratio[a] (%)
31 March 2011	2,368.4	718.0	660.0	8.1	6.14	4.25	1.31
31 March 2012	2,098.6	636.3	588.5	7.5	7.91	5.75	1.31
31 March 2013	2,302.7	702.3	640.5	8.2	8.45	6.25	1.30
31 March 2014	1,913.6	591.8	527.0	10.9	9.14	7.25	1.30
31 March 2015	2,045.0	641.2	556.0	13.3	9.28	8.25	1.20
31 March 2016	1,562.3	524.2	453.9	13.4	7.05	8.25	1.22
31 March 2017	2,148.1	762.8	661.5	13.3	6.59	8.25	1.20
31 March 2018	2,300.8	846.0	743.0	12.2	15.90	15.00	1.12
31 March 2019	2,118.2	842.5	766.0	9.1	17.26	16.00	1.02
31 March 2020	1,775.7	732.3	657.0	10.3	24.40	19.00[b]	1.02
31 March 2021	2,591.3	1,096.9	1,012.0	7.7	28.64	19.00[c]	0.97

Ten year growth record
(rebased to 100.0 at 31 March 2011)

2011-2021

Year ended	NAV	NAV total return[a]	Share price	Share price total return[a]	MSCI Emerging Market Index total return	Revenue earnings per share - undiluted	Ordinary dividend per share
31 March 2011	100.0	100.0	100.0	100.0	100.0	100.0	100.0
31 March 2012	88.6	89.2	89.2	89.8	91.8	128.8	135.3
31 March 2013	97.8	99.1	97.0	98.8	98.8	137.6	147.1
31 March 2014	82.4	84.6	79.8	82.2	89.0	148.9	170.6
31 March 2015	89.3	92.8	84.2	87.9	100.8	151.1	194.1
31 March 2016	73.0	76.9	68.8	72.9	91.9	114.8	194.1
31 March 2017	106.2	113.7	100.2	108.1	124.3	107.3	194.1
31 March 2018	117.8	127.8	112.6	122.9	138.9	259.0	352.9
31 March 2019	117.3	130.0	116.1	130.3	139.0	281.1	376.5
31 March 2020	102.0	115.5	99.5	114.5	120.7	397.4	447.1
31 March 2021	152.8	178.3	153.3	182.6	172.4	466.4	447.1

Source: Franklin Templeton and FactSet.

(a) A glossary of alternative performance measures is included on pages 112 and 113 of the Annual Report.

(b) Excludes the special dividend of 2.60 pence per share.

(c) An annual ordinary dividend of 19.00 pence per share for the year ended 31 March 2021 has been proposed. This comprises the interim dividend of 5.00 pence per share paid by the Company on 11 January 2021 and a final dividend of 14.00 pence per share. It excludes the special dividend of 10.00 pence per share paid by the Company on 11 January 2021.

Chairman's Statement

Market overview and investment performance

At the start of the 12 months under review, equity markets had begun to recover from the initial shock of the COVID-19 pandemic outbreak, and investment returns have subsequently been high. TEMIT's NAV total return was very strong at +54.5%, which exceeded the return of the benchmark index of +42.8% by a wide margin. This is the fifth consecutive accounting year that our Investment Manager has delivered an investment return in excess of the benchmark, making TEMIT the best performing investment trust in its peer group[a] over five years. I would like to record the Board's thanks on behalf of shareholders for this excellent performance.

[a] Peer group: Global Emerging Markets Investment Trusts. Source AIC Interactive Statistics.

Revenue and dividend

In April 2020 we were informed by the UK tax authorities that they agreed our claim for a substantial repayment amounting to 10.0 pence per share, relating to Corporation Tax levied some years ago along with associated interest.

Excluding the tax repayment and interest, revenue earnings for the 12 months under review were 17.5 pence per share, compared with 21.8 pence per share for the same period in the prior year (on a like-for-like basis and excluding an extraordinary receipt of 2.6 pence per share in the prior year). The reduction in core revenue earnings is largely a result of the COVID-19 pandemic but the outcome is higher than may have been expected and demonstrates the resilience of our investment portfolio.

An interim dividend of 5.0 pence per share was paid on 11 January 2021, along with a special dividend of 10.0 pence per share to distribute the tax repayment to shareholders. The Board recommends a final dividend of 14.0 pence per share, which is unchanged from last year. TEMIT has large revenue reserves amounting to 51.7 pence per share and the Board believes that it is appropriate to use a small part of these reserves to maintain the annual dividend at the same level as last year. As usual, shareholders will be asked to approve the final dividend at the Annual General Meeting ("AGM").

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 took a cautious approach and elected not to borrow under the revolving credit facility and cash held in the portfolio largely offset the fixed borrowing.

Proposed adjustments to investment policy

The Board is proposing certain amendments to TEMIT's investment policy and shareholders will be asked to approve a revised policy at this year's AGM. The key changes are:

(i) The maximum proportion of assets that may be invested in one company to increase from 10% to 12%, measured at the time of investment.

This proposed change recognises that there are a number of very large and world-leading companies based in emerging markets that have grown to become a significant part of the benchmark. In proposing this change the Board is conscious that TEMIT should maintain a portfolio with an appropriate level of diversification.

We believe that it is in shareholders' best interests to provide TEMIT this additional flexibility to enable it to hold active positions in companies that reflect the Investment Manager's conviction while being conscious of the balance between risk and potential reward.

(ii) Up to 10% of assets may be invested in unlisted securities with a limit of 2% per individual investment, measured at the time of investment.

TEMIT's Investment Manager has recently been aware of a number of opportunities to invest in unlisted securities, particularly companies in the final stage of private funding before a planned public listing. The majority of investments will remain in listed companies but this proposed change provides a limited ability for TEMIT to invest in unlisted securities.

(iii) Maximum gearing to increase from 10% to 20%, measured at the time of borrowing.

While there is no current intention to increase gearing to 20%, the Board is requesting that shareholders approve an increase in gearing limits so that the Board and Investment Manager have additional flexibility to capture future investment opportunities.

In summary, these proposed changes are designed to increase flexibility in managing the portfolio but shareholders should not expect any fundamental change to our Investment Manager's established approach to investment. A full description of the proposed changes is included on pages 9 and 10 of the Annual Report and shareholders will be asked to approve the revised investment policy at the AGM.

The discount

In the Chairman's Statement at the half-year stage I noted that the discount had been "stubbornly wide" with a relatively low level of demand for the shares. Since then the position has improved and, at the end of the financial year, the discount was 7.7%.

We continue to be active in promoting TEMIT's shares using a variety of marketing tools with the aim of increasing demand for the shares. We have a substantial annual marketing and communications budget which is used to promote TEMIT to private investors. In addition, our Investment Manager is very active in meeting professional investors and in making information available to all investors using electronic media, with a wide variety of information published on our web site.

The Board regards share buybacks as a helpful tool in managing the balance between supply and demand for the shares and TEMIT was again active in buying back shares throughout the year. Trading in the shares is very closely monitored and the Board receives a daily report from our broker, Winterflood Securities, as well as regular summaries of market conditions focused on investor demand for global emerging markets funds. The information that we receive provides compelling evidence that the driver of changes in the discount is the balance between supply and demand for the shares. At the half year stage, we reported that we had bought back 5,781,760 shares. In the second half of the year, in light of increased interest from investors and a lower discount, the rate of buybacks slowed and TEMIT purchased a further 456,648 shares. In total over the year, £49.6 million was spent on share buybacks and, as all buybacks were at a discount to the prevailing NAV, this resulted in an increase to the NAV of 0.3% to the benefit of remaining shareholders.

AIFM fee

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 31 March 2021, this results in an annual saving to the Company of £0.8 million.

The Board

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

Medha Samant joined the Board with effect from 1 October 2020. Medha subsequently accepted a full time role at a financial services company and resigned from the Board on 19 April 2021. The Board would like to thank Medha for her contribution and wishes her success in her future career. After going through a new recruitment process the Board has appointed Magdalene Miller as a non-executive Director of the Company, with effect from 10 May 2021.

Share split to improve marketability

The price of the Company's existing ordinary shares of 25 pence each ("Existing Ordinary Shares") has more than doubled over the last five years, from under 500 pence in March 2016 to over 1,000 pence as at the end of March 2021. To assist monthly savers, shareholders who reinvest their dividends, and individuals wishing to invest smaller amounts, the Directors are proposing the sub-division of each Existing Ordinary Share into 5 new ordinary shares of 5 pence each ("New Ordinary Shares") ("Share Split"). The Directors believe that the Share Split may improve the liquidity in, and affordability of, the Company's shares, which would benefit all shareholders.

The Share Split will not affect the overall value of any shareholder's holding in the Company, and we have made arrangements to ensure that there will be no interruption in trading the shares on the London and New Zealand stock exchanges when the Share Split takes place.

The New Ordinary Shares will rank pari passu with each other and will carry the same rights and be subject to the same restrictions as the Existing Ordinary Shares, including the same rights to participate in dividends paid by the Company. The Share Split requires the approval of shareholders and, accordingly, resolution 10 in the Notice of AGM seeks such approval. The Share Split is conditional on the New Ordinary Shares being admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's main market for listed securities. If resolution 10 is passed, the Share Split will become effective on admission of the New Ordinary Shares to the Official List.

Further details of the Share Split are set out in the Directors' Report on pages 52 to 54 of the Annual Report and in the Notice of AGM.

Operational resilience and the COVID-19 pandemic

The Board, and particularly the Audit and Risk Committee, 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.

Annual General Meeting

The AGM of the Company will take place on 8 July 2021 at Barber-Surgeons' Hall in London. Our lead portfolio manager will not be able to attend the AGM but we have a wide range of information on our web site at www.temit.co.uk, which is regularly updated. If you decide to join the meeting, shareholders must review and follow the latest local COVID-19 restrictions applicable to London and their return location. Voting on the resolutions to be proposed will be conducted on a poll, and the Board encourages shareholders to submit their forms of proxy, to ensure that their vote counts. In light of the evolving situation, it may in any case be necessary to change the arrangements for this year's Annual General Meeting after the date of the Notice. Details of any changes will be made available via an RNS and on the Company's website. We have made arrangements for shareholders to submit questions to the AGM. If you have any questions please send these by email to temitcosec@franklintempleton.com or via the www.temit. co.uk./investor/contact-us in advance of the meeting. All questions received will be considered and responses will be provided on our website www.temit.co.uk.

Whether you intend to attend the meeting in person or not, you are strongly encouraged to submit your votes on the AGM resolutions in advance of the meeting. Submitting votes by proxy does not preclude you attending the meeting or changing your vote if you attend the AGM but ensures your votes will be counted if restrictions preventing attendance at the AGM are introduced at short notice.

If we are required to change the AGM arrangements we will write to shareholders, make an announcement via the London and New Zealand stock exchanges and post information on www.temit.co.uk. Full information on the AGM is contained in the Notice of Meeting on page 102 of the Annual Report.

Outlook

There are a number of challenges facing the world including continuing trade tensions, the potential for inflation rates to continue to edge up and, of course, the risk of continuing outbreaks of COVID-19. Against this background, we are experiencing an earnings-led recovery and this environment is one in which our Investment Manager's approach to stock picking with a focus on sustainable earnings should continue to lead to attractive investment returns.

Paul Manduca
Chairman
4 June 2021

Strategy and Business Model

Company objective, purpose and culture

TEMIT's purpose is to provide both private and institutional investors with the opportunity for capital appreciation via a professionally managed vehicle focused on listed equity investments in emerging markets.

The objective of TEMIT is to provide long-term capital appreciation for private and institutional investors seeking exposure to global emerging markets, supported by a culture of both strong customer service and corporate governance.

Investment policy

The Board is proposing a number of changes to the investment policy. These changes have been reviewed and approved by the UK Financial Conduct Authority ("FCA") and are now subject to shareholder approval at this year's AGM.

Explanation of proposed changes to the investment policy

The revised investment policy as set out below is designed to provide additional flexibility to the Investment Manager in achieving TEMIT's aims. While adjustments to the investment policy are proposed, there will be no fundamental change to the investment philosophy and approach.

The key proposed changes are:

- The maximum proportion of assets that may be invested in one company to increase from 10% to 12%, measured at the time of investment: This proposed change recognises that there are a number of very large and world-leading companies based in emerging markets. In proposing this change the Board is conscious that TEMIT should maintain a portfolio with an appropriate level of diversification;
- Up to 10% of assets may be invested in unlisted securities, with a maximum of 2% in any one unlisted security at the time of investment: The majority of investments will remain in listed companies but this proposed change allows some additional flexibility to allow TEMIT to participate as and when private equity opportunities arise. All investments will follow TEMIT's existing investment philosophy, and the balance of risk and reward, along with contribution to the overall portfolio, will be carefully considered for any private investments;
- Maximum gearing to increase from 10% to 20%: While there is no current intention to increase gearing to 20%, the Board is requesting that shareholders approve an increase in gearing limits so that the Board and Investment Manager have additional flexibility should suitable investment opportunities occur in the future; and
- No more than 10%, in aggregate, of the value of the Company's assets will be invested in other listed closed-ended investment funds: The UK Listing Rules set out limits to an investment trust's ability to invest in other listed closed end funds. This statement is included to confirm compliance with the listing rules and there is no current intention to invest in other listed closed end funds.

Current investment policy

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

It is intended that the Company will normally invest in equity instruments. However, the Investment Manager may invest in equity-related investments (such as convertibles) where it believes it is advantageous to do so. The portfolio may frequently be overweight or underweight in certain investments compared with the MSCI Emerging Markets Index and may be concentrated in a more limited number of sectors, geographical areas or countries than the benchmark. Investments may also be made in companies outside the benchmark that meet the investment criteria. The Company may also invest a significant proportion 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 a limit of 10% of its net assets.

Revised investment policy – subject to approval at this year's AGM

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

It is expected that the majority of investments will be in listed equities. However, up to 10% of the Company's assets may be invested in unlisted securities. In addition, while it is intended that the Company will normally invest in equity instruments, the Investment Manager may invest in equity-related investments (such as convertibles or derivatives) where it believes that it is advantageous to do so.

The portfolio may frequently be overweight or underweight in certain investments compared with the MSCI Emerging Markets

Index (the “Benchmark”) and may be concentrated in a more limited number of sectors or geographical areas than the Benchmark. Investments may be made in Emerging Markets Companies outside the Benchmark that meet the investment criteria.
Whilst there are no specific restrictions on investment in any one sector or geographic area, the portfolio will be managed in a way which aims to spread investment risk. The portfolio will typically contain between 50 and 100 individual stocks but may, at times, contain fewer or more than this range. No more than 12% of the Company’s assets will be invested in the securities of any one issuer at the time of investment, save that any investment in unlisted securities of any one issuer will be limited to no more than 2% of the Company’s assets, measured at the time of investment.

The maximum borrowing will be limited to 20% of the Company’s net assets, measured at the time of borrowing.
No more than 10%, in aggregate, of the value of the Company’s assets will be invested in other listed closed- ended investment funds.

In accordance with the Listing Rules, the Company will not make any material change to its published investment policy without the prior approval of the FCA and the approval of its shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.

Distribution policy

The Company will ensure that its total annual dividends will be paid out of the profits available for distribution under the provisions of the relevant laws and regulations and will be at least sufficient to enable it to qualify as an investment trust under the UK Income and Corporation Taxes Act. If the Company has received an exceptional level of income in any accounting year, the Board may elect to pay a special dividend.

The primary focus of the investment policy is on generating capital returns, the Company does not target a particular level of income and there is no guarantee that dividend levels will be maintained from one year to the next.

The Company will normally pay two dividends per year, an interim dividend declared at the time that the half yearly results are announced, and a final dividend declared at the time that the annual results are announced. The final dividend will be subject to shareholder approval at the Annual General Meeting each year.

Dividends will be paid by cheque or by direct transfer to a shareholder’s bank account. For UK shareholders holding shares in their own name on the Company’s main register, the dividend payments can be used to purchase further shares in the Company under the Dividend Reinvestment Plan, detailed on page 111 of the Annual Report.

The Company may also distribute capital by means of share buybacks when the Board believes that it is in the best interests of shareholders to do so. The share buy back programme will be subject to shareholder approval at each Annual General Meeting.

Business model

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

At least quarterly, the Board reviews with Franklin Templeton International Services S.à r.l. (“FTIS”, “AIFM” or the “Manager”) and Franklin Templeton Emerging Markets Equity (“FTEME” or the “Investment Manager”), a wide range of risk factors that may impact the Company. Further analysis of these risks is described on pages 17 to 19 of the Annual Report. A full risk and internal controls review is held every September at the Audit and Risk Committee meeting.

Due to the nature of the Company’s business, investment risk is a key focus and is reviewed on an ongoing basis by the Investment Manager as part of every investment decision. Further information on this process is detailed on pages 30 and 31 of the Annual Report.

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

Strategy

In setting the Company’s overall strategy, the Directors have taken due note of the requirements of Section 172 of the Companies Act 2006. This section sets out a duty to promote the overall success of the company, while taking account of the interests of its various stakeholders. Further details are provided on pages 13 to 15 of the Annual Report. The Company seeks to achieve its objective by following a strategy focused on the following:

Performance

At the heart of the strategy is the appointment and retention of capable investment management professionals, who will identify value and achieve superior growth for shareholders. The Investment Manager, under the leadership of Chetan Sehgal, continues to apply the same core investment philosophy that has driven TEMIT’s performance since the Company’s launch. The investment team aims to achieve long-term capital appreciation for shareholders by investing in companies that they believe offer long-term sustainable growth and good value, combined with strong management and sound governance. See pages 24 to 31 of the Annual Report for details of the investment process.

Liquidity

The shares issued by the Company are traded on the London and New Zealand stock exchanges. The Company has engaged Winterflood Securities as Financial Adviser and Stockbroker, and to act as a market maker in the shares of the Company.

Gearing

On 31 January 2020, the Company entered into a five-year £100 million loan at a fixed rate of 2.089% with Scotiabank Europe PLC, and a three-year £120 million unsecured multi-currency revolving loan facility with The Bank of Nova Scotia, London Branch. The £100 million fixed term loan is denominated in pounds sterling. Drawings under the £120 million revolving credit facility may be in sterling, US dollars or Chinese renminbi ("CNH"). The total amount which may be drawn down in CNH is 45% of the combined limit of the fixed rate loan and of the revolving loan facility. The fixed rate loan was drawn down on 31 January 2020 and will remain in place until 31 January 2025. At the year end, the revolving loan facility has not been utilised (2020: not utilised). The Company has no other debt. The Investment Manager has been granted discretion by the Board to draw down the revolving loan facility as investment opportunities arise, subject to overall supervision by the Board, and subject to the overall gearing limit in TEMIT's investment policy.

The Company's net gearing position was 0.5% (net of cash in the portfolio) at the year-end (2020: 0.7%).

The Board continues to monitor the level of gearing and currently considers gearing of up to 10% to be appropriate. To provide further flexibility, assuming that shareholders approve the changes to the investment policy to be proposed at this year's AGM, the maximum borrowing will increase from 10% to 20% of TEMIT's net assets at the time of entering into any new or replacement debt facility.

Affirmation of shareholder mandate

In accordance with the Company's Articles of Association, the Board must seek shareholders' approval every five years for TEMIT to continue as an investment trust. This allows shareholders the opportunity to decide on the long-term future of the Company. The last continuation vote took place at the 2019 AGM, when 99.95% of the votes cast were registered as votes in favour. The next continuation vote will take place at the 2024 AGM. The Board has agreed that it will hold a performance-related conditional tender offer (the "Conditional Tender Offer"). There will be no tender offer in the event that the Company's net asset value total return continues to exceed the benchmark total return (MSCI Emerging Markets Index total return) over the five year period from 31 March 2019 to 31 March 2024. However, if over the five year period the Company's net asset value total return fails to exceed the benchmark total return the Board will put forward proposals to shareholders to undertake a tender offer for up to 25 per cent of the issued share capital of the Company at the discretion of the Board. Any such tender offer will be at a price equal to the then prevailing net asset value less two per cent (less the costs of the tender offer). Any tender offer will also be conditional on shareholders approving the continuation vote in 2024 and would take place following the Company's 2024 AGM.

Stability

The Company has powers to buy back its shares as a discount control mechanism when it is in the best interests of the Company's shareholders and in 2019 introduced a Conditional Tender Offer. The share price and discount are discussed under Key Performance Indicators on page 16 of the Annual Report.

Communication

The Board works to ensure that investors are informed regularly about the performance of TEMIT and emerging markets through clear communication and updates.

TEMIT seeks to keep shareholders updated on performance and investment strategy through the regular annual and half yearly reports, along with monthly factsheets. These are available on the TEMIT website (www.temit.co.uk) which also contains portfolio holdings information, updates from the Investment Manager and other important documents that will help shareholders understand how their investment is managed. We also communicate via @TEMIT on Twitter and continue to develop the Company's presence on social media.

TEMIT has an active public relations programme. Our Investment Manager provides comments to journalists and publishes articles on issues relevant to investing in emerging markets.

The Investment Manager meets regularly with professional investors and analysts and hosts interactive webinars each quarter. At each AGM the Investment Manager makes a presentation with the opportunity for all shareholders to ask questions. Our lead portfolio manager will not be able to attend the AGM but we have a wide range of information on our web site at www.temit.co.uk, which is regularly updated.

The Chairman regularly meets major shareholders to discuss investment performance and developments in corporate governance.

We try to engage with a wide spectrum of our shareholders, not only the major shareholders and try to address their concerns as far as practically possible. Shareholders are welcome to contact the Chairman and the Chairman of the Audit and Risk Committee at any time at temitcosec@ franklintempleton.com.

The Board is fully committed to TEMIT's marketing programme. There is a substantial annual marketing and communication budget and expenditure by TEMIT is matched by a contribution to costs from the Manager.

Service providers

The Board conducts regular reviews of the Company's principal service providers, as discussed on page 55 of the Annual Report, to ensure that the services provided are of the quality expected by TEMIT. The Directors also ensure that the Company's principal service providers have adopted an appropriate framework of controls, monitoring and reporting to enable the Directors to evaluate risk.

Promoting the success of the Company

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain more fully how they have discharged their duties under section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of "members as a whole" and having regard for all stakeholders.

The Board considers the main stakeholders in the Company to be its shareholders and its service providers, the principal one of which is its Manager, along with its investee companies. A summary of the key areas of engagement undertaken by the Board with its main stakeholders in the year under review and how Directors have acted upon this to promote the long-term success of the Company are set out in the following table.

Stakeholders	**Area of Engagement**	**Consideration**	**Engagement**	**Outcome**
Shareholders, investors and potential investors	Company objective	Delivering on the Company's objective to shareholders over the long term.	The Company's objective and investment policy are set out on page 9 of the Annual Report. The Board took into consideration views expressed by shareholders in deciding on the proposed revisions to the investment policy. The share split was proposed because the Board felt that this would be in the best interests of smaller shareholders and major shareholders expressed support for this initiative. The Company's performance against its objective is regularly reviewed by the Board, taking account of views expressed by shareholders. The Company holds a continuation vote every five years to allow shareholders to decide on the long-term future of the Company.	The Investment Manager's report starting on page 23 of the Annual Report gives a full commentary on the Company's portfolio as well as on the approach and considerations undertaken by the Investment Manager for stock selection within the portfolio. The proposed changes to the investment policy and the proposed share split are believed to be in the best interests of shareholders as a whole, taking account of the views of shareholders. A continuation vote took place at the 2019 AGM, with 99.95% of votes cast in favour. The next continuation vote is scheduled to take place at the AGM in 2024.

Shareholders, investors and potential investors	Dividend	The objective of the Company is to provide long term capital appreciation, however the Board recognises the importance of regular dividend income to many shareholders.	The Board reviews regularly the level of dividends, taking account of the income generated by the Company's portfolio and the availability of reserves. In considering the sustainability of the dividend and of the Company, the Board reviews the models supporting the going concern assessment and viability statement. In this review it factored in the Corporation Tax repayment received during the year, which was distributed as a special dividend at the half year stage. However, future ordinary dividends have been modelled in line with the distribution policy.	Dividend payments are discussed in the Chairman's Statement. In the year under review the Board decided to pay a special dividend.
Shareholders, investors and potential investors	Communication with shareholders	The Board understands the importance of communication with its shareholders and maintains open channels of communication with shareholders.	Working closely with the Manager the Board ensures that there is a variety of regular communication with shareholders.	Full details of all Board and Manager communication are included on page 108 of the Annual Report. Shareholders are invited to submit questions for the Board to address at the Company's Annual General Meeting.
Shareholders, investors and potential investors	Discount management	To smooth the volatility in the discount.	The Board monitors closely the discount and discusses discount strategy with the Investment Manager and the Company's stockbroker at every regular Board meeting. The stockbroker provides a summary of the discount and market conditions to the Board and Investment Manager at the close of each trading day in London. The Board also meets with the Investment Manager to discuss the Company's marketing strategy to ensure effective communication with existing shareholders and to consider strategies to create additional demand for the Company's shares.	TEMIT continues to adopt an active buy back policy and in 2019 announced a Conditional Tender Offer. Details of this can be found on page 12 of the Annual Report. Further details of the current discount and discount management are detailed in the Chairman's Statement on page 6 of the Annual Report.
Manager	Communication between the Board and the Manager	The relationship of the Board with the Manager is very important.	The Manager attends all Board meetings where it reviews and discusses performance reports, changes in the portfolio composition and risk matrix. The Board receives timely and accurate information from the Manager and engages with the Investment Manager and the secretary between meetings as well with other	The Board operates in a supportive and open manner, challenging the activity of the Manager and its results. The Board believes that the Company is well managed and the Board places great value on the experience of the Investment Manager to deliver superior returns from investments and on the other functions of the Manager to fulfil their roles effectively.

			representatives of the Manager as and when it is deemed necessary.	
Third-party service providers	Engagement with service providers	The Board acknowledges the importance of ensuring that the Company's service providers are providing a suitable level of service, that the service level is sustainable and that they are fairly remunerated for their service.	As an investment company all services are outsourced to third-party providers. The Board considers the support provided by services providers including the quality of the service, succession planning and any potential interruption of service or other potential risks.	The Manager maintains the overall day-to-day relationship with the service providers and the Board undertakes an annual review of the performance of its service providers. This review also includes the level of fees paid. The Board meets with the depositary at least annually and with other service providers as and when considered necessary.
Investee companies	Engagement with investee companies	The relationship between the Company and the investee companies is very important.	The Board discusses stock selection and asset allocation on a quarterly basis. On behalf of the Company the Investment Manager engages with investee companies implementing corporate governance principles.	The Investment Manager has a dedicated research team that is employed in making investment decisions and when voting at shareholder meeting of investee companies.

Key Performance Indicators[(a)]

The Board considers the following to be the key performance indicators ("KPI") for the Company:

- Net asset value total return over various periods, compared to its benchmark;
- Share price and discount;
- Dividend and revenue earnings; and
- Ongoing charges ratio.

The Ten Year Record of the KPIs is shown on pages 3 and 4 of the Annual Report.

Net asset value performance

Net asset value performance data is presented within the Company Overview on page 1 along with the Ten Year Record on pages 3 and 4 of the Annual Report.

The Chairman's Statement on pages 5 to 8 and the Investment Manager's Report on pages 23 to 44 of the Annual Report include further commentary on the Company's performance.

Share price and discount

Details of the Company's share price and discount are presented within the Financial Summary on page 2 of the Annual Report. On 24 May 2021, the latest date for which information was available, the discount had narrowed to 6.2%.

The Company has powers to buy back its shares as a discount control mechanism when it is in the best interests of the Company's shareholders. The Company was authorised at its AGM on 9 July 2020 to buy back up to 14.99% of the Company's issued share capital on that date. The present authority expires on the conclusion of the AGM on 8 July 2021. The Directors are seeking to renew this at the 2021 AGM, as further detailed in the Directors' Report on pages 59 and 60 of the Annual Report. The Board ensures that the share price discount to NAV is actively monitored on a daily basis. Discount management is reviewed regularly by the Board to ensure that it remains effective in the light of prevailing market conditions. The Board introduced in 2019 a Conditional Tender Offer, which is described on page 12 of the Annual Report. The introduction of the Conditional Tender Offer will not affect the Board's current approach to discount management. The Board will continue to exercise the Company's right to buy back shares when it believes this to be in shareholders' interests and with the aim of reducing volatility in the discount.

Details of share buybacks in the year can be found on pages 6, 54 and 92 of the Annual Report. From 1 April 2021 to 24 May 2021, no shares were bought back.

Dividend and revenue earnings

Total income earned in the year was £59.9 million (2020: £75.1 million) which translates into net revenue earnings of 28.64 pence per share (2020: 24.40 pence per share), an increase of 17.4% over the prior year. The movement in net revenue earnings year-on-year is explained in the Chairman's Statement on page 5 of the Annual Report.

The Company paid an interim dividend of 5.00 pence per share and a special dividend of 10.00 pence per share, both on 11 January 2021. The Board is proposing a final dividend of 14.00 pence per share, making total ordinary dividends for the year of 19.00 pence per share and total dividends including the special dividend of 29.00 pence per share.

Ongoing charges ratio[a] ("OCR")

The OCR fell to 0.97% for the year ended 31 March 2021, compared to 1.02% in the prior year. This was largely driven by the AIFM fee reduction as detailed within the Chairman's Statement on page 6 of the Annual Report and an increase in average net assets over the year.

Costs associated with the purchase and sale of investments are taken to capital and are not included in the OCR. Transaction costs are disclosed in Note 8 of the Notes to the Financial Statements on page 90 of the Annual Report.

Principal risks

The Board has carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. These are summarised in the table below. Further explanation of the monitoring of risk and uncertainties is covered within the Report of the Audit and Risk Committee on pages 70 and 71 of the Annual Report. Information on the risks that TEMIT is subject to, including additional financial and valuation risks, are also detailed in Note 15 of the Notes to the Financial Statements.

(a) A glossary of alternative performance measures is included on pages 112 and 113 of the Annual Report.

Risk	Mitigation
Pandemic The spread of infectious illnesses or other public health issues and their aftermaths, such as the outbreak of COVID-19, first detected in China in December 2019 and later spreading globally, could have a significant adverse impact on the Company's operations (including the ability to find and execute suitable investments) and therefore, the Company's potential returns. The current COVID-19 outbreak, as well as the restrictive measures implemented to control such outbreaks, could continue to adversely affect the economies of many nations or the entire global economy, the financial condition of individual issuers or companies (including those that are held by, or are counterparties or service providers to, the Company) and capital markets in ways that cannot necessarily be foreseen, and such impact could be significant and long term.	The Board has regularly reviewed and discussed the situation with the Investment Manager, including a review of the portfolio, risk management and business continuity. The risks associated with a pandemic affect all areas of the Company's investments as well as operations. Mitigation strategies apply as detailed within the specific areas of risk. A global network of analysts and operations and a flexible technology setup ("Work from home") at the Investment Manager ensure operational business continuity and continuous analyst coverage. The Board has also received updates on its key service providers' business continuity plans.
Cyber Failure or breach of information technology systems of the Company's service providers may entail risk of financial loss, disruption to operations or damage to the reputation of the Company.	The Company benefits from Franklin Templeton's technology framework designed to mitigate the risk of a cyber security breach. For key third-party providers, the Audit and Risk Committee receives regular independent certifications of their controls environment.
Investment and concentration The portfolio may diverge significantly from the MSCI Emerging Markets Index and may be concentrated in a more limited number of securities, sectors, geographical areas or countries. This is consistent with the stated investment approach of long-term value investment in companies demonstrating sustainable earnings power at a discount to their intrinsic worth. Investment will generally be made directly in the stock markets of emerging countries.	The Board reviews regularly the portfolio composition/asset allocation and discusses related developments with the Investment Manager and the independent risk management team. The Investment Compliance team of the Investment Manager monitors concentration limits and highlights any concerns to portfolio management for remedial action.

Market and geo-political Market risk arises from volatility in the prices of the Company's investments, from the risk of volatility in global markets arising from macroeconomic and geopolitical circumstances and conditions, as well as from the borrowing utilised by TEMIT. Many of the companies in which TEMIT invests are, by reason of the locations in which they operate, exposed to the risk of political or economic change. In addition, sanctions, exchange controls, tax or other regulations introduced in any country in which TEMIT invests may affect its income and the value and marketability of its investments. Emerging markets can be subject to greater price volatility than developed markets.	The Board reviews regularly and discusses with the Investment Manager the portfolio, the Company's investment performance and the execution of the investment policy against the long-term objectives of the Company. The Manager's independent risk team performs systematic risk analysis, including country and industry specific risk monitoring, as well as stress testing of the portfolio's resilience to geopolitical shocks. The Manager's legal and compliance team monitors sanctions. Where TEMIT is affected, adherence to all sanctions and restrictions is ensured by this team. The Board also regularly reviews risk management reports from the Manager's risk team.
Sustainability and climate change The Company' portfolio, and also the Company's service providers and the Investment Manager, are exposed to risks arising from ESG factors, and from sustainability and climate change. To the extent that such a risk occurs, or occurs in a manner that is not anticipated by the Investment Manager, there may be a sudden, material negative impact on the value of an investment, the operations or reputation of the Investment Manager.	The Investment Manager considers that sustainability risks are relevant to the returns of the Company. The Manager has implemented a policy in respect of the integration of sustainability and climate change risks in its investment decision making process. The Board receives regular reports on the policies and controls in place on ESG matters. The Board has reviewed and fully supports the Franklin Templeton Stewardship Statement and its Sustainable Investing Principles and Policies.
Foreign currency Currency movements may affect TEMIT's performance. In general, if the value of sterling increases compared with a foreign currency, an investment traded in that foreign currency will decrease in value because it will be worth less in sterling terms. This can have a negative effect on the Company's performance.	The Board monitors currency risk as part of the regular portfolio and risk management oversight. TEMIT does not hedge currency risk.
Portfolio liquidity The Company's portfolio may include securities with reduced liquidity. This may impair the ability to sell assets which could limit the Investment Manager's ability to make significant changes to the portfolio.	The closed ended structure of TEMIT reduces the impact to shareholders of potential illiquidity in the portfolio. The Board receives and regularly reviews updates on portfolio liquidity. The diversified nature of the portfolio and limited investments in stocks with lower liquidity result in a balanced portfolio structure.
Counterparty and credit Certain transactions that the Company enters into expose it to the risk that the counterparty will not deliver an investment (purchase) or cash (in relation to a sale or declared dividend) after the Company has fulfilled its responsibilities. The Company engages in securities lending which can increase counterparty risk.	The Board receives and reviews the approved counterparty list of the Investment Manager on an annual basis and receives and reviews regular reports on counterparty risk from the Manager's independent risk team. A dedicated team oversees the securities lending programme and evaluates all risks on a daily basis.
Operational and custody Like many other investment trust companies, TEMIT has no employees. The Company therefore relies upon the services provided by third parties and is dependent upon the control systems of the Investment Manager and of the Company's other service providers. The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depends on the effective operation of these systems.	The Manager's systems are regularly tested and monitored and an internal controls report, which includes an assessment of risks together with an overview of procedures to mitigate such risks, is prepared by the Manager and reviewed by the Audit and Risk Committee annually. J.P. Morgan Europe Limited is the Company's depositary. Its responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and borrowing requirements. The depositary is liable for any loss of financial instruments held in custody and will ensure that the custodian and any sub-custodians segregate the assets of the Company. The depositary oversees the custody function performed by JPMorgan Chase Bank. The custodian provides a report on its key controls and safeguards (SOC 1/ SSAE 16/ISAE 3402) that is independently reported on by its auditor, PwC. The Board reviews regular operational risk management reporting provided by the Investment Manager.

Key personnel The ability of the Company to achieve its objective is significantly dependent upon the expertise of the Investment Manager and its ability to attract and retain suitable staff.	The Manager endeavours to ensure that the principal members of its management teams are suitably incentivised, participate in strategic leader programmes and monitor key succession planning metrics. The Board discusses this risk regularly with the Manager.
Regulatory The Company is an Alternative Investment Fund ("AIF") and is listed on both the London and New Zealand stock exchanges. The Company operates in an increasingly lex regulatory environment and faces a number of regulatory risks. Breaches of regulations could lead to a number of detrimental outcomes and reputational damage.	The Board, with the assistance of the Manager, ensures that the Company complies with all applicable laws and regulation and its internal risk and control framework reduces the likelihood of breaches happening.

Emerging risks

The key emerging risk faced by the Company during the year under review was the ramifications of the COVID-19 pandemic. While the onset of the pandemic set many economies into decline, it is far from clear at this stage what the full societal and economic impact from the pandemic will be, and it is likely that new risks will emerge over the coming year. The medical and epidemiological implications of COVID-19 are yet to be fully understood. While treatments for those affected by COVID-19 have improved, vaccines are now available, many local economies are gradually reopening and business activity is resuming, a return to full capacity is unlikely to happen anytime soon. Further waves from the mutated variants of the virus or ill- judged governmental responses could result in even worse economic effects. Changing consumer behaviour, continuing restrictions on international travel, additional administrative burdens and new regulations could significantly alter and negatively affect business operations in the medium to long term, with unknown consequences for affected industries and countries.

TEMIT is a company registered in Scotland. Scottish independence was the dominant issue in the May 2021 Scottish parliamentary elections. In her victory speech, the First Minister Nicola Sturgeon said that she would press ahead with preparations for a second vote, once the COVID-19 crisis was over. An independent Scotland, or a Scotland with greater autonomy within the United Kingdom, may have significant implications from changes in tax regimes, regulations, and company law. We continue to monitor developments and will take any appropriate steps to protect shareholders' interests.

Brexit

TEMIT is regulated as an AIF under UK law, with its Alternative Investment Fund Manager ("AIFM") being FTIS, a Luxembourg company. In light of the UK Temporary Permissions Regime that allows up to a three year extension of current "passporting" for the AIFM into the UK, we expect that the UK FCA will continue to recognise FTIS as TEMIT's AIFM at least until the end of 2022. The Manager has, however, developed plans which can be implemented if and when the regulatory position changes and the plans involve the appointment of a UK alternative investment fund manager from Franklin Templeton group, keeping the same key commercial terms and the same dedicated team.

TEMIT invests most of its assets outside the EU and the vast majority of shareholders are based in the UK, New Zealand and the United States. There was no material adverse affect of the Brexit process on TEMIT and the Board has decided that Brexit is not one of the principal risks facing the Company.

Environmental, social and governance matters

The Investment Manager comments on the integral nature of environmental, social and governance ("ESG") matters within the investment process and how it engages with companies to promote ESG best practices on pages 27 to 29 of the Annual Report. It is assisted by Franklin Templeton's independent ESG specialists and risk managers.

The Board receives regular reports on the policies and controls in place on ESG. The Board has reviewed and fully supports the Franklin Templeton Stewardship Statement and its Sustainable Investing Principles and Policies. Franklin Templeton supports the UK Stewardship Code, and seeks to protect and enhance value for our shareholders through active management, integration of ESG factors into investment decision making, voting and company engagement. Franklin Templeton is a signatory to the Principles for Responsible Investment ("PRI") from 2013 and an active member of a wide range of organisations and initiatives that work to promote ESG integration and responsible investment.

As a signatory, the Investment Manager reports annually on its progress and in 2020 (the latest statistics available) ranked ahead of the peer median score in all categories. A link to the PRI Transparency Report and policies relating to responsible investing are available on the Company's website – www.temit.co.uk. For further information on: Proxy Voting Policies, Stewardship Policy, Controversial Weapons Policy, Regional Stewardship Code Statements and PRI Transparency Report please visit the Responsible Investing section on www.franklintempleton.co.uk.

Franklin Templeton is a signatory of the Stewardship Code and, as required by the Financial Reporting Council ("FRC"), reported on how they have applied the provisions in their annual Responsible Investment Review in early 2021.

TEMIT has no greenhouse gas emissions to report from the operations of the Company, as all of its activities are outsourced to third parties, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. On 26 March 2015, the Modern Slavery Act 2015 came into force. TEMIT has no employees and is not an organisation that provides goods or services as defined in the Act and thus the Company considers that the Act does not apply. In any event, the Company's own supply chain consists predominantly of professional services advisers.

Diversity

TEMIT's aim is to have an appropriate level of diversity in the boardroom.

The Board acknowledges and welcomes the recommendations from the Hampton-Alexander Review on gender diversity and the Parker Review about ethnic representation on the Board. The Nomination and Remuneration Committee considers diversity generally when making recommendations for appointments to the Board, taking into account gender, social and ethnic backgrounds, thought, experience and qualification. The prime responsibility, however, is the strength of the Board and the overriding aim in making any new appointments must always be to select the best candidate based on objective criteria and merit.

In all of the Board's activities, there has been and will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

As at 31 March 2021 the Board comprised six Directors, four male and two female.

The Investment Manager has a culture which embraces individual differences and the wealth of perspectives brought by global diversity. As a global company, Franklin Templeton believes that it benefits from the unique skills and experiences of an inclusive workforce made up of employees who span different generations, genders, preferences, capabilities and cultural identification. It also believes that an inclusive culture can drive innovation and allows the firm to deliver better client outcomes. This culture aided Franklin Templeton's inclusion, for the fourth consecutive year, in the 2020 Bloomberg Gender-Equality Index ("GEI"), which recognises diverse and equitable workplaces. Franklin Templeton sponsors thousands of volunteer activities each year through its global Involved programme which helps to provide better outcomes for local communities. In the UK, it is an active sponsor/supporter of several organisations that promote inclusion and social mobility such as the Diversity Project, Stonewall and Career Ready.

Viability Statement

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

The Board has considered the Company's business and investment cycles and is of the view that five years is a suitable time horizon to consider the continuing viability of the Company, balancing the uncertainties of investing in emerging markets securities against having due regard to viability over the longer term.

In assessing the Company's viability, the Board has performed a robust assessment of controls over the principal risks. The Board considers, on an ongoing basis, each of the principal and emerging risks as noted above and set out in Note 15 of the Notes to the Financial Statements. The Board evaluated a number of scenarios of possible future circumstances including a material increase in expenses and a continued significant and prolonged fall in equity markets as a result of the COVID-19 pandemic. The Board also considered the latest assessment of the portfolio's liquidity. Further details regarding the impact of COVID-19 on the Company are detailed within the Chairman's Statement on pages 5 to 8 and the principal risks section starting on page 17 of the Annual Report. The Board monitors income and expense projections for the Company, with the majority of the expenses being predictable and modest in comparison with the assets of the Company. The Company sees no issues with meeting interest and other principal obligations of the borrowing facilities. A significant proportion of the Company's expenses are an ad valorem AIFM fee, which would naturally reduce if the market value of the Company's assets were to fall. The Board has also taken into consideration the operational resilience of its service providers in light of COVID-19.

Taking into account the above, and with careful consideration given to the current market situation, the Board has concluded that there is a reasonable expectation that, assuming that there will be a successful continuation vote at the 2024 AGM, the Company will be able to continue to operate and meet its liabilities as they fall due over the next five years.

Future strategy

The Company was founded, and continues to be managed, on the basis of a long-term investment strategy that seeks to generate superior returns from investments, principally in the shares of carefully selected companies in emerging markets.

The Company's results will be affected by many factors including political decisions, economic factors, the performance of investee companies and the ability of the Investment Manager to choose investments successfully as well as the current challenges as the world deals with the effects of the COVID-19 pandemic.

The Board and the Investment Manager continue to believe in investment with a long-term horizon in companies that are undervalued by stock markets but which are fundamentally strong and growing. It is recognised that, at times, extraneous political, economic and company-specific and other factors will affect the performance of investments, but the Company will continue to take a long-term view in the belief that patience will be rewarded.

By order of the Board
Paul Manduca
4 June 2021

The Investment Manager

TEMIT's Investment Manager is the Franklin Templeton Emerging Markets Equity ("FTEME") team. FTEME has managed the portfolio since TEMIT's inception and are pioneers in emerging markets equity investing. They bring more than 30 years of experience and local knowledge from over 80 investment professionals, based in 14 countries around the world.

The team has a collaborative investment process where all analysts and portfolio managers are jointly tasked to contribute to investment returns. They meet regularly, both formally and informally, to debate and exchange ideas, investment themes and enrich their understanding of the markets by drawing on local insights to build a global perspective and context to their thinking. They also benefit from the broader resources available throughout Franklin Templeton.
The portfolio managers for TEMIT, Chetan Sehgal (lead) and Andrew Ness are senior executives in FTEME.

Portfolio Managers

Chetan Sehgal, CFA
Chetan is the lead portfolio manager of TEMIT and is based in Singapore.

As part of his broader responsibilities within FTEME, Chetan is also the director of portfolio management. In this capacity, he is responsible for the overall Global Emerging Markets and Small Cap strategies, providing guidance and thought leadership, coordinating appropriate resources and coverage, and leveraging the group's expertise to add value across products within the strategies.

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

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

Andrew Ness, ASIP
Andrew Ness is a portfolio manager of TEMIT and is based in Edinburgh.

Prior to joining Franklin Templeton in September 2018, Andrew was a portfolio manager at Martin Currie, an Edinburgh based asset manager. He began his career at Murray Johnstone in 1994 and worked with Deutsche Asset Management in both London and New York before joining Scottish Widows Investment Partnership in 2007.

Andrew holds a B.A. (Hons) in Economics and an MSc in business economics from the University of Strathclyde in the UK. He is an Associate Member of the UK Society of Investment Professionals and a member of the CFA Institute.

Investment Process

Investment philosophy and approach
FTEME's investment philosophy is focused on investing in companies with sustainable earnings power at a discount to intrinsic value. It seeks to capture the growth potential of emerging market companies and believe that this is best achieved by employing a bottom-up and fundamental security selection process. It conducts in-depth proprietary company research with a long-term and independent perspective.

FTEME believes in the responsible stewardship of clients' capital and that ESG factors create risks and opportunities for companies. ESG analysis is therefore integrated alongside fundamental bottom-up analysis and FTEME engages with companies as active owners on behalf of clients. As investors with significant scale across emerging markets, FTEME believes that its engagement efforts are key to developing detailed understanding of companies and to improve outcomes for shareholders as well as stakeholders more broadly.

TEMIT's performance in different market environments

FTEME's core approach and focus on stock-specific risk aims for outperformance in all market conditions. Whilst more stylized approaches such as deep value or high growth strategies may perform better in relative terms in more extreme market conditions, FTEME aims for long-term outperformance and compounding. As long-term investors, FTEME are most likely to produce superior returns in markets that reward patience in identifying and purchasing fundamentally undervalued securities. The investment strategy tends to produce stronger performance when company fundamentals are the primary driver for stock returns, where a focus on stock selection should produce superior results over the long term.

Performance may be less strong in highly sentiment-driven market environments, when investors focus more on the overall economic picture rather than company fundamentals. This can also be the case when the market is overly short-term oriented, and rewards companies driven by what FTEME view as unsustainable factors such as short-term demand/supply imbalances or inorganic growth. At these times, FTEME's philosophy and process may therefore be less successful, given its focus on sustainability, quality, and valuation.

FTEME's investment process leverages the strength of its investment team and is aligned to its investment philosophy. The three broad stages comprise: idea generation, stock research, and portfolio construction and management. The process is designed to be repeatable and embeds risk management as well as ESG integration throughout these stages.

1. Idea generation

The key source of idea generation is FTEME's team of over 80 country and sector analysts and portfolio managers located around the globe. Their local presence means that it is well placed to uncover potential investments that meet the specific stock criteria used to identify sustainable earnings power. In addition, it can incorporate a deep understanding of the economic, political and cultural environment in their analysis. FTEME analysts speak the local language and are part of the local culture and fabric of the countries where it conducts research.

Research coverage is mutually decided by the analyst and the Director of Research/portfolio managers and is focused on identifying sustainable earnings power at a discount. The goal is to leverage analysts' knowledge and expertise and provide them with the freedom to satisfy their intellectual curiosity and entrepreneurialism in identifying research candidates that may serve as investable ideas for the strategies under management. At the same time, FTEME aims to ensure appropriate coverage of the investment universe, and diversification in terms of country, sector and investment themes.

Both quantitative and qualitative resources support analysts in their efforts to search the investment universe for compelling opportunities. FTEME also comprehensively evaluates the emerging markets investment universe. On occasion, quantitative and fundamental techniques are used to support the idea generation process. This is aligned to seek businesses fitting FTEME's investment philosophy, and help the investment team identify companies that meet earnings sustainability, earnings power and valuation criteria. The purpose of the screen is to provide reference and context to the research team, rather than to drive decisions on research coverage. The idea generation process is ongoing and dynamic, as analysts continually monitor their countries and industries for new opportunities.

2. Stock research

FTEME analysts conduct rigorous analysis to assess whether a company has sustainable earnings power, and to establish a proprietary estimate of its intrinsic worth. By integrating ESG analysis with traditional business and financial analysis it also seeks to gain insights into the quality and risks of companies.

Research Methods

FTEME's research analysts form detailed views of companies by collecting and analysing a variety of information including, but not limited to:

- Regular meetings with company management;
- Local intelligence including competitors, customers, independent industry professionals;
- Public records and financial releases (including cross-referencing onshore and offshore filings that might be in different languages/released at different times);
- Third-party data, analytics, research; and
- Cross-border corroboration and proprietary insights from a global research team.

The team conducts detailed quantitative financial analysis by building in-depth company models to evaluate financial strength and profitability, and to project future earnings and cash flow. Industry demand and supply models are incorporated in the analysis, as well as country and currency macro considerations. FTEME has a strong emphasis on qualitative assessment. The team:

- Conducts in-depth analysis of market opportunity, business model, strategy and competitive advantages;
- Performs assessments of management's ability to identify opportunities and create value consistently;
- Carries out comprehensive analysis of industry perspective and outlook, enriched by Franklin Templeton's global insights; and
- Evaluates regulatory and policy risk at the company, industry and country level.

Every stock researched by the analysts is thoroughly vetted at regular investment team meetings. This analysis is available to all investment team members on common platforms. The high degree of interaction helps each member share and learn from the team's collective experience and expertise. Areas of focus are:

Sustainable

The ability to sustain stable or growing economic profits over time. This is typically driven by a combination of factors such as:

- Sound business models;
- Sustainable competitive advantages;
- Management foresight; and
- Low leverage.

As part of assessing a company's sustainable characteristics, FTEME seeks to develop a deep understanding of a company's ESG practices. This supports the identification of business models that are most likely to sustain high returns and resist competitive pressure over time. ESG factors can have a material impact on a company's current and future corporate value and therefore ESG considerations are an embedded component of the rigorous fundamental bottom-up research that the team conducts.

Earnings Power

- Earnings power is the demonstrable ability to generate sustainable economic profit into the future in areas which could be beyond the current scope of operations. The analysts:
- Look for real earnings growth by focusing on economic earnings and cash flows rather than reported earnings per share ("EPS"), and differentiating between operational earnings and financial earnings; and
- Evaluate internal versus external drivers to earnings, and prefer companies with internal drivers which can be affected through management action.

A key element of earnings power is therefore quality, as signified by:

- Products and services with low regulatory and macro risk. FTEME focuses on the crucial intangibles that create lasting value: strong brands, excellent people, established systems and procedures, proprietary technologies, and low-cost operations; and
- Financial strength, as exhibited by strong balance sheets, conservative accounting, and high economic value added.
- Management strength as indicated by:
  - A strong execution track record;
  - Ability to maintain the highest standards in their areas of operation; and
  - Ability/willingness to return cash to investors if there are no identified profitable investment opportunities.

Discount to intrinsic worth

Each research recommendation may incorporate several valuation methods including discounted cash flows, sum of the parts, net asset value, and a wide range of relative valuation metrics, as deemed appropriate by the analyst. Explicit cash flow forecasting typically extends over a three- to five-year horizon. FTEME aims to clarify the risk/reward balance of a company by conducting sensitivity analysis, stress-testing, and scenario analysis.

As part of its assessment of value, FTEME focuses on understanding the margin of safety. It seeks explicitly to identify what the market consensus expectations are for a stock and how their fundamental view may differ. The intrinsic worth of a company is determined through modelling the current business characteristics and changes in the business profile over time.

To illustrate Franklin Templeton's approach to ESG and the way in which this is integrated in the research process set out below is a summary of research carried out on two companies in the past year.

Summary of the company	Analysis
One of the largest cement producers in South East China Over 80% of the company's revenue comes from cement production which requires combustion of fossil fuels and with at present no meaningful and viable economic alternative. Global tightening of environmental standards and pressure in China to reduce emissions may lead to potential operating & compliance costs.	The company is in compliance with local standards and has improving emissions intensity figures. Management integrates ESG KPIs in staff remuneration at various levels. The company has a stated intention to improve carbon management further via technology upgrades. The company was a participant in the Guangdong province's pilot carbon trading programme. While the details of the imminent nationwide carbon trading system are yet to be released, the company is confident that they are well equipped to face the challenges of carbon peak by 2030. We encouraged the company to join the Global Cement and Concrete Association, a commitment to ensure sustainability for the industry and to improve reporting standards which is underway. *Conclusion:* Improving emissions intensity, compliance with local standards, and management intentionality to improve further suggests low ESG risk and strong profile within sector. Given potential emissions costs in the future to Chinese cement manufacturers however, we have factored this into the company valuation by adjusting our cash flow forecasts.

Internet service operator in China There is an issue with user privacy protection & content management in China. Users with privacy concerns may decide to switch to alternative internet services. This has the potential to impact revenue. Content management (censorship) without reasonable level of consensus building or supervision may lead to a less active user base.	The company exhibits a strong privacy policy and commits to collecting only the information that is necessary for product functions. It provides a mechanism for personal data control, allowing clients to erase, rectify, complete or amend personal information, as well as to raise concerns about data privacy. A dedicated website listing all privacy rules for all of its products exists and offers contact to resolve any dispute the users may have. Privacy management practices are transparent and certified by TRUSTe, joining the ranks of other leading international companies. The company is aware and anticipates censorship requirements from government related bodies. *Conclusion:* Risks associated with privacy concerns and content management (censorship) are faced by all content platforms in China, and full cooperation with regulators is important to ensure continuous operation. Such risks, which Franklin Templeton sees as part of the political risk of investing in China, are reflected in the cost of capital in valuation models.

Company engagement

FTEME's research analysts conduct ESG analysis alongside fundamental bottom-up analysis. They analyse ESG factors which may affect growth potential and asset values with the same level of rigour as traditional risk metrics. By integrating ESG analysis with traditional business and financial analysis FTEME seeks to gain insights into the quality and risks of companies. This allows FTEME to identify those business models most likely to resist competitive pressure and sustain high returns. The process aims to understand management's ability to generate sustainable earnings, understand their motivation and determine whether their interests are aligned with minority investors.

FTEME's analysts seek to identify material ESG issues and are guided by ESG Sector Framework Guides prepared by Franklin Templeton's dedicated, independent ESG team. The frameworks have been informed by the Sustainability Accountings Standards Board ("SASB") and identify a minimum set of ESG issues most likely materially to impact the operating performance or financial condition of a typical company in its industry group.

Rather than create a niche ESG research function in a separate silo, one of FTEME's key strategies for effective integration is to keep ESG considerations embedded in the work of its mainstream research teams. While consideration of material ESG issues is already an element of analysts' fundamental bottom-up research, Franklin Templeton's dedicated ESG team supports FTEME to anticipate and translate ESG risks and opportunities in the investment process. This support is provided through access to additional ESG-related analysis and training, thematic research, and enhancements to processes.
FTEME's primary source for gathering information on ESG is through engagement with management, financial statement analysis, corporate reports and reference to third party providers of dedicated ESG research such as MSCI and Sustainalytics. In addition, FTEME is supported by independent risk consultants in Franklin Templeton's Investment Risk Management Group, as well as its dedicated ESG team. The Investment Risk Management Group uses industry-leading tools to provide a top-down, portfolio level perspective on ESG issues, while ESG specialists engage and support FTEME's understanding of the impact and scope of material ESG issues and can provide guidance on emerging ESG themes.

Voting and Engagement

FTEME conducts a significant number of company meetings - typically over 2000 a year - using its industry- leading research footprint of over 80 investors in 14 countries where it seeks to gain a number of fundamental and ESG insights. FTEME views this along with voting and engagement as part of its broader objective of responsible stewardship on behalf of clients.

As an active owner FTEME seeks to engage with companies on material issues via several approaches including management and board meetings, letter writing, proxy voting, and shareholder resolution filing. The approach to voting is designed to enhance shareholders' long-term economic interests. All voting decisions are made in-house by FTEME analysts/portfolio managers and are undertaken in accordance with FTEME's Corporate Governance Principles and in line with clients' best interests.

Engagement efforts are not limited only to companies. FTEME also uses its wide footprint and relationships with governments and regulators to foster positive outcomes. Notable efforts in this arena include pushing for better standards of corporate governance and reforms. FTEME believes that these improvements should in turn help boost economic growth and profitability for listed companies.

To illustrate Franklin Templeton's approach to active ownership set out below is a summary of engagement with two investee companies in the past year.

Summary of the company	Actions
Asian nutritional product manufacturer Topic: Franklin Templeton raised concerns around lack of board independence given that several directors had served for 10 years or more.	Franklin Templeton sought change in the board structure, with the company acknowledging that they are open to change. The company is considering new board appointees with fast-moving consumer goods experience and is willing to listen to referrals, including overseas candidates to broaden the base of experience which the board brings.
Commercial bank in China ESG disclosures and accountability were considered to be inadequate.	The bank agreed that there is room for improvement in their disclosures and focus on ESG. They have appointed a team to compile ESG data from bank and publish a report. The bank will reflect the focus on ESG to the management team, with a commitment to increase awareness.

3. Portfolio construction

The portfolio managers aim to build a portfolio of around 50 to 100 companies that have been identified as strong investment opportunities.

The portfolio construction and management process seeks to build a high-conviction stock-centric portfolio that is primarily driven by company-specific factors and focused on the long term.

FTEME aims to build a portfolio that is primarily driven by stock selection while seeking sufficient diversification at the portfolio level with low country, currency and style tilt factors. The dominant driver of the portfolio is expected to be stock-specific risk, aligned with the investment philosophy described above.

Risk is managed at the portfolio level to ensure diversified economic drivers and to understand portfolio exposure to broader market events and macro factors.

Portfolio Style and Characteristics

The strategy typically displays the following characteristics:

- Core style: The strategy typically displays low style tilt, aiming to deliver outperformance irrespective of market direction. The portfolio construction process leads to the majority of active risk focused on stock selection, not style or currency factors;
- Quality and growth but not at excessive valuation levels: The philosophy typically leads to a portfolio with higher quality (and lower debt) and growth than the aggregate of the benchmark index, but not at excessive valuation levels;
- High conviction portfolio: The top-10 holdings typically account for over 40% of the portfolio which forms part of a well-diversified portfolio across the market cap spectrum. Active share is typically between 70 and 85%, with a significant number of holdings distinct from the benchmark; and
- Low turnover: FTEME's bottom-up, high conviction and long-term approach means that typically portfolio turnover is less than 20%, with an average holding period of around five years.

Buy and Sell Discipline

FTEME's buy discipline is primarily designed to ensure that the portfolio managers buy when they have both conviction in a business and it is trading below its intrinsic value; their sell discipline is designed to capture the opposite.

Buy decisions typically take into consideration:

- Analyst rating upgrades driven by an increase in the margin of safety or conviction in the company; and
- Portfolio manager increase in conviction and portfolio context including rebalancing and risk management. Sell decisions typically are driven by:
- Analyst downgrades driven by a deterioration in fundamentals or the stock reaches intrinsic value;
- More attractive opportunities on a relative basis; and
- Other factors including risk considerations such as excessive volatility, ESG risk, or exposure to a given stock, country, sector, or theme.

All holdings are regularly reviewed to ensure that analyst recommendations are up to date and accurately reflect any changes in company fundamentals. In this way, ongoing fundamental research drives all buy and sell decisions.

Investment risk management

Investment in emerging markets equities inevitably involves risk in a volatile asset class, and portfolios constructed from the "bottom up" based on fundamental stock specific analysis, may be exposed to risks that become evident when viewed from the "top down", or a macroeconomic, sector or country perspective. Franklin Templeton uses a comprehensive approach to managing risks within its managed portfolios and this approach is inherent in all aspects of the investment process. Investment risks are to be identified and intentional, not minimised.

Risk management is led first and foremost by experienced portfolio managers. It is integrated within each step of FTEME's fundamental, research-driven process, and includes formalised collaboration with FT's independent Investment Risk Management

Group. The group consists of over 90 investment risk and performance professionals in 20 global locations. The group is responsible for the independent preparation and monitoring of risk management information and for the reporting of any exceptions to senior management and the Board of the Company. A monthly executive risk summary report is reviewed by FT's Executive Investment Risk Committee as an input to the senior management reporting process. The group also provides regular performance analysis versus the benchmark to identify absolute and relative performance trends or outliers. Exposure and attribution analysis is another key measure to support the integration of investment risk insight into each step of the investment process.

Building from this philosophy and within the boundaries of the overall investment strategy or potential regulatory restrictions, the Investment Manager and Investment Risk Management Group will agree upon guidelines that reflect TEMIT's risk profile.

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

For additional information with respect to the AIFM risk management framework, please read the Investor Disclosure Document on our website (www.temit.co.uk).

Portfolio Report

Overview of markets

Emerging market equities posted strong gains for the reporting year, outpacing developed markets despite losses in the final weeks prompted by concerns over rising inflation, higher US Treasury yields and resurgent COVID-19 outbreaks. Early-period pandemic-related losses were erased by a rally in the latter part of 2020, driven by renewed risk appetite amid vaccine breakthroughs that fanned hopes for a full economic reopening. TEMIT delivered a net asset value total return of 54.5%, while the MSCI Emerging Markets Index returned 42.8% in the year under review (all figures total return in sterling). Full details of TEMIT's performance can be found on page 1 of the Annual Report.

Key emerging markets, particularly in East Asia, substantially outperformed other countries in terms of health outcomes, economic resilience, and equity returns over the reporting year. The global competitiveness of emerging market companies has been a standout feature amid market swings and pandemic worries.
Notably, Taiwanese and South Korean semiconductor firms proved indispensable as demand for technology skyrocketed, fuelling market-beating returns for both countries.

The challenges of 2020 highlighted structural advantages and other beneficial secular trends in emerging markets that we believe bode well for the year ahead. The resilience of key markets in East Asia during the pandemic, paired with their ability to capitalise on secular shifts to the new economy, should drive continued strength. India and Brazil, among markets that lagged their peers, stand to benefit from a uniquely accommodative environment of negative real rates (and an undervalued currency in Brazil), paired with ongoing reform efforts and excess capacity in the economy, boosting growth.

China remained TEMIT's largest market exposure but the portfolio remained underweight relative to the benchmark. Equity prices in China gained more than 29% in sterling terms over the year, underperforming the benchmark. Encouraging economic data and government policy response to the pandemic drove investor optimism, but US-China disputes and increased Chinese government scrutiny of internet companies, emphasising fair competition, consumer protection and data security, dampened sentiment. Geopolitical tension between China and the United States remains a key headwind that is likely to persist under President Joe Biden's administration, though we could see a shift to a more constructive tone. The US Department of Defense, however, added a number of Chinese companies to a list of those deemed to have some military connection. An executive order prevents US investors from holding any companies on the list. Although business operations should not be directly impacted by the ban, stock prices experienced some volatility as a result of some forced selling. China was the only major economy to generate gross domestic product ("GDP") growth in 2020, underpinned by a diversified domestic economy driven by innovation and digitalisation. The strength of China's economic recovery is unparalleled, in our view. The skill and speed with which the authorities dealt with the COVID-19 pandemic resulted in a V-shaped recovery that we believe bodes well for continued strength in the year ahead. Chinese economic policy is likely to focus on normalisation throughout 2021, using monetary, fiscal or regulatory levers. We also believe that the depth and breadth of the investment opportunities that the Chinese equity market offers have grown exponentially.

South Korea was TEMIT's second-largest market position at the end of March and the portfolio was overweight versus the benchmark. South Korean equities gained 71% during the reporting period, the second-highest return in the benchmark after Taiwan. Technology-heavy indices in both countries soared on robust demand for their technology exports. A widespread chip shortage has underscored the world's reliance on Taiwanese and South Korean semiconductor firms, which have dominated the global industry with their strong manufacturing capabilities. South Korean battery makers have become key suppliers of electric vehicle ("EV") batteries, supporting EVs' growing penetration on the back of favourable policies and advancing technology. Macroeconomic indicators in South Korea have deteriorated since the onset of the pandemic, but we expect them to normalise when the COVID-19 threat recedes.

With a return of nearly 75%, **Taiwan** outperformed all other countries in the MSCI Emerging Markets Index over the reporting period. Taiwan posted better-than-expected economic growth for 2020 and was among the few markets in the world to avoid a contraction during the pandemic. TEMIT's exposure to Taiwan was largely attributable to Taiwan Semiconductor Manufacturing ("TSMC"), one of the portfolio's largest holdings and the largest stock contributor to TEMIT's performance relative to the benchmark. Taiwan's companies derive over 70% of revenues from abroad. The country's highly educated workforce has been the backbone of its steady ascent up the value chain in manufacturing; it is now an exporter of technology components and essential semiconductor chips that constitute the computing power behind modern technologies. The importance of these products in the world economy is only increasing, which is a powerful tailwind for Taiwan's economy. The pandemic has accelerated some long-term themes that have benefited Taiwan, which we expect to continue.

Russia trailed its emerging market peers, returning 31% in sterling terms. Equities in the energy-dependent market spiked and dipped along with changes in oil prices, although other factors influenced performance as well. In May, Russia's benchmark index recorded robust returns, driven by strong appreciation in the rouble, higher oil prices and easing quarantine measures. Voters passed a constitutional referendum that allows President Vladimir Putin to seek two additional terms, effectively remaining in power until 2036. Then in August and September, lower oil prices, geopolitical worries and a depreciation in the rouble offset the development of a COVID-19 vaccine and better-than-expected second-quarter GDP data to push Russian equities lower. As oil prices rose again later in the year, Russian equities advanced thanks to an improved outlook for global oil demand. A weaker rouble, mass protests across the country and geopolitical noise weighed on investor sentiment as 2021 began. Finally, another upswing in oil prices buoyed Russian equities near the close of the reporting year, although worries of potential US sanctions then checked returns. Looking forward, given a recovery in oil prices and stable environment for the rouble, we believe that Russian companies will be likely to benefit from positive earnings revisions and improved distributions to shareholders.

India gained 59% in sterling terms, performing better than most of its peer countries in the benchmark. Equities advanced relatively steadily throughout the reporting period, notwithstanding intermittent sell-offs prompted by India-China border clashes and worsening COVID-19 infection rates. A relaxation of lockdown restrictions early in the reporting year lifted hopes for the economy's recovery and drove equities higher. Better-than-expected corporate results also cushioned the market against COVID-19's sustained spread. The Indian government's emphasis on infrastructure development in its current Union Budget should benefit the construction, infrastructure and cement sectors, while plans to increase the foreign direct investment limits in insurance companies bodes well for that sector. A revival of GDP growth, combined with the push on infrastructure and industrial growth, as well as a benign interest-rate environment, could support loan growth, which could benefit banks with a sizeable corporate lending activity. Normalisation of credit stress on the back of falling interest rates and improving liquidity should also have a positive impact on banks, an area where we maintain a positive outlook. A key holding in India is one of the country's largest private-sector banks, ICICI Bank. Although India remains one of the relatively larger positions in TEMIT's portfolio, we remain underweight relative to the benchmark. We believe that as investment-driven GDP growth picks up, so should disposable incomes, in turn boosting domestic consumption. Overall, we expect India's economic recovery to continue over 2021, as economic activity gradually settles toward pre-pandemic levels.

Brazil gained 32% during the reporting period but lagged the benchmark. Heavy government spending and monetary policy easing helped to bring some stability to the economy in the early stages of the pandemic. In the third quarter of 2020, however, worse-than-expected second-quarter GDP data weighed on market sentiment. Latin American equities and currencies staged a rally based on growing investor confidence and stronger commodity prices in the final months of 2020, with optimism around Brazil's economic rebound outweighing worries over its fiscal deficit following massive stimulus to tackle the pandemic. Market trends in the first few months of 2021 reversed some of those gains, as concerns about Brazil's fiscal position and COVID-19 situation coupled with weakness in the real weighed on Brazilian equities. The intensifying pandemic has added pressure on the government to ramp up already massive spending. Signs of increased state interference in the economy and heightened political noise ahead of next year's presidential election also held back returns. Complicating matters, rising domestic inflation has narrowed the scope for monetary policy support. The central bank raised its key interest rate from a record low in March, signalling the start of a rate-hike cycle. We believe that Brazil's economic recovery will rely heavily on the government's ability to implement long-awaited structural reforms. Meanwhile, as a major commodity exporter Brazil is likely to benefit from rising prices for commodities, as well as their broad appeal as an inflation hedge. We expect higher interest rates in Brazil to bode well for banks, especially market leaders that have weathered the pandemic with the help of strong capital positions and large deposit franchises.

Investment strategy, portfolio changes and performance

The following sections show how different investment factors (stocks, sectors and geographies) accounted for the Company'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 to 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.

All of these factors require us to conduct detailed analyses of potential returns versus risks with a time horizon of typically five years or more.

We believe as active investors that, while this is a difficult time it does give us the opportunity to engage with companies and understand both the short- and long-term impact of COVID-19 and the subsequent behavioural changes on companies and ensure that our portfolios are positioned accordingly. We continue to stress the importance of being selective and undertaking due diligence in making investment decisions.

Our well-resourced, locally based team remains a key competitive advantage and it has certainly been helpful having a team on the ground in Hong Kong and Shanghai for example, to help us better understand what is happening in China.

In the portfolio, we remain positioned in long-term themes including consumption premiumisation, digitalisation, healthcare and technology. We focus on companies reflecting our philosophy of owning good quality businesses, with long term sustainable earnings power and share prices at a discount to intrinsic worth. We see high levels of leverage as a risk and continue to avoid companies with weak balance sheets.

While the immediate outlook is uncertain, this approach should help us best navigate the ongoing pandemic. Over time, we expect the long-term fundamentals of our holdings to remain intact.

Performance attribution analysis %

Year to 31 March	**2021**	**2020**	**2019**	**2018**	**2017**
Net asset value total return[a]	54.5	(11.2)	1.8	12.4	47.8
Expense incurred	1.0	1.0	1.0	1.1	1.2
Gross total return[a]	55.5	(10.2)	2.8	13.5	49.0
Benchmark total return[a]	42.8	(13.2)	0.1	11.8	35.2
Excess return[a]	12.7	3.0	2.7	1.7	13.8
Stock selection	6.0	(2.1)	1.8	1.3	13.7
Sector allocation	6.8	3.1	(0.6)	(0.3)	0.1
Currency	(0.3)	1.6	1.0	0.4	0.2
Residual[a]	0.2	0.4	0.5	0.3	(0.2)
Total Investment Manager contribution	**12.7**	**3.0**	**2.7**	**1.7**	**13.8**

Source: FactSet and Franklin Templeton.
[a] A glossary of alternative performance measures is included on pages 112 and 113 of the Annual Report.

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

Top contributors	**Country**	**Sector**	**Share price total return**	**Relative contribution to portfolio**
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	116.3	2.7
NAVER	South Korea	Communication Services	117.3	2.2
Samsung Electronics	South Korea	Information Technology	73.8	1.5
China Construction Bank[b]	China/Hong Kong	Financials	(2.1)	0.7
Yandex	Russia	Communication Services	69.4	0.6
Samsung Life Insurance	South Korea	Financials	82.8	0.4
MediaTek	Taiwan	Information Technology	63.4	0.4
Glenmark Pharmaceuticals[b]	India	Health Care	123.8	0.4
Kuaishou Technology[b]	China/Hong Kong	Communication Services	161.9	0.4
Tencent	China/Hong Kong	Communication Services	47.0	0.4

[a] For the period 31 March 2020 to 31 March 2021.
[b] Security not held by TEMIT as at 31 March 2021.

Taiwan Semiconductor Manufacturing ("TSMC") is one of the world's leading semiconductor manufacturers, with major technology companies among its clients. TSMC surged as investors lifted their longer-term outlook for the chip maker in a robust environment for technology exports driven by increased consumer demand for computers, game consoles, smartphones and tablets during the pandemic. Strong demand for its leading-edge chips coupled with production setbacks for its key competitor underpinned the optimism. TSMC's better-than-expected fourth-quarter profit, upgraded sales growth forecasts, and increased capital spending targets sent the stock soaring in January 2021, before signs of increased industry competition erased some gains. We are confident in TSMC's technology leadership, and we believe that the company could gain market share to extend its industry dominance.

NAVER is South Korea's largest search engine. The company also provides services including LINE, a messenger app that merged with SoftBank subsidiary Yahoo Japan. NAVER benefitted from increased online shopping on its platform amid the pandemic. Investors remained confident of NAVER's penetration into e-commerce, digital content and financial services, and looked positively upon its substantial research and development investment. The company's paid-content platform NAVER Webtoon, which publishes mobile and digital comics, reported tremendous growth in active users during the 12-month period, particularly in Japan and the United States. NAVER's strong fourth-quarter earnings continued to support an upward share- price trend.

Strong investor confidence in **Samsung Electronics** lifted the South Korea-based semiconductor and consumer electronics company. An improving outlook for the memory chip market and expectations for the company to raise its dividends were positive catalysts. We see growing demand and disciplined capacity expansion supporting the memory chip market's upturn, which could benefit Samsung Electronics. We also believe that its foundry, smartphone, and other businesses have fared well amidst the pandemic.

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

Top detractors	**Country**	**Sector**	**Share price total return**	**Relative contribution to portfolio**
Unilever[(b)]	United Kingdom	Consumer Staples	3.2	(1.0)
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	(2.7)	(0.9)
Meituan[(c)]	China/Hong Kong	Consumer Discretionary	185.3	(0.8)
Alibaba	China/Hong Kong	Consumer Discretionary	5.1	(0.8)
China Resources Cement	China/Hong Kong	Materials	(9.7)	(0.6)
Itaú Unibanco	Brazil	Financials	1.6	(0.6)
Nio[(c)]	China/Hong Kong	Consumer Discretionary	1,160.1	(0.5)
China Mobile	China/Hong Kong	Communication Services	(30.2)	(0.4)
Banco Bradesco	Brazil	Financials	17.8	(0.3)
JD.Com[(c)]	China/Hong Kong	Consumer Discretionary	87.1	(0.3)

(a) For the period 31 March 2020 to 31 March 2021.
(b) Security not included in the MSCI Emerging Markets Index.
(c) Security not held by TEMIT as at 31 March 2021.

Unilever's 2020 results and muted outlook disappointed the market. Unilever, a UK-based global consumer goods giant that generates more than half of its sales in emerging markets, reported flat sales as the pandemic altered consumption patterns. Nonetheless, the company continues to stand out to us for its defensive business model and solid balance sheet. We reduced our position in the stock but still maintain a sizeable position on our belief that Unilever's longstanding track record of operating in emerging markets positions it to benefit from the structural growth in consumption in those countries.

Brilliance China Automotive is a Chinese car maker noted for its joint venture with German luxury car maker BMW. Mixed news held back the share price of Brilliance China Automotive—debt concerns surrounding its significant shareholder and competition from electric vehicle makers offset brief enthusiasm around media reports of a possible privatisation of the company. We believe that Brilliance China Automotive's fundamentals remain healthy and expect the company to benefit from BMW's strong brand, new model launches, and a "premiumisation" of auto demand in China.

Investors turned cautious towards Chinese e-commerce company **Alibaba** as regulators stepped up their scrutiny of the internet industry through a series of actions, including the release of draft online microlending and anti-monopoly rules. Alibaba grappled with a halt to its plan to list its financial technology arm, as well as an antitrust probe into its merchant policy. From our observations, China's internet industry has experienced periods of heightened scrutiny in the past, and business models offering superior user experiences and efficiencies have weathered such episodes to a large extent. Although further regulatory news could drive share-price volatility for Alibaba in the near term, we believe that the company has distinct competitive advantages that should secure its structural earnings power. We continue to view Alibaba as well-diversified and resilient, with longer-term growth drivers across multiple areas such as e-commerce and cloud computing.

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	34.0	5.1	Consumer Discretionary	45.1	(4.1)
Information Technology	84.4	4.4	Materials	77.4	(1.3)
Financials	24.1	4.0			
Real Estate	8.2	1.2			
Industrials	35.1	0.8			
Utilities[(b)]	17.8	0.6			
Health Care	43.3	0.5			

Energy	30.7	0.1
Consumer Staples	20.9	0.0

[a] For the period 31 March 2020 to 31 March 2021.
[b] Sector not held by TEMIT as at 31 March 2021.

Favourable stock selection in **communication services** added to TEMIT's performance relative to the benchmark index in the review period. An overweight position and stock selection in the **information technology** sector, which outperformed all of its counterparts, also had a positive impact. Stock selection in the **financials** sector also boosted relative performance. Technology-related sectors have remained resilient throughout the pandemic with e-commerce, internet and software companies benefiting from an increase in remote working and schooling, streaming of content and other online activities. As we describe above, major semiconductor companies in Taiwan and South Korea surged on demand for chips. Financials remain a key area of secular growth given the low levels of credit penetration across emerging markets, and TEMIT's holdings are primarily dominant incumbent banks with strong capitalisation levels and robust deposit franchises. Conversely, two sectors, **consumer discretionary** and **materials** negatively impacted relative returns. Stock selection was largely responsible for the negative impact in the consumer discretionary sectors, while an underweight position in materials, the second-best performing sector in the benchmark, proved detrimental to performance 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**
South Korea	71.3	3.5	United Kingdom[c]	–	(0.9)
Taiwan	74.9	3.5	Brazil	32.0	(0.3)
Russia	30.9	1.4	Kenya[c]	–	(0.2)
India	59.1	0.6	Cambodia[c]	–	(0.1)
Malaysia[b]	8.6	0.6			
Thailand	25.3	0.5			
United States[c]	–	0.4			
Indonesia	27.0	0.3			
Qatar[b]	8.5	0.3			
Turkey[b]	(6.3)	0.2			

[a] For the period 31 March 2020 to 31 March 2021.
[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 and overweight positions in **South Korea** and **Taiwan** were amongst the leading contributors to TEMIT's returns relative to the benchmark index, along with stock selection in **Russia.** Samsung Electronics accounted for approximately half of TEMIT's exposure in South Korea. We added exposure to Samsung Electronics as demand for memory chips continued to grow. In Taiwan, we closed positions in information technology companies Catcher Technology and FIT Hon Teng, and we reduced TEMIT's exposure to Russia. In contrast, relative performance was hurt by off-benchmark exposure to Unilever in the **United Kingdom**, stock selection in **Brazil** and off-benchmark exposure to **Kenya.** We maintain an overweight exposure to Brazil relative to the benchmark. TEMIT's holding in East African Breweries was the main detractor in Kenya. The company experienced a decline in sales due to COVID-19.

Portfolio changes by sector

						Total return in sterling	
Sector	31 March 2020 market value £m	Purchases £m	Sales £m	Market movement £m	31 March 2021 market value £m	TEMIT %	MSCI Emerging Markets Index %
Information Technology	418	146	(142)	388	810	93.9	84.4
Consumer Discretionary	337	124	(22)	52	491	18.0	45.1
Financials	348	29	(34)	143	486	45.6	24.1
Communication Services	345	64	(191)	215	433	67.5	34.0
Consumer Staples	106	12	(14)	11	115	12.9	20.9
Materials	66	9	(13)	29	91	56.2	77.4
Industrials	38	10	(1)	20	67	55.2	35.1
Energy	92	–	(40)	10	62	21.4	30.7
Health Care	30	10	(25)	17	32	68.2	43.3
Real Estate	–	12	(3)	3	12	21.2	8.2
Utilities	–	–	–	–	–	–	17.8
Net liabilities[a]	(5)	–	–	(3)[b]	(8)	–	–
Total	**1,775**	**416**	**(485)**	**885**	**2,591**		

(a)The Company’s net liabilities are the total of net current assets plus non-current liabilities per the Statement of Financial Position on page 81 of the Annual Report.
(b)The movement relates to changes in cash, receivables, payables, the loan facility and capital gains tax provision.

Portfolio changes by country

Country	31 March 2020 market value £m	Purchases £m	Sales £m	Market movement £m	31 March 2021 market value £m	Total return in sterling TEMIT %	Total return in sterling MSCI Emerging Markets Index %
China/Hong Kong	594	253	(228)	151	770	25.7	29.3
South Korea	306	70	(52)	251	575	83.9	71.3
Taiwan	204	49	(43)	220	430	110.6	74.9
India	115	10	(40)	77	162	81.4	59.1
Russia	135	–	(38)	57	154	27.5	30.9
Brazil	128	3	(8)	28	151	53.7	32.0
Other	298	31	(76)	104	357	–	–
Net liabilities[a]	(5)	–	–	(3)[b]	(8)	–	–
Total	**1,775**	**416**	**(485)**	**885**	**2,591**		**–**

(a) The Company’s net liabilities are the total of net current assets plus non-current liabilities per the Statement of Financial Position on page 81 of the Annual Report.
(b) The movement relates to changes in cash, receivables, payables, the loan facility and capital gains tax provision.

Portfolio investments by fair value

As at 31 March 2021

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net assets
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	PS	309,279	12.0
Samsung Electronics	South Korea	Information Technology	IH	288,930	11.1
Alibaba	China/Hong Kong	Consumer Discretionary	IH	230,455	8.9
Tencent	China/Hong Kong	Communication Services	PS	215,055	8.3
NAVER	South Korea	Communication Services	PS	119,027	4.6
Naspers	South Africa	Consumer Discretionary	IH	101,401	3.9
ICICI Bank	India	Financials	NT	90,959	3.5
MediaTek	Taiwan	Information Technology	NH	67,374	2.6
LG	South Korea	Industrials	IH	64,572	2.5
Unilever[b]	United Kingdom	Consumer Staples	PS	54,342	2.1
TOP 10 LARGEST INVESTMENTS				**1,541,394**	**59.5**
China Merchants Bank[c]	China/Hong Kong	Financials	IH	52,877	2.0
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	IH	50,954	1.9
LUKOIL, ADR[d]	Russia	Energy	NT	50,157	1.9
Sberbank of Russia, ADR[d]	Russia	Financials	NT	48,659	1.9
Yandex	Russia	Communication Services	PS	45,633	1.8
Hon Hai Precision Industry	Taiwan	Information Technology	IH	42,755	1.7
Samsung Life Insurance	South Korea	Financials	IH	41,558	1.6
Banco Bradesco, ADR[d][e]	Brazil	Financials	NT	37,501	1.5
Itaú Unibanco, ADR[d][e]	Brazil	Financials	PS	36,720	1.4
Infosys Technologies	India	Information Technology	NT	36,393	1.4
TOP 20 LARGEST INVESTMENTS				**1,984,601**	**76.6**
Vale	Brazil	Materials	PS	33,389	1.3
Banco Santander Mexico, ADR[d]	Mexico	Financials	NT	29,306	1.1
China Resources Cement	China/Hong Kong	Materials	NT	27,269	1.0
POSCO	South Korea	Materials	PS	26,000	1.0
Cognizant Technology Solutions[b]	United States	Information Technology	PS	25,052	1.0
Ping An Insurance[c]	China/Hong Kong	Financials	IH	22,826	0.9
Gedeon Richter	Hungary	Health Care	PS	22,142	0.9
Daqo New Energy, ADR[d]	China/Hong Kong	Information Technology	NH	21,362	0.8
Fila	South Korea	Consumer Discretionary	IH	21,058	0.8
Kasikornbank	Thailand	Financials	NT	20,639	0.8
TOP 30 LARGEST INVESTMENTS				**2,233,644**	**86.2**
Bajaj Holdings & Investments	India	Financials	IH	20,638	0.8
Ping An Bank	China/Hong Kong	Financials	NT	20,231	0.8
Prosus[f]	China/Hong Kong	Consumer Discretionary	NT	19,700	0.8
Baidu, ADR[d]	China/Hong Kong	Communication Services	PS	19,391	0.7
Kiatnakin Phatra Bank	Thailand	Financials	PS	16,528	0.6
Lojas Americanas	Brazil	Consumer Discretionary	IH	16,189	0.6
Uni-President China	China/Hong Kong	Consumer Staples	IH	15,850	0.6
B3	Brazil	Financials	IH	15,692	0.6
Astra International	Indonesia	Consumer Discretionary	PS	14,771	0.6
NetEase, ADR[d]	China/Hong Kong	Communication Services	NT	14,173	0.5
TOP 40 LARGEST INVESTMENTS				**2,406,807**	**92.8**
Massmart	South Africa	Consumer Staples	NT	14,032	0.5
Tencent Music Entertainment, ADR[d]	China/Hong Kong	Communication Services	NT	12,788	0.5
China Resources Land	China/Hong Kong	Real Estate	NH	12,410	0.5
NagaCorp	Cambodia	Consumer Discretionary	PS	11,943	0.5
H&H Group	China/Hong Kong	Consumer Staples	IH	11,702	0.4
MCB Bank	Pakistan	Financials	PS	8,748	0.3
Thai Beverage	Thailand	Consumer Staples	NT	8,112	0.3
Flat Glass Group	China/Hong Kong	Information Technology	NH	7,945	0.3

Moneta Money Bank	Czech Republic	Financials	PS	7,171	0.3
Coal India	India	Energy	NT	6,545	0.3
TOP 50 LARGEST INVESTMENTS				**2,508,203**	**96.7**
LegoChem Biosciences	South Korea	Health Care	NH	6,508	0.2
Longshine Technology Group	China/Hong Kong	Information Technology	NH	5,650	0.2
Intercorp Financial Services	Peru	Financials	NT	5,474	0.2
B2W Digital	Brazil	Consumer Discretionary	NT	5,332	0.2
BDO Unibank	Philippines	Financials	NT	5,287	0.2
Gazprom, ADR(d)	Russia	Energy	PS	5,144	0.2
PChome Online	Taiwan	Consumer Discretionary	NT	4,994	0.2
East African Breweries	Kenya	Consumer Staples	NT	4,896	0.2
Hankook Tire	South Korea	Consumer Discretionary	PS	4,831	0.2
Mail.Ru, GDR(g)	Russia	Communication Services	PS	4,635	0.2
TOP 60 LARGEST INVESTMENTS				**2,560,954**	**98.7**
ACC	India	Materials	NH	4,608	0.2
Nemak	Mexico	Consumer Discretionary	PS	4,390	0.2
M. Dias Branco	Brazil	Consumer Staples	NT	4,167	0.2
Largan Precision	Taiwan	Information Technology	NT	3,669	0.1
Apollo Hospitals	India	Health Care	NH	2,906	0.1
KT Skylife	South Korea	Communication Services	PS	2,425	0.1
BAIC Motor	China/Hong Kong	Consumer Discretionary	NT	2,381	0.1
Weifu High-Technology	China/Hong Kong	Consumer Discretionary	PS	2,366	0.1
COSCO SHIPPING Ports	China/Hong Kong	Industrials	PS	2,365	0.1
KCB Group	Kenya	Financials	NT	2,323	0.1
TOP 70 LARGEST INVESTMENTS				**2,592,554**	**100.0**
CTBC Financial	Taiwan	Financials	NT	1,855	0.1
TOTVS	Brazil	Information Technology	IH	1,830	0.1
Dairy Farm	China/Hong Kong	Consumer Staples	NT	1,740	0.1
United Bank	Pakistan	Financials	NT	1,096	0.0
TOTAL INVESTMENTS				**2,599,075**	**100.3**
NET LIABILITIES				**(7,788)**	**(0.3)**
TOTAL NET ASSETS				**2,591,287**	**100.0**

(a) Trading activity during the year: (NH) New Holdings, (IH) Increased Holdings, (PS) Partial Sale and (NT) No Trading.
(b) This company, listed on a stock exchange in a developed market, has significant exposure to operations from emerging markets.
(c) Company is listed on the Hong Kong and Shanghai stock exchanges.
(d) US listed American Depository Receipt.
(e) Preferred Shares.
(f) 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.
(g) UK listed Global Depository Receipt.

Portfolio summary
As at 31 March 2021
All figures are in %

	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Total Equities	Net liabilities(a)	31 March 2021 Total	31 March 2020 Total
Brazil	–	0.8	0.2	–	3.5	–	–	0.1	1.3	–	5.9	–	5.9	7.2
Cambodia	–	0.5	–	–	–	–	–	–	–	–	0.5	–	0.5	0.7
China/Hong Kong	10.0	11.8	1.1	–	3.7	–	0.1	1.3	1.0	0.5	29.5	–	29.5	33.5
Czech Republic	–	–	–	–	0.3	–	–	–	–	–	0.3	–	0.3	0.4
Hungary	–	–	–	–	–	0.9	–	–	–	–	0.9	–	0.9	1.2
India	–	–	–	0.3	4.3	0.1	–	1.4	0.2	–	6.3	–	6.3	6.4
Indonesia	–	0.6	–	–	–	–	–	–	–	–	0.6	–	0.6	0.7
Kenya	–	–	0.2	–	0.1	–	–	–	–	–	0.3	–	0.3	0.6
Mexico	–	0.2	–	–	1.1	–	–	–	–	–	1.3	–	1.3	1.3
Pakistan	–	–	–	–	0.3	–	–	–	–	–	0.3	–	0.3	0.5
Peru	–	–	–	–	0.2	–	–	–	–	–	0.2	–	0.2	0.3
Philippines	–	–	–	–	0.2	–	–	–	–	–	0.2	–	0.2	0.3
Russia	2.0	–	–	2.1	1.9	–	–	–	–	–	6.0	–	6.0	7.6
South Africa	–	3.9	0.5	–	–	–	–	–	–	–	4.4	–	4.4	3.2
South Korea	4.7	1.0	–	–	1.6	0.2	2.5	11.1	1.0	–	22.1	–	22.1	17.2
Taiwan	–	0.2	–	–	0.1	–	–	16.4	–	–	16.7	–	16.7	11.5
Thailand	–	–	0.3	–	1.4	–	–	–	–	–	1.7	–	1.7	2.2
United Kingdom	–	–	2.1	–	–	–	–	–	–	–	2.1	–	2.1	3.2
United States	–	–	–	–	–	–	–	1.0	–	–	1.0	–	1.0	2.3
Net liabilities(a)	–	–	–	–	–	–	–	–	–	–	–	(0.3)	(0.3)	(0.3)
31 March 2021 Total	16.7	19.0	4.4	2.4	18.7	1.2	2.6	31.3	3.5	0.5	100.3	(0.3)	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 liabilities are the total of net current assets plus non-current liabilities per the Statement of Financial Position on page 81 of the Annual Report.

Market capitalisation breakdown(a) (%)	Less than £1.5bn	£1.5bn to £5bn	£5bn to £25bn	Greater than £25bn	Net liabilities(b)
31 March 2021	11.8	8.5	12.9	67.1	(0.3)
31 March 2020	8.2	10.4	22.7	59.0	(0.3)

Split between markets(c) (%)	31 March 2021	31 March 2020
Emerging markets	96.4	93.5
Developed markets(d)	3.1	5.5
Frontier markets	0.8	1.3
Net liabilities(b)	(0.3)	(0.3)

Source: FactSet Research System, Inc.
(a) A glossary of alternative performance measures is included on pages 112 and 113 of the Annual Report.
(b) The Company’s net liabilities are the total of net current assets plus non-current liabilities per the Statement of Financial Position on page 81 of the Annual 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 which have significant exposure to operations from emerging markets.

Market outlook

Fresh waves of COVID-19 infection have continued to test economies and health care systems globally, just as more countries step up the rollout of vaccines. We think that emerging markets are likely to stay resilient in the face of new challenges. Many emerging markets have remained less indebted than developed economies at the sovereign, corporate and household levels. Emerging market banking systems have largely withstood stress despite loan moratoriums. Technology and consumption have also become new drivers of economic growth for many emerging markets. Overall, we expect a sharp earnings rebound in emerging markets this year from a low base last year.

Chinese internet stocks have struggled recently amid tighter regulatory scrutiny, higher US Treasury yields and block trades linked to a troubled hedge fund. China's increased emphasis on fair competition, consumer protection and data security within the internet industry has been a chief concern. Though regulatory news could drive near-term share-price volatility, we remain largely confident in the longer-term fundamentals of several leading internet companies. These companies have grown rapidly by offering superior user experiences and efficiencies, and we expect these strengths to continue underpinning their structural earnings power. We also think that regulators are keen to ensure the sustainable development of the internet space for all stakeholders, rather than curb its growth. We are mindful of the dispersion in valuations across the internet space, and we seek to invest in quality companies trading below what we consider to be their intrinsic worth.

Reflationary expectations and higher US bond yields have stoked market volatility. Although inflation has picked up from low levels last year amid recovering economic activity, firmer commodity prices and near- term supply chain bottlenecks, we believe that considerable slack remains in many economies, especially on the labour front. Also visible to us are longer-term deflationary trends arising from technology advances and demographic headwinds. Rather than position for specific macroeconomic scenarios, we strive to build well- diversified portfolios that can potentially navigate a range of market environments.

We see compelling opportunities to invest in companies that demonstrate sustainable earnings power, with shares trading at discounts to our assessment of their intrinsic worth. We are confident in a long runway of growth for innovative and technology-driven companies extending their leads in areas such as semiconductors and internet services. We also favour companies that could benefit from longer-term consumption growth in emerging markets, reflected in a rising penetration of goods and services or a "premiumisation" in demand.

A second wave of COVID-19 infections in India led to the implementation of new restrictions including lockdowns (at a regional state level rather than nationwide) to contain the outbreak. While this second wave is expected to impact the country's economic recovery in the short term, we expect the economy to bounce back as the government accelerates its vaccine rollout and lockdowns are lifted. In the interim, however, the situation remains fluid and we continue to monitor the developments. In the longer-term, we expect India's economic recovery to continue as economic activity gradually improves. We see corporate earnings on an uptrend toward earnings normalization, following the pandemic-related downturn. The overarching drivers underpinning the Indian market also include low interest rates, high liquidity and fiscal incentives, all of which currently remain intact. However, we are mindful of the risks, including the ongoing virus pandemic, regional and global geopolitical relations and the path of the recovery and infection rates in other regions globally.

However, we expect COVID-19 to remain prevalent this year. While some countries have made solid progress with inoculation; the production and distribution of vaccines in sufficient scale are challenges of a similar scale to their development. As a result, we expect many countries to continue experiencing sporadic COVID-19 outbreaks, which could add volatility to the underlying trend of economic and market recovery.

Chetan Sehgal
Lead Portfolio Manager
4 June 2021

Statement of Directors' Responsibilities

In respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Details of the Directors and members of the committees are reported on pages 45 to 51 of the Annual Report.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must be satisfied that the Financial Statements give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period.

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

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

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

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

Responsibility Statement

Each of the Directors, who are listed on pages 45 to 47 of the Annual Report, confirms that to the best of their knowledge:

- The Financial Statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, give a fair, balanced and understandable view of the assets, liabilities, financial position and profit or loss of the Company for the year ended 31 March 2021; and
- The Chairman's Statement, Strategic Report and the Report of the Directors include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure Guidance and Transparency Rules; and
- The Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's position and performance, business model and strategy, and include a description of principal risks and uncertainties.

By order of the Board
Paul Manduca
4 June 2021

Financial Statements

Statement of Comprehensive Income

For the Year Ended 31 March 2021

		Year ended 31 March 2021			Year ended 31 March 2020		
	Note	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Net gains/(losses) on investments and foreign exchange							
Net gains/(losses) on investments at fair value	8	–	888,402	888,402	–	(271,335)	(271,335)
Net gains/(losses) on foreign exchange		–	(594)	(594)	–	(883)	(883)
Income							
Dividends	2	56,964	–	56,964	74,470	–	74,470
Other income	2	2,965	–	2,965	643	–	643
		59,929	**887,808**	**947,737**	**75,113**	**(272,218)**	**(197,105)**
Expenses							
AIFM fee	3	(6,142)	(14,331)	(20,473)	(5,900)	(13,766)	(19,666)
Other expenses	4	(2,094)	–	(2,094)	(2,095)	–	(2,095)
		(8,236)	**(14,331)**	**(22,567)**	**(7,995)**	**(13,766)**	**(21,761)**
Profit/(loss) before finance costs and taxation		**51,693**	**873,477**	**925,170**	**67,118**	**(285,984)**	**(218,866)**
Finance costs	5	(773)	(1,802)	(2,575)	(873)	(2,037)	(2,910)
Profit/(loss) before taxation		**50,920**	**871,675**	**922,595**	**66,245**	**(288,021)**	**(221,776)**
Tax income/(expense)	6	17,303	(5,469)	11,834	(6,312)	1,350	(4,962)
Profit/(loss) for the year		**68,223**	**866,206**	**934,429**	**59,933**	**(286,671)**	**(226,738)**
Profit/(loss) attributable to equity holders of the Company		**68,223**	**866,206**	**934,429**	**59,933**	**(286,671)**	**(226,738)**
Earnings per share	7	**28.64p**	**363.65p**	**392.29p**	**24.40p**	**(116.75)p**	**(92.35)p**

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.

The accompanying notes on pages 84 to 99 of the Annual Report are an integral part of the Financial Statements.

Statement of Financial Position

As at 31 March 2021

	Note	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Non-current assets			
Investments at fair value through profit or loss	8	**2,599,075**	**1,780,253**
Current assets			
Trade and other receivables	9	15,323	10,736
Cash and cash equivalents		85,212	87,830
Total current assets		**100,535**	**98,566**
Current liabilities			
Other payables	10	(3,362)	(3,169)
Total current liabilities		**(3,362)**	**(3,169)**
Net current assets		**97,173**	**95,397**
Non-current liabilities			
Capital gains tax provision	6	(4,961)	–
Other payables falling due after more than one year	11	(100,000)	(100,000)
Total assets less liabilities		**2,591,287**	**1,775,650**
Share capital and reserves			
Equity Share Capital	12	64,253	65,812
Capital Redemption Reserve		18,416	16,857
Capital Reserve		1,952,886	1,136,322
Special Distributable Reserve		433,546	433,546
Revenue Reserve		122,186	123,113
Equity Shareholders' Funds		**2,591,287**	**1,775,650**
Net Asset Value pence per share[(a)]		1,096.9	732.3

[(a)] Based on shares in issue at 31 March excluding shares held in treasury.

The Financial Statements of Templeton Emerging Markets Investment Trust PLC (company registration number SC118022) on pages 80 to 99 in the full Annual Report were approved for issue by the Board and signed on 4 June 2021.

Paul Manduca
Chairman

Simon Jeffreys
Director

Statement of Changes in Equity

For the Year Ended 31 March 2021

	Note	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/(loss) for the year		–	–	(286,671)	–	59,933	(226,738)
Equity dividends	13	–	–	–	–	(45,944)	(45,944)
Purchase and cancellation of own shares	12	(2,233)	2,233	(69,852)	–	–	(69,852)
Balance at 31 March 2020		**65,812**	**16,857**	**1,136,322**	**433,546**	**123,113**	**1,775,650**
Profit for the year		–	–	866,206	–	68,223	934,429
Equity dividends	13	–	–	–	–	(69,150)	(69,150)
Purchase and cancellation of own shares	12	(1,559)	1,559	(49,642)	–	–	(49,642)
Balance at 31 March 2021		**64,253**	**18,416**	**1,952,886**	**433,546**	**122,186**	**2,591,287**

The accompanying notes on pages 84 to 99 in the full Annual Report are an integral part of the Financial Statements.

Statement of Cash Flows

For the Year Ended 31 March 2021

	Note	For the year to 31 March 2021 £'000	For the year to 31 March 2020 £'000
Cash flows from operating activities			
Profit/(loss) before finance costs and taxation		925,170	(218,866)
Adjustment for:			
Bank and deposit interest		(26)	(622)
Dividend income		(56,964)	(74,470)
Net (gains)/losses on investments at fair value	8	(888,402)	271,335
Net losses on foreign exchange		594	883
Stock dividends received in year		(674)	(103)
(Increase)/decrease in debtors		1,551	(732)
Increase/(decrease) in creditors		5,942	(108)
Cash generated from operations		**(12,809)**	**(22,683)**
Bank and deposit interest received		26	622
Dividends received		52,442	72,987
Tax paid		(11,919)	(6,540)
Tax recovered		23,753	–
Net cash inflow from operating activities		**51,493**	**44,386**
Cash flows from investing activities			
Purchases of non-current financial assets		(415,127)	(440,488)
Sales of non-current financial assets		483,182	553,409
Net cash inflow from investing activities		**68,055**	**112,921**
Cash flows from financing activities			
Equity dividends paid	13	(69,150)	(45,944)
Purchase and cancellation of own shares		(50,455)	(69,453)
Repayment of revolving credit facility		–	(124,679)
Draw down of fixed term loan		–	100,000
Bank loans interest and fees paid		(2,561)	(2,614)
Net cash outflow from financing activities		**(122,166)**	**(142,690)**
Net (decrease)/increase in cash		**(2,618)**	**14,617**
Cash at the start of the year		87,830	73,213
Cash at the end of the year		**85,212**	**87,830**

The accompanying notes on pages 84 to 99 in the full Annual Report are an integral part of the Financial Statements.

Reconciliation of liabilities arising from bank loans

	Liabilities as at 31 March 2020 £'000	Cash flows £'000	Profit & Loss £'000	Liabilities as at 31 March 2021 £'000
Revolving credit facility	–	–	–	–
Interest and fees payable	111	(474)	483	120
Fixed term loan	100,000	–	–	100,000
Interest and fees payable	350	(2,087)	2,092	355
Total liabilities from bank loans	**100,461**	**(2,561)**	**2,575**	**100,475**

Notes to the Financial Statements

As at 31 March 2021

1 Accounting policies

(a) Basis of preparation

The Financial Statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Financial Statements have also been prepared in accordance with the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies in November 2014 and updated in February 2018 and October 2019 insofar as the SORP is compatible with international accounting standards.

Adoption of new and revised Accounting Standards

At the date of authorisation of these Financial Statements, the following standards and interpretations were assessed to be relevant and are all effective for annual periods beginning on or after 1 January 2020:

- IAS 1 and IAS 8 Amendments: Definition of Material
- IFRS 9, IAS 39 and IFRS 7 Amendments: Interest Rate Benchmark Reform

The amendments listed above did not have any impact on the amounts recognised in the current reporting period.

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

The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the period to 31 March 2023, which is at least 12 months from the date of the approval of the Financial Statements. The Directors reviewed income forecasts covering the next two financial years, including interest and fees arising from the debt facility. The Directors considered the principal and emerging risks and uncertainties disclosed on pages 17 to 20 of the full Annual Report in particular those relating to COVID-19.

At 31 March 2021, the Company had net current assets of £92,212,000 (31 March 2020: net current assets of £95,397,000), in addition to its net current assets the Company holds a portfolio of largely liquid assets that, if required, can be sold to maintain adequate cash balances to meet its expected cash flows, including debt servicing. The repayment of the principal balance of the Company's debt facility does not fall due until 2025. The Directors also reviewed scenarios of a significant drop in value of the assets and noted that they will still be significantly higher than liabilities. They have also confirmed the resiliency of the Company's key service providers and are satisfied that their contingency plans and working arrangements are sustainable.

The Board has established a framework of prudent and effective controls performed periodically by the Audit and Risk Committee, which enable risks to be assessed and managed. Therefore, the going concern basis has been adopted in preparing the Company's Financial Statements. The Going Concern statement is set out on pages 60 and 61 of the full Annual Report.

All financial assets and financial liabilities are recognised (or derecognised) on the date of the transaction by the use of "trade date accounting".

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

There have been no significant judgements, estimates or assumptions for the year.

(b) Presentation of Statement of Comprehensive Income

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

(c) Income

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

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

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

(d) Expenses

All expenses are accounted for on an accruals basis and are charged through the revenue and capital sections of the Statement of Comprehensive Income according to the Directors' expectation of future returns except as follows:

- Expenses relating to the purchase or disposal of an investment are treated as capital. Details of transaction costs on purchases and sales of investments are disclosed in Note 8; and
- Expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. 70% of the annual AIFM fee has been allocated to the capital account.

(e) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method in the Statement of Comprehensive Income according to the Directors' expectations of future returns. 70% of the finance costs have been allocated to the capital account.

(f) Taxation

The tax expense represents the sum of current and deferred tax. Tax receivables will be recognised when it is probable that the benefit will flow to the entity and the benefit can be reliably measured.

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

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

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

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

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

The Company classifies its equity investments based on their contractual cash flow characteristics and the Company's business model for managing the assets. The Company's business is investing in financial assets with a view to profiting from their total return in the form of revenue and capital growth. This portfolio of financial assets is managed, and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Directors and other key management personnel. Equity investments fail the contractual cash flows test so are measured at fair value. Accordingly, upon initial recognition, all of the Company's non-current asset investments are held at "fair value through profit or loss". They are included initially at fair value, which is taken to be their cost excluding expenses incidental to the acquisition.

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

The fair value of financial instruments at the year-end date is, ordinarily, based on the latest quoted bid price at, or before, the US market close (without deduction for any of the estimated future selling costs), if the instrument is held in active markets. This represents a Level 1 classification under IFRS 13. For all financial instruments not traded in an active market or where market price is not deemed representative of fair value, valuation techniques are employed to determine fair value. Valuation techniques include the market approach (i.e. using recent arm's length market transactions adjusted as necessary and reference to the market value of another instrument that is substantially the same) and the income approach (i.e. discounted cash flow analysis making use of available and supportable market data as possible).

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

(h) Foreign currencies

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

(i) Financial instruments

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

Bank loans are classified as financial liabilities at amortised cost. They are initially measured as the proceeds net of direct issue costs and subsequently measured at amortised cost. Interest payable on the bank loan is accounted for on an accruals basis in the Statement of Comprehensive Income. The amortisation of direct issue costs is accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest method.

(j) Share capital and reserves

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

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

Capital Reserve – gains and losses on realisation of investments; changes in fair value of investments which are readily convertible to cash, without accepting adverse terms; realised exchange differences of a capital nature; changes in the fair value of investments that are not readily convertible to cash, without accepting adverse terms; and the amounts by which other assets and liabilities valued at fair value differ from their book value are within this reserve. Additionally, 70% of the annual AIFM fee and finance costs are charged to this reserve in accordance with accounting policies 1(d) and 1(e).

Purchases of the Company’s own shares are funded from the Capital Reserve. The Company’s Articles of Association preclude it from making any distribution of capital profits.

If treasury shares are subsequently cancelled, the nominal value is transferred out of Equity Share Capital and into the Capital Redemption Reserve.

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

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

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

2 Income

	2021 £'000	2020 £'000
Dividends		
Non-EU dividends	54,530	70,670
UK dividends	1,532	2,047
EU dividends	228	1,650
Stock dividends	674	103
	56,964	**74,470**
Other income		
Bank and deposit interest	26	622
Stock lending income	161	21
Interest relating to historic tax reclaims[a]	2,778	–
	2,965	**643**
Total	**59,929**	**75,113**

[a] Historic HMRC claim for exemption of pre 2009 dividend income from Corporation Tax based on the Prudential & CFC FII GLO cases.

3 AIFM fee

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
AIFM fee	6,142	14,331	**20,473**	5,900	13,766	**19,666**

The Company has a contract with FTIS as Alternative Investment Fund Manager and provider of Secretarial Services, this contract may be terminated at any date by either party giving one year's notice of termination.

The AIFM fee is paid monthly and based on the month end total net assets of the Company. From 1 July 2020, the AIFM fee was reduced from 1% of net assets up to £1 billion and 0.85% of net assets above £1 billion to 1% of net assets up to £1 billion and 0.80% of net assets above £1 billion.

70% of the annual AIFM fee has been allocated to the capital account.

4 Other expenses

	2021 £'000	2020 £'000
Custody fees	706	679
Shareholder communications and marketing	334	297
Directors' remuneration	275	247
Depository fees	192	182
Membership fees	156	135
Registrar fees	76	113
Printing and postage fees	16	42
Auditor's remuneration		
Audit of the annual financial statements	36	33
Review of the Half Yearly Report	7	5
Indian tax compliance	–	8
Broker fees	32	32
Legal fees	34	30
Other expenses	230	292
Total	**2,094**	**2,095**

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

5 Finance costs

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Revolving credit facility	145	338	483	753	1,758	2,511
Fixed term loan	628	1,464	2,092	120	279	399
Total	**773**	**1,802**	**2,575**	**873**	**2,037**	**2,910**

6 Tax on ordinary activities

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Overseas withholding tax	6,450	–	6,450	6,312	–	6,312
Capital gains tax paid	–	508	508	–	228	228
Historic tax claims[(a)]	(23,753)	–	(23,753)	–	–	–
Total current tax	**(17,303)**	**508**	**(16,795)**	**6,312**	**228**	**6,540**
Capital gains tax provision	–	4,961	4,961	–	(1,578)	(1,578)
Total tax	**(17,303)**	**5,469**	**(11,834)**	**6,312**	**(1,350)**	**4,962**

	2021 £'000	2020 £'000
Profit/(loss) before taxation	922,595	(221,776)
Theoretical tax at UK corporation tax rate of 19% (2020: 19%)	175,293	(42,137)
Effects of:		

- Capital element of profit	(168,684)	51,721
- Irrecoverable overseas tax	6,450	6,312
- Excess management expenses	2,915	2,357
- Overseas capital gains tax	508	228
- Income taxable in different periods	–	(63)
- Dividends not subject to corporation tax	(9,079)	(11,183)
- Movement in overseas capital gains tax liability	4,961	(1,578)
- UK dividends	(291)	(389)
- Overseas tax expensed	(154)	(306)
- Historic tax claims[(a)]	(23,753)	–
Actual tax charge	**(11,834)**	**4,962**

[(a)] Historic HMRC claim for exemption of pre 2009 dividend income from Corporation Tax based on the Prudential & CFC FII GLO cases was received in May 2020.

As at 31 March 2021 the Company had unutilised management expenses and non-trade deficits of £268.1 million carried forward (2020: £252.8 million). These balances have been generated because a large part of the Company's income is derived from dividends which are not taxed. Based on current UK tax law, the Company is not expected to generate taxable income in a future period in excess of deductible expenses for that period and, accordingly, is unlikely to be able to reduce future tax liabilities by offsetting these excess management expenses. These excess management expenses are therefore not recognised as a deferred tax asset.

Movement in provision for capital gains tax	**2021 £'000**	**2020 £'000**
Balance brought forward	–	1,578
Charge for the year	5,469	(1,578)
Capital gains tax paid[(a)]	(508)	–
Balance carried forward	**4,961**	–
Provision consists of:		
- Overseas capital gains tax liability	4,961	–
	4,961	**–**

[(a)] A provision for deferred capital gains tax has been recognised in relation to unrealised gains on Indian holdings.

7 Earnings per share

	2021			**2020**		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Earnings	68,223	866,206	934,429	59,933	(286,671)	(226,738)

	2021			**2020**		
	Revenue pence	**Capital pence**	**Total pence**	**Revenue pence**	**Capital pence**	**Total pence**
Earnings per share	28.64	363.65	392.29	24.40	(116.75)	(92.35)

The earnings per share is based on the profit attributable to equity holders and on the weighted average number of shares in issue during the year of 238,195,084 (year to 31 March 2020: 245,537,352).

8 Financial assets – investments

	2021 £'000	**2020 £'000**
Opening investments		
Book cost	1,539,265	1,501,311
Net unrealised gains	240,988	661,124
Opening fair value	1,780,253	2,162,435
Movements in the year:		
Additions at cost	415,812	440,354
Disposals proceeds	(485,392)	(551,201)
Net gains/(losses) on investments at fair value	888,402	(271,335)
	2,599,075	1,780,253
Closing investments		
Book cost	1,553,330	1,539,265
Net unrealised gains	1,045,745	240,988
Closing investments	**2,599,075**	**1,780,253**

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

Transaction costs for the year on purchases were £301,000 (2020: £503,000) and transaction costs for the year on sales were £346,000 (2020: £843,000). The aggregate transaction costs for the year were £647,000 (2020: £1,346,000).

	2021 £'000	2020 £'000
Net gains/(losses) on investments at fair value comprise:		
Net realised gains based on carrying value as at 31 March	83,645	148,802
Net movement in unrealised appreciation/(depreciation)	804,757	(420,137)
Net gains/(losses) on investments at fair value	**888,402**	**(271,335)**

9 Trade and other receivables

	2021 £'000	2020 £'000
Dividends receivable	11,726	7,204
Overseas tax recoverable	1,844	3,499
Sales awaiting settlement	1,649	33
Other debtors	104	–
Total	**15,323**	**10,736**

10 Other payables

	2021 £'000	2020 £'000
AIFM fee	1,816	–
Amounts owed for share buybacks	–	813
Accrued expenses	1,060	1,895
Interest and fees on borrowings	475	461
Purchase of investments for future settlement	11	–
Total	**3,362**	**3,169**

Interest and fees on borrowings consist of:	2021 £'000	2020 £'000
Fixed term loan	355	350
Revolving credit facility	120	111
Total	**475**	**461**

Revolving credit facility

On 31 January 2020, the Company revised the agreement with The Bank of Nova Scotia, London Branch. Under the new terms, the Company can borrow £120.0 million (2020: £220 million) via an unsecured revolving credit facility (the “facility”) for a period of three years. Balances can be drawn down in GBP, USD or CNH.

The facility bears interest at the rate of 1.125% over the relevant Inter-Bank Offer Rate on any drawn balance. Undrawn balances in excess of £60.0 million are charged at 0.40% and any undrawn portion below this is charged at 0.35%. Under the terms of the facility, the net assets shall not be less than £1,015 million and the adjusted net asset coverage to all borrowings shall not be less than 3.5:1.

The facility is shown at amortised cost and revalued for exchange rate movements. Any gain or loss arising from changes in exchange rates is included in the capital reserves and shown in the capital column of the Statement of Comprehensive Income. Interest costs are charged to capital (70%) and revenue (30%) in accordance with the Company’s accounting policies.

11 Other payables falling due after more than one year

	2021 Book value £'000	2020 Book value £'000
Fixed term loan	100,000	100,000
	100,000	**100,000**

Fixed term loan

On 31 January 2020, the Company entered into a term loan (the "term loan") for a period of five years with Scotiabank Europe PLC for £100.0 million.

The term loan bears interest at the fixed rate of 2.089%. Under the conditions of the term loan, the net assets shall not be less than £1,015 million and the adjusted net asset coverage to all borrowings shall not be less than 3.5:1.

The facility is shown at amortised cost. Interest costs are charged to capital (70%) and revenue (30%) in accordance with the Company's accounting policies.

12 Equity share capital

	2021 Allotted, issued & fully paid		2020 Allotted, issued & fully paid	
	£'000	Number	£'000	Number
Shares of 25p each				
Opening balance	**65,812**	**242,484,139**	**68,045**	**251,416,170**
Purchase and cancellation of own shares	(1,559)	(6,238,408)	(2,233)	(8,932,031)
Purchase of own shares into treasury	–	–	–	–
Closing balance	**64,253**	**236,245,731**	**65,812**	**242,484,139**

The Company's shares (except those held in treasury) have unrestricted voting rights at all general meetings, are entitled to all of the profits available for distribution by way of dividend and are entitled to repayment of all of the Company's capital on winding up.

During the year, 6,238,408 shares were bought back for cancellation at a cost of £49,642,624 (2020: 8,932,031 shares were bought back for cancellation at a cost of £69,852,000). All shares bought back in the year were cancelled, with none being placed in treasury (2020: no shares were placed into treasury).

As at 31 March 2021, in addition to the allotted and issued shares above the Company held 20,765,179 shares in treasury (2020: 20,765,179 shares). These shares have a nominal value of £5,191,000 (2020: £5,191,000) which is included in the above closing balance of £64,253,000.

13 Dividends

	2021 Rate (pence)	£'000	2020 Rate (pence)	£'000
Declared and paid in the financial year				
Dividend on shares:				
Final dividends for the years ended 31 March 2020 and 31 March 2019	14.00	33,680	11.00	27,421
Interim dividends for the six-month periods ended 30 September 2020 and 30 September 2019	5.00	11,823	5.00	12,187
Special dividend for the years ended 31 March 2021 and 31 March 2020	10.00	23,647	2.60	6,336
Total	**29.00**	**69,150**	**18.60**	**45,944**
Proposed for approval at the Company's AGM				
Dividend on shares:				
Final dividend for the year ended 31 March 2021	14.00	33,074		

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

14 Related party transactions

The Directors consider that, under the classification of related party transactions outlined in the Association of Investment Companies SORP, issued November 2014 and updated in February 2018 and October 2019, Franklin Templeton entities are not classified as related parties under IAS 24.

Accordingly, there were no transactions with related parties, other than the fees paid to the Directors during the year ended 31 March 2021, which have a material effect on the results or the financial position of the Company. Details on fees paid to the Directors is included on page 63 of the full Annual Report.

15 Risk management

In pursuing the Company's objective, set out on page 9 of the full Annual Report, the Company holds a number of financial instruments which are exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for dividends.

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

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

Investment and concentration risk

The Company may invest a greater portion of its assets than the benchmark in the securities of one issuer, securities of a particular country, or securities within one sector. As a result, there is the potential for an increased concentration of exposure to economic, business, political or other changes affecting similar issues or securities, which may result in greater fluctuation in the value of the portfolio. Investment risk and a certain degree of concentration risk is a known and necessary effect of the stated investment approach in line with the investment policy. The Directors regularly review the portfolio composition and asset allocation and discuss related developments with the Investment Manager. Security, country, and sector concentrations are monitored by the risk and compliance teams on a regular basis and any concerns are highlighted to the Investment Manager for remedial action and brought to the attention of the Directors.

Market price risk

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

The Directors meet quarterly to consider the asset allocation of the portfolio and to discuss the risks associated with particular securities, countries or sectors. The Investment Manager selects securities in the portfolio in accordance with the investment policy, and the overall asset allocation parameters described above, and seeks to ensure that individual stocks also meet the intended risk/reward profile.

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

100% (2020: 100%) of the Company's investment portfolio is listed on stock exchanges. If share prices had decreased by 30% (2020: 20% decrease) with all other variables remaining constant, the Statement of Comprehensive Income capital return and the net assets attributable to equity shareholders would have decreased by £779,723,000 (2020: £356,051,000). A 30% increase (2020: 20% increase) in share prices would have resulted in a proportionate equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

Foreign currency risk

Currency translation movements can significantly affect the income and capital value of the Company's investments, as the majority of the Company's assets and income are denominated in currencies other than sterling, which is the Company's functional currency.

The Investment Manager has identified three principal areas where foreign currency risk could affect the Company:

- Movements in rates affect the value of investments;
- Movements in rates affect short-term timing differences; and
- Movements in rates affect the income received.

The Company does not hedge the sterling value of investments that are priced in other currencies. The Company may be subject to short-term exposure to exchange rate movements, for instance where there is a difference between the date on which an investment purchase or sale is entered into and the date on which it is settled.

The Company receives income in currencies other than sterling and the sterling values of this income can be affected by movements in exchange rates. The Company converts all receipts of income into sterling on or near the date of receipt. However, it does not hedge or otherwise seek to avoid rate movement risk on income accrued but not received.

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

2021 **Currency**	**Trade and other receivables £'000**	**Cash at bank £'000**	**Trade, bank loans, and other payables £'000**	**Total net foreign currency exposure £'000**	**Investments at fair value through profit or loss £'000**
Hong Kong dollar	430	–	(430)	–	626,193

Korean won	9,304	–	–	9,304	574,910
Taiwan dollar	4,001	3,213	–	7,214	429,925
US dollar	578	–	(5)	573	357,521
Indian rupee	27	–	–	27	162,049
Other	1,089	–	–	1,089	394,136

2020 **Currency**	**Trade and other receivables £'000**	**Cash at bank £'000**	**Trade, bank, loans, and other payables £'000**	**Total net foreign currency exposure £'000**	**Investments at fair value through profit or loss £'000**
US dollar	112	–	–	112	447,757
Hong Kong dollar	33	(33)	–	–	383,183
Korean won	4,514	–	–	4,514	306,197
Taiwan dollar	4,843	–	–	4,843	199,449
Indian rupee	–	85	–	85	115,004
Other	1,224	–	(1)	1,223	271,821

The above tables are based on the currencies of the country where shares are listed rather than the underlying currencies of the countries where the companies earn revenue.

As at 31 March 2021, 69.5% (2020: 64.8%) of the investments shown as US dollar and Hong Kong dollar are Chinese companies with exposure to the Chinese yuan. The total exposure to Chinese yuan was £769.7 million (2020: £593.7 million).

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and of the equity in regard to the Company's monetary financial assets and liabilities and its equity if sterling had strengthened by 10% relative to the top 5 currencies on the reporting date. With all other variables held constant, the revenue and capital return would have decreased by the below amounts.

	2021		**2020**	
Financial assets and liabilities	**Revenue £'000**	**Capital Return £'000**	**Revenue £'000**	**Capital Return £'000**
Hong Kong dollar	1,161	62,619	1,762	38,318
Korean won	1,460	58,421	829	30,620
Taiwan dollar	748	43,714	1,098	19,945
US dollar	858	35,809	2,066	44,776
Indian rupee	147	16,208	216	11,500
Total	**4,374**	**216,771**	**5,971**	**145,159**

A 10% weakening of sterling against the above currencies would have resulted in an equal and opposite effect on the above amounts.

Interest rate risk

The Company is permitted to invest in interest bearing securities. Any change to the interest rates relevant to particular securities may result in income either increasing or decreasing, or the Investment Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held and the interest payable on bank loans when interest rates are reset.

The fixed term loan incurs a fixed rate of interest and is carried at amortised cost rather than fair value. Hence, movements in interest rates will not affect net asset values, as reported under the Company's accounting policies.

Interest rate risk profile

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

	2021 £'000	**2020 £'000**
Cash	85,212	87,830
Net exposure at year end	**85,212**	**87,830**

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Company. Cash balances are held on call deposit and earn interest at the bank's daily rate. The Company's net assets are sensitive to changes in interest rates on borrowings. There was no exposure to fixed interest investment securities during the year or at the year end.

Interest rate sensitivity

If the above level of cash were maintained for a year, a 1.0% increase or decrease in interest rates would impact the net profit after taxation by the following amounts:

	2021		2020	
	1.0% increase in rate £'000	**1.0% decrease in rate £'000**	**1.0% increase in rate £'000**	**1.0% decrease in rate £'000**
Revenue	852	(852)	878	(878)
Capital	–	–	–	–
Total	**852**	**(852)**	**878**	**(878)**

Liquidity risk

The Company's assets comprise mainly securities listed on the stock exchanges of emerging economies. Liquidity can vary from market to market and some securities may take a significant period to sell. As a closed ended investment trust, liquidity risks attributable to the Company are less significant than for an open ended fund.

The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given the large number of quoted investments held in the portfolio and the liquid nature of the portfolio of investments.

The Investment Manager reviews liquidity at the time of making each investment decision and monitors the evolving liquidity profile of the portfolio regularly.

The below table details the maturity profile of the Company's financial liabilities as at 31 March 2021, based on the earliest date on which payment can be required and current exchange rates as at the Balance Sheet date:

As at 31 March 2021	**In one year or less £'000**	**Less than one year and not later than two years £'000**	**Later than two years and not later than three years £'000**	**More than three years £'000**	**Total £'000**
Fixed term loan	2,444	2,089	2,089	101,757	108,379
Other payables	7,968	–	–	–	7,968
Total	**10,412**	**2,089**	**2,089**	**101,757**	**116,347**

As at 31 March 2020	**In one year or less £'000**	**Less than one year and not later than two years £'000**	**Later than two years and not later than three years £'000**	**More than three years £'000**	**Total £'000**
Fixed term loan	2,089	2,089	2,089	103,840	110,107
Other payables	3,169	–	–	–	3,169
Total	**5,258**	**2,089**	**2,089**	**103,840**	**113,276**

Investments held by the Company are valued in accordance with the accounting policies. Other financial assets and liabilities of the Company are included in the Statement of Financial Position at fair value.

Counterparty and credit risk

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (in relation to sale or declared dividend) after the Company has fulfilled its responsibilities. The Company only buys and sells through brokers which have been approved by the Investment Manager as an acceptable counterparty. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time. These limits are reviewed regularly. The amount of credit risk that the Company is exposed to is disclosed under the interest rate risk profile and represents the maximum credit risk at the year-end date.

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

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

Securities held in custody are held in the Company's name or to its accounts. Details of holdings are received and reconciled monthly. Cash is actively managed by Franklin Templeton's Trading Desk in Edinburgh and is typically invested in overnight time deposits in the name of TEMIT with an approved list of counterparties. Any excess cash not invested by the Trading Desk will remain in a JPMorgan Chase interest bearing account. There is no significant risk on debtors and accrued income or tax at the year end.

During the year, the Company participated in a securities lending programme through JPMorgan as the lending agents. As at 31 March 2021, the market value of the securities on loan and the corresponding collateral received were as follows:

	31 March 2021		31 March 2020	
Counterparty	**Market value of securities on loan £'000**	**Market value of collateral received £'000**	**Market value of securities on loan £'000**	**Market value of collateral received £'000**
Morgan Stanley	7,820	10,581	–	–
UBS	3,285	4,055	–	–
Citigroup	82	119	–	–
Merrill Lynch International	–	–	7,891	8,335
HSBC Bank	–	–	19	73
Total	**11,187**	**14,755**	**7,910**	**8,408**

The maximum aggregate value of securities on loan at any time during the year was £29,788,419. The collateral received comprised investment grade sovereign bonds and treasury notes and bonds.

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:

	31 March 2021				31 March 2020			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Listed investments	2,548,121	50,954[(a)]	–	2,599,075	1,780,253	–	–	1,780,253

[(a)] The fair value of the Company's holding in Brilliance China Automotive as at 31 March 2021 was £50,954,000. On 31 March 2021 the company listing was suspended from the Hong Kong stock exchange. Given the suspension the previous published market price was not deemed representative of fair value and was subsequently reduced by 10% based on facts and circumstances known at this date.

The fixed term loan is shown at amortised cost within the Statement of Financial Position. If the fixed term loan was shown at fair value the impact would be to decrease the Company's net assets by £2,560,000. The fair value of the Company's fixed term loan at the year-end was £102,560,000 (2020: £100,782,000).

The fair value of the fixed term loan is calculated by aggregating the expected future cash flows which are discounted at a rate comprising the 3 month sterling LIBOR rate plus the borrower's margin. The fixed term loan is considered to be classed as Level 2.

16 Significant holdings in investee undertakings

As at 31 March 2021 and 2020, TEMIT had no significant holdings of 3% or more of any issued class of security within the portfolio.

17 Contingent liabilities

No contingent liabilities existed as at 31 March 2021 or 31 March 2020.

18 Contingent assets

There are no contingent assets as at reporting date.

TEMIT has filed historic claims with HMRC for exemption of pre 2009 dividend income from Corporation Tax based on the Prudential & CFC FII GLO cases. As at 31 March 2020, a contingent asset of £3,802,000 (inclusive of interest) was reported with respect to the claim for the financial year ended April 2004. The facts and circumstances as at 31 March 2021 have changed and the likelihood of recovery has decreased such that there is no contingent asset reported for the current year.

19 Financial commitments

There were no financial commitments as at 31 March 2021 or 31 March 2020.

20 Capital management policies and procedures

The Company's objective is to provide long-term capital appreciation for private and institutional investors seeking exposure to global emerging markets, supported by a culture of both strong customer service and corporate governance.

The Board monitors and regularly reviews the structure of the Company's capital on an ongoing basis. This review includes the investment performance and outlook, discount management mechanisms including share buybacks, gearing and the extent to which revenue in excess of that which is required to be distributed under the investment trust rules should be retained.

The Company's investment policy which allows borrowing of up to 10% of net assets is unchanged but shareholders have been requested to increase this limit at this year's Annual General Meeting.

As at 31 March 2021, the Company had share capital and reserves of £2,591,287,000 (31 March 2020: £1,775,650). The Company's policies and procedures for managing capital are consistent with the previous year.

21 Events after the reporting period

The only material post balance sheet event is in respect of the proposed dividend, which has been disclosed in Note 13.

The statutory accounts for the period ended 31 March 2021 received an audit report which was unqualified, did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) and (3) of the Companies Act 2006, and will be delivered to the Registrar of Companies.

The Annual Report and Accounts will be sent to Shareholders shortly. Copies will be uploaded and available for viewing on the National Storage Mechanism, copies will also be posted to the website www.temit.co.uk and may also be requested during normal business hours from Client Dealer Services at Franklin Templeton Investment Management Limited on freephone 0800 305 306.

For further information please e-mail temitcosec@franklintempleton.com or contact Client Dealer Services at Franklin Templeton on free phone 0800 305 306, +44 (0) 20 7073 8690 for overseas investors, or e-mail enquiries@franklintempleton.co.uk.