Templeton Emerging Markets Investment Trust PLC (“TEMIT” or “the Company”)
Unaudited Half Yearly Report to 30 September 2021
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 70 high quality companies, actively selected for their long-term growth potential and 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 £2.4 billion as at 30 September 2021. Since launch to 30 September 2021, TEMIT’s net asset value (“NAV”) total return was +4,274.7% compared to the benchmark total return of +1,909.9%.

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 six months to 30 September 2021

Net asset value total return (cum-income)[a]	Share price total return[a]	MSCI Emerging Markets Index total return[a][b]
-7.5% (2020: 31.3%)	-9.8% (2020: 28.4%)	-1.0% (2020: 24.4%)

Interim dividend for the financial year 2022	Special dividend
1.00p	-
(Interim dividend for the financial year 2021: 1.00p)[c]	(Special dividend for the financial year 2021: 2.00p)[c]

Cumulative total return to 30 September 2021 (%)

	6 Months	1 Year	3 Years	5 Years	10 Years
Net asset value (cum-income)	-7.5	8.8	31.0	65.4	113.8
Share price	-9.8	12.0	36.9	75.0	109.2
MSCI Emerging Markets Index	-1.0	13.7	25.1	52.5	116.1

[a] A glossary of alternative performance measures is included on pages 34 and 35 of the full Half Yearly Report.
[b] Source: MSCI. The Company's benchmark is the MSCI Emerging markets Index, with net dividends reinvested.
[c] Comparative figures for the period ended 30 September 2020 and year ended 31 March 2021 have been retrospectively adjusted following the sub-division of each existing ordinary share of 25 pence into five ordinary shares of 5 pence each on 26 July 2021.

Chairman's Statement[a]

Market overview and investment performance

The six months under review have been a challenging period with news in emerging markets dominated by downward pressure on shares in technology companies and the Chinese government's moves to curtail the activities of some listed companies as it seeks to balance growth, equality and security. This led to emerging markets under performing their developed counterparts. Over the six months, TEMIT's NAV per share was impacted, producing a total return of -7.5%, which was below the benchmark index return of -1.0%. While it is naturally disappointing to report underperformance over the half year, in the most recent Annual Report I noted that at the March 2021 year-end our Investment Manager had outperformed the benchmark index for a fifth consecutive year and over the longer term returns remain strong. A detailed explanation of portfolio returns and current portfolio positioning is set out in the Portfolio Report starting on page 6 of the full Half Yearly Report. Our Investment Manager is alert to the headwinds which some portfolio companies have faced in the six months under review but, as they set out in their report, their resources on the ground around the world enable an in-depth local understanding. This helps to challenge and maintain conviction in the exceptional long-term prospects of our portfolio.

[a] The share split which was approved by shareholders at the Annual General Meeting took effect on 26 July 2021 and all of the numbers quoted in this report take account of the fact that each existing share was replaced by five new shares.

Revenue and dividend

Net revenue earnings for the period under review amounted to 2.16 pence per share. As I have noted in the past, the majority of TEMIT's earnings are typically received in the first half of the accounting year but it is too early to predict revenues for the full year. An interim dividend of 1.00 pence per share will be paid on 10 January 2022 to shareholders on the register at 3 December 2021. This is the same level as last year's interim dividend of 5.00 pence per share after taking account of the share split.

Asset allocation and borrowing

During the period under review, the Investment Manager elected not to borrow under the revolving credit facility but did gradually reduce the amount of cash in the portfolio as valuations became more attractive and at the end of the period gearing (as a result of TEMIT's £100 million fixed borrowing and net of cash in the portfolio) was 2.4%. The Investment Manager's cautious approach proved to be the right course of action in difficult markets.

Subsequent to the half year end £50 million was drawn down under the revolving credit facility as the Investment Manager continued to identify opportunities to invest. Our Investment Manager takes a careful, measured approach to gearing, with the amount deployed not a result of views on market direction but driven by investment opportunities presented by individual companies.

The discount

We remain active in promoting TEMIT's shares to a wide variety of existing and potential investors, especially private investors. It is gratifying, therefore, that for the second consecutive year we won the award in the "Emerging Markets Equity – Active" category in the prestigious AJ Bell Fund and Investment Trust Awards 2021. This award is made on the basis of voting from private investors from a short list of open ended funds, ETFs and investment trusts drawn up by investment experts.

I described in the last Annual Report that the discount had been narrower in recent months and that the pace of share buybacks had reduced. This trend continued in the half year under review and we bought back shares on only one day – 28 September – in the six month period.

The Board

As set out in the recent Annual Report, Magdalene Miller was appointed as a non-executive Director of the Company with effect from 10 May 2021.

AIFM fees

The Board has agreed with Franklin Templeton that there will be no change to AIFM fee this year but with effect from 1 July 2022 the AIFM fee will reduce from 1.0% of the first £1 billion of assets and 0.80% of assets above £1 billion to:

- 1.0% of the first £1 billion of net assets;

- 0.75% of net assets between £1 billion and £2 billion; and
- 0.5% of net assets over £2 billion.

Annual General Meeting

The Board had planned to hold this year's Annual General Meeting ("AGM") in person but unfortunately it had to be held behind closed doors due to the UK government's decision to extend COVID-19 restrictions. We are disappointed that shareholders were not able to attend but the safety of shareholders and of staff attending the AGM is paramount. We expect to be able to see those of you who would like to attend the AGM in person next year and in the meantime shareholders are always welcome to contact me with any questions or comments via either the Company Secretary or our brokers, Winterflood Securities.

All resolutions at the AGM on 8 July were passed by a large majority. In addition to the usual resolutions shareholders passed resolutions to:

- Modify TEMIT's formal investment policy and the revised policy which is available on the Company's website (www.temit.co.uk); and
- Split each existing ordinary share into five new shares, with the objective of facilitating smaller investments and the reinvestment of dividends. Following shareholder approval, this was implemented on 26 July 2021.

Outlook

The net asset value and investment performance have improved since the half-year end and at the time of writing the net asset value had increased by 3.3%, compared with a return of 3.0% by the benchmark index.

Environmental, Social and Governance ("ESG") issues have increasingly been highlighted for the investment management industry, and the environment has in recent weeks been in sharp media focus as a result of the COP26 conference. Our Investment Manager has for many years focused on improving corporate governance as a driver of shareholder returns and ESG considerations are a key part of the investment process. This encompasses both investments in companies which are part of the green economy and in companies moving towards a more sustainable future.

The Investment Manager's report sets out a list of challenges facing investors, including the continuing efforts to emerge from pandemic lockdowns, supply bottlenecks, increases in inflation and the potential for interest rates to rise. Looking forward over the next decade, the growing rivalry between the United States and China is also a cause for concern. Listed companies in emerging markets are generally trading at lower valuations than their developed counterparts and, despite the challenges, the fundamental drivers of higher rates of economic growth, relatively low debt levels and the potential for earnings growth lead us to believe that our portfolio is likely to deliver attractive returns to investors over time. Over the medium term, the outlook for our investments is positive and we remain optimistic.

Paul Manduca
Chairman
24 November 2021

Interim Management Report

Principal risks

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

• Pandemic;

• Cyber;

• Investment and concentration;

• Market and geo-political;

• Sustainability and climate change;

• Foreign currency;

• Portfolio liquidity;

• Counterparty and credit;

• Operations and custody;

• Key personnel; and

• Regulatory.

The Board has provided the Investment Manager with guidelines and limits for the management of principal risks. Further information on risks is given in the Strategic Report within the Annual Report and Audited Accounts, which is available on the Company's website (www.temit.co.uk). Sustainability and climate change risk has been added as an emerging risk. It is the Board's view that sustainability and climate change risks are now prevalent risks in multiple areas of the Company's business, from investment considerations to reporting and evolving regulation. Besides this addition, there have been no further changes to the principal and emerging risks reported in the Annual Report and, in the Board's view, these principal and emerging risks are equally applicable to the remaining six months of the financial year as they were to the six months under review.

Related party transactions

The Directors consider that under the classification of related party transactions outlined in the Statement of Recommended Practice for Investment Trusts issued by the Association of Investment Companies in April 2021, 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 six months ended 30 September 2021, which have a material effect on the results or financial position of the Company.

Going concern

The Company's assets consist of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. Having made suitable enquiries, including considerations of the Company's objective, the nature of the portfolio, net current assets, expenditure forecasts, the principal and emerging risks and uncertainties described within the Annual Report, and with due consideration to the COVID-19 pandemic, the Directors are satisfied that the Company has adequate resources to continue to operate as a going concern for the period to 31 March 2023, which is at least 12 months from the date of approval of the Financial Statements, and as such, the going concern basis is appropriate in preparing the Financial Statements.

Statement of Directors' Responsibilities

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

Each of the Directors, who are listed on page 32 of the full Half Yearly Report, confirms that to the best of their knowledge:

(a) the condensed set of financial statements, for the period ended 30 September 2021, have been prepared in accordance with the UK adopted International Accounting Standard (IAS) 34 "Interim Financial Reporting"; and

(b) the Half Yearly Report includes a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and a review of the information required by:

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

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

The Half Yearly Report was approved by the Board on 24 November 2021 and the above responsibility statement was signed on its behalf by

Paul Manduca
Chairman
24 November 2021

Portfolio Report

Environmental, Social and Governance ("ESG") issues have come to the forefront in recent years, and some of the emerging markets have made significant advances and changes to address any material issues in their territories. Climate change is one of those issues, that will span multiple decades and its importance will only increase, with the dynamics varying by market and sector. We believe opportunities lie with companies providing climate solutions and those that are innovating to decarbonise their operations. Many emerging market companies have set emission targets and there has been an improvement in disclosures. We see green business models in areas such as solar energy and electric vehicles feature as investment opportunities. We also invest in carbon-intensive companies that show real commitments and innovation to decarbonise. As such, a company's preparedness to manage material climate issues is a critical component of our bottom-up assessment of earnings sustainability. Corporate governance has also come a long way in emerging markets. A powerful mix of regulatory, accounting and investor-related changes have together lifted governance standards over the years. While still in progress, we believe that it has become a tailwind for emerging market equities.

Public policy around climate change is shifting quickly. COP26 is being touted as the most significant global meeting since Paris 2015, where countries entered a legally binding international treaty—the Paris Accords—to reduce emissions and limit global warming to 1.5°C. COP26 is the critical next step and includes a global call to action to raise trillions of dollars in private and public financing. Emerging market governments will need to adopt growth-enhancing fiscal and structural reforms that promote low-emission resilient investments, backed by productive and cost-effective climate policies to achieve climate-compatible development. Against this backdrop, our objective to understand the climate commitments of our investee companies incorporate both local and global perspectives, recognising that the pace of decarbonisation and the associated strategies will differ globally.

Geopolitical issues have not seen any marked improvement and economies are increasingly focusing on national security. One world, two systems may prevail, and we are seeing companies adapting to this new reality.

Overview of markets

Emerging markets collectively edged down over the six months under review as market sentiment swung between optimism and caution. Although progress in vaccination campaigns and businesses reopening, along with ongoing monetary and fiscal stimulus, aided economic recovery in several parts of the world, others struggled with new COVID-19 variant outbreaks. Many investors were also pricing in the potential for the US Federal Reserve to begin tapering stimulus sooner than expected. China-related concerns, including regulatory curbs and major property developer Evergrande's debt crisis further capped risk appetite. Inflation was another dominant market theme late in the reporting period as supply chain disruptions and higher commodity prices drove up inflation around the globe. The MSCI Emerging Markets Index returned -1.0% in the six-month period under review, whilst TEMIT delivered a net asset value total return of -7.5% (all figures are total return in sterling). Full details of TEMIT's performance can be found on page 1 of the full Half Yearly Report.

By region, European, Middle Eastern and African ("EMEA") equities outpaced their peers in Latin America and Asia, which was also the only region to end the period in negative territory. Declines in China and South Korea were largely responsible for the region's lagging performance, overshadowing solid returns in India and Taiwan. In EMEA, the Russian market was a major driving force, whilst a marginal gain in Brazil did little to support Latin America.

China was TEMIT's largest market exposure, although the portfolio remained underweight relative to the benchmark. China was amongst the weakest emerging markets, losing 14% in sterling terms over the six- month period amidst new COVID-19 outbreaks, increased regulatory scrutiny, power outages and China Evergrande's cash crunch. The government enacted new regulations in a number of industries, including internet and education, which caused considerable investor concern. The regulatory changes in China were announced at a time when the country was seeing a slowdown in its economy and a resurgence in COVID-19 cases, which further weighed on equity performance. However, we believe that China's government remains committed to fostering innovation as an economic growth engine. Whilst the short-term volatility is painful for investors, these cycles have historically not unduly impeded the long-term structural growth of the broader economy.

Another major development in China was China Evergrande Group, one of China's leading property developers, coming under pressure as the company's ability to service its debt became increasingly unviable. The situation, however, remains fluid and we continue to monitor the developments closely. More recently, power shortages across parts of the country stemming from a pickup in industrial activity, tightening emission standards and supply limitations have resulted in factory closures, raising concerns of falling production output in several industries, possibly placing more strain on global supply chains, as well as a wider impact on China's economic recovery. Whilst this will likely have a short-term impact on the economy, we believe that the focus on energy intensity and decarbonisation is likely to continue as China works towards becoming carbon-neutral by 2060.

TEMIT's second-largest market position was in **South Korea**, where the portfolio was overweight versus the benchmark. South Korea joined China as one of the largest emerging-market declines, losing nearly 7% during the reporting period. The resurgence of COVID-19 and stricter social distancing measures and weak market sentiment surrounding technology stocks weighed on equity prices. Economically, South Korea's second-quarter gross domestic product ("GDP") jumped to 6% year-on-year growth, partially on the low base effect whilst trade also contributed. Unemployment remained low, despite edging up to 3.0% in September, from a record low of 2.8% in August. Inflation, however, was at its highest level since 2017, with the annual inflation rate at 2.5% in September. During its August meeting, the central bank raised its key interest rate from an historic low of 0.5% to 0.75%; this was the first increase in almost three years, making South Korea the first major Asian economy to tighten monetary policy since the COVID-19 pandemic began. The country is an export powerhouse and several South Korean exporters are of global importance, supplying vital hardware. World-leading semiconductor and battery makers are benefitting from the secular trends of increased computing power and greener mobility—some of which have accelerated due to the pandemic. South Korea's advantages in innovation and intellectual property are evident, whilst the country's internet sector has also been thriving.

The **Taiwanese** market outperformed the wider benchmark, ending the reporting period with a close to 8% return. TEMIT's overweight allocation to Taiwan was largely attributable to exposure to the island's semiconductor industry, chief amongst which was Taiwan Semiconductor Manufacturing ("TSMC"), which was also the portfolio's largest holding. Technology's role as a key economic engine has only strengthened during the pandemic. As technology has advanced, semiconductor chips have become a growing part of almost all consumer goods with the semiconductor industry experiencing a cyclical and secular boom as growing digitalisation powers a surge in demand. Historically, many chip designers outsourced manufacturing to key Taiwanese companies such as TSMC with specialised manufacturing prowess and lower costs. Some of these manufacturers are now counted among the largest foundries globally and can partner with and produce chips for clients globally. This collaboration—rather than direct competition— is a key advantage of their business model. Over time their advantage has shifted from primarily cost to intellectual property, with fewer competitors able to progress to the next level of technology. Although the sector, in general, fell from its recent peak on concerns around component shortages and the durability of a price and demand recovery, we maintain a positive long-term view on Taiwan's semiconductor industry.

TEMIT maintained an overweight exposure to **Russia** relative to the benchmark. Equity prices remained on an upward trend over the six-month period, returning 29%, making it one of the top three markets in the MSCI Emerging Markets Index. Despite its strong market performance, however, Russia remains one of the most undervalued markets in Europe as well as globally. As of 30 September 2021, the MSCI Russia Index traded at a forward price-to-earnings ratio of 7x, compared to MSCI Emerging Market's 13x and the MSCI World's 19x. Rising oil prices, appreciation in the rouble and a faster-than-expected economic recovery buoyed the stock market. The Russian economy expanded by 10.5% year-on-year in the second quarter of 2021, ending four quarters of contraction. Consumption, supported by the government's stimulus measures, was a key driver of growth, with solid investment growth also supporting the economy. The Ministry of Economic Development raised its 2021 GDP growth forecast to 4.2%, from 3.8%, in late-September, whilst the World Bank upgraded its 2021 forecast to 4.3%, from an earlier estimate of 3.2%. Rising inflationary pressures, however, led the central bank to shift to a monetary tightening policy with interest rates increasing by 2.25% over the six-month period. However, we are of the opinion that's Russia's internally-focused economy and policy flexibility (given twin surpluses in its fiscal and current accounts) continues to provide a conducive environment for companies operating domestically. It has little sovereign debt and considerable foreign exchange reserves, allowing it to withstand most financial shocks. In addition to being one of the best-positioned oil producers globally, the country's new economy is also thriving.

Although underweight relative to the benchmark, **India** was TEMIT's fifth largest exposure at the end of September 2021. With a return of 23%, the Indian market outperformed most of its peers. India started the reporting period with a second wave of COVID-19 infections, which led to the implementation of new mobility restrictions. However, a receding pandemic, continued policy support and a pickup in vaccinations lifted hopes for the economy's recovery, driving India's equity market performance. Strong earnings reports from some companies further boosted investor confidence. Over the longer-term, we expect to see continued growth in Indian earnings due to positive demographics creating long runways for consumer penetration and upgrading, continued private sector penetration in segments like finance and health care, digitalisation from a low base, and supply-chain diversification supported by government policy. Our interactions with the management of Indian companies indicate confidence in the ability to grow their businesses based on industry consolidation leading to improved profitability, a fresh investment cycle, government initiatives seeding new investments in higher value-add areas, and the trend of global supply chain diversification. We remained focused on being selective and identifying bottom-up opportunities based on our assessment of a company's growth, quality and earnings sustainability.

A weak third quarter erased **Brazil**'s double-digit second-quarter gains leading the market to end the six- month period virtually unchanged. Appreciation in the Brazilian real, improving vaccination trends, higher commodity prices and better-than-expected first-quarter GDP growth boosted Brazilian equities in the second quarter. In the third quarter, however, fiscal uncertainties, depreciation in the real, increased political noise, rising inflation and pockets of commodity weakness pressured the market. Brazil's monetary policy has been amongst the most aggressive in emerging markets. To curb inflationary pressures, the central bank raised its key interest rate by 4.25% to 6.25%, from a record low of 2.0% in March. Extended lockdown measures, following a third COVID-19 wave, and improving momentum in the vaccine rollout led to a drop in the daily numbers of new cases and deaths in Brazil, allowing regional governments to ease restrictions later in the reporting period. We consider Brazil to be the most dynamic economy in Latin America. The government maintained a bullish economic outlook, raising its 2021 economic growth forecast to 5.3% from 3.5%, supported by expectations of growth in key economic indicators including manufacturing, investment and domestic consumption, and continued vaccination efforts. Moreover, we expect its continued pursuit of structural reforms to contribute to the sustainability of the recovery. Even though the central bank's interest-rate hikes have pressured the equity market, the pipeline of initial public offerings has remained strong. Meanwhile, rising rates could create the potential for Brazilian banks' margins to expand.

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 analysis of potential returns versus risks with a time horizon of typically five years or more.

As active investors, we continue to engage with companies to understand both the 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, health care 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.

Whilst 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.

The Company's investments do not take into account the EU criteria for environmentally sustainable economic activities, including enabling or transitional activities, within the meaning of the Taxonomy Regulation.

Performance attribution analysis %

Six months to 30 September	**2021**	**2020**	**2019**	**2018**	**2017**
Net asset value total return[a]	(7.5)	31.3	6.3	(1.5)	11.4
Expenses incurred	0.5	0.5	0.5	0.6	0.6
Gross total return[a]	(7.0)	31.8	6.8	(0.9)	12.0
Benchmark total return[a]	(1.0)	24.4	2.2	(1.8)	7.1
Excess return[a]	(6.0)	7.4	4.6	0.9	4.9
Stock selection	(4.3)	2.5	2.6	(0.2)	1.8
Sector allocation	(1.4)	4.0	1.6	(0.5)	2.7
Currency	(0.5)	0.5	0.4	1.1	0.1
Share buyback impact[b]	0.0	0.3	0.2	0.7	0.2
Residual return[a]	0.2	0.1	(0.2)	(0.2)	0.1
Total Investment Manager contribution	**(6.0)**	**7.4**	**4.6**	**0.9**	**4.9**

Source: FactSet and Franklin Templeton.

[a] A glossary of alternative performance measures is included on pages 34 and 35 of the full Half Yearly Report.

[b] The share buyback impact has been presented separately from the residual figure.

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

Top contributors	**Country**	**Sector**	**Share price total return**	**Contribution to portfolio relative to MSCI Emerging Markets Index**
Guangzhou Tinci Materials Technology	China/Hong Kong	Materials	145.8	1.2
ICICI Bank	India	Financials	20.7	0.6
Sberbank of Russia	Russia	Financials	31.6	0.4
Yandex	Russia	Communication Services	27.3	0.4
Bajaj Holdings & Investments[b]	India	Financials	50.9	0.4
LUKOIL	Russia	Energy	24.1	0.4
Longshine Technology[b]	China/Hong Kong	Information Technology	71.8	0.3
TAL Education[c]	China/Hong Kong	Consumer Discretionary	(90.8)	0.2
Meituan[c]	China/Hong Kong	Consumer Discretionary	(15.5)	0.2
China Merchants Bank	China/Hong Kong	Financials	10.6	0.2

[a] For the period 31 March 2021 to 30 September 2021.
[b] Security not included in the MSCI Emerging Markets Index as at 30 September 2021.
[c] Security not held by TEMIT as at 30 September 2021.

Shares of China-based **Guangzhou Tinci Materials Technology ("GTMT"),** a world-leading battery electrolyte producer, soared. The company posted better-than-expected first-half 2021 earnings and projected strong growth ahead. The announcement of a supply agreement with a major electric vehicle battery maker in China was also viewed positively by investors. An improving outlook for electric vehicle adoption also buoyed the stock. We believe that GTMT's competitive advantages should position it to benefit from robust demand for batteries needed for electric vehicles and energy storage.

ICICI Bank is one of the largest private-sector banks in India. Hopes of economic normalisation drove a share-price recovery, as the country's second COVID-19 wave receded and vaccination efforts continued. ICICI Bank continued to report solid operating results, exceeding market expectations. The bank's commitment to digitalisation further supported sentiment in the stock. We believe that the bank's healthy capital buffer and strong deposit franchise have contributed to its resilience during the pandemic. We expect rising credit penetration in India to create longer-term growth opportunities for the bank.

Shares of **Sberbank of Russia**, one of the biggest banks in the country, remained on an upward trend on the back of solid quarterly corporate results and economic normalisation in the country. Shares extended their rally in the latter part of the reporting period after the company reported better-than-expected second-quarter earnings and lifted its return-on-equity guidance. Rising interest rates in Russia also lifted the market's outlook for its margins. We believe that Sberbank's industry leadership positions it for further growth in an underpenetrated market, and the lender's fast-growing digital ecosystem could entrench its dominance.

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

Top detractors	**Country**	**Sector**	**Share price total return**	**Contribution to portfolio relative to MSCI Emerging Markets Index**
Alibaba	China/Hong Kong	Consumer Discretionary	(33.3)	(1.2)
Brilliance China Automotive[b]	China/Hong Kong	Consumer Discretionary	(47.8)	(0.9)
Samsung Electronics	South Korea	Information Technology	(11.8)	(0.8)
Naspers	South Africa	Consumer Discretionary	(29.4)	(0.7)
Tencent	China/Hong Kong	Communication Services	(21.9)	(0.6)
Tencent Music Entertainment	China/Hong Kong	Communication Services	(63.8)	(0.6)
New Oriental Education & Technology	China/Hong Kong	Consumer Discretionary	(80.7)	(0.4)
Americanas	Brazil	Consumer Discretionary	(46.2)	(0.3)
Reliance Industries[c]	India	Energy	27.2	(0.3)
Soulbrain[b]	South Korea	Materials	(25.3)	(0.2)

[a] For the period 31 March 2021 to 30 September 2021.
[b] Security not included in the MSCI Emerging Markets Index as at 30 September 2021.
[c] Security not held by TEMIT as at 30 September 2021.

Alibaba is the leading e-commerce company in China. It provides cloud computing services and is also involved in payment, financing and logistics services. Shares fell as regulators stepped up their monitoring of the internet industry through a series of actions, including scrutiny of monopolistic practices, algorithm usage and financial technology (fintech). Regulators also fined Alibaba for antitrust violations, whilst its financial technology arm Ant Group began a restructuring. Operationally, Alibaba continued to report solid quarterly revenue growth. Signalling continued confidence, the company maintained its fiscal year 2022 revenue guidance and raised its share buyback programme size to US$15 billion from US$10 billion, making it the largest buyback programme in the company's history. Whilst Alibaba could face near-term pressure on its earnings power, we think that its e-commerce ecosystem remains one of the best in China and should continue to generate strong cash flows. It is also a leader in the country's fast-growing cloud computing industry.

Brilliance China Automotive is a Chinese car maker noted for its joint venture with German luxury car maker BMW. The company's stock has been suspended from trading since 31 March 2021. The impact on performance from a fair value adjustment, which is at a discount to its last traded price, contributed to negative relative performance. However, there has been no further news on the company, and we continue to monitor the position.

A leading global semiconductor manufacturer, **Samsung Electronics** is also one of the world's largest smartphone producers as well as a key supplier of organic light-emitting diode ("OLED") displays. Although the company reported strong quarterly earnings, concerns around component shortages and the durability of a price recovery for memory chips checked investor sentiment.

Nevertheless, we still see favourable demand and supply trends in the memory chip market that should benefit Samsung. Moreover, we continue to see Samsung's foundry, consumer electronics, and display businesses fare well, in a robust environment for technology exports driven by increased consumer demand for computers, game consoles, smartphones and tablets during the pandemic. Potential consolidation in the flash memory (NAND) segment could also improve earnings visibility and sustainability in the longer term.

Top contributors and detractors to relative performance by sector (%)[a]

Top contributors	MSCI Emerging Markets Index sector total return	Contribution to portfolio relative to MSCI Emerging Markets Index	Top detractors	MSCI Emerging Markets Index sector total return	Contribution to portfolio relative to MSCI Emerging Markets Index
Real Estate	(17.7)	0.5	Consumer Discretionary	(18.1)	(2.9)
Materials	5.7	0.2	Communication Services	(11.4)	(1.0)
			Industrials	10.0	(0.6)
			Information Technology	0.2	(0.6)
			Energy	26.0	(0.6)

[a] For the period 31 March 2021 to 30 September 2021.

An underweight position and favourable stock selection in the **real estate** sector added to TEMIT's performance relative to the benchmark index in the review period. The **materials** sector, where positive stock selection exceeded the detraction from an underweight exposure, was another contributor to relative returns. Material stocks did well over the reporting period on higher commodity prices and rising demand amidst a global economic recovery. However, concerns of peaking demand and prices in the near-term and the costs of improving ESG practices may impact profitability, leading us to be more selective across the sector.

In contrast, stock selection in the **consumer discretionary** sector was the leading detractor from relative performance, largely due to the two stocks, Alibaba and Brilliance China Automotive, which are discussed above. The **communication services** sector, where both stock selection and an overweight position detracted, also had a negative impact. Two stocks, Tencent and Tencent Music Entertainment, were the key detractors in the sector. In addition to new rules in China's internet sector, regulators ordered Tencent, one of the largest internet services companies in China, and its affiliate Tencent Music Entertainment, to end exclusive music licensing agreements and rectify other anti-competitive arrangements. Whilst we continue to hold a sizeable position, we reduced exposure to Tencent to increase diversification and better manage our risk profile. Stock selection and an underweight position in **industrials**, the third-best performing sector in the benchmark, hindered performance relative to the benchmark.

Top contributors and detractors to relative performance by country (%)[a]

Top contributors	MSCI Emerging Markets Index country total return	Contribution to portfolio relative to MSCI Emerging Markets Index	Top detractors	MSCI Emerging Markets Index country total return	Contribution to portfolio relative to MSCI Emerging Markets Index
Russia	28.6	0.8	China/Hong Kong	(14.0)	(1.6)
Chile[b]	(18.5)	0.1	South Korea	(6.8)	(1.1)
United Kingdom[c]	–	0.1	South Africa	(4.8)	(0.9)
			Taiwan	7.4	(0.8)
			Brazil	(0.0)	(0.6)

[a] For the period 31 March 2021 to 30 September 2021.
[b] No companies held by TEMIT in this country as at 30 September 2021.
[c] No companies included in the MSCI Emerging Markets Index in this country as at 30 September 2021.

Russia was the major contributor to relative performance. An overweight exposure and favourable stock selection had a positive impact. Overweight positions in outperforming stocks, like Sberbank, Yandex (Russia's largest search engine) and Lukoil (one of the largest oil and gas companies in the world), drove the contribution from Russia.

Our stock selection in **China** overshadowed the contribution from an underweight exposure to the underperforming Chinese market. Key detractors included the four stocks in the consumer discretionary and communication services sectors discussed above. Our selection of stocks and overweight position in **South Korea** was another key detractor from TEMIT's returns relative to the benchmark index. An overweight exposure to Samsung Electronics, which is discussed above, was the main detractor in South Korea. An overweight exposure to Naspers, which has a sizeable interest in Tencent, was largely responsible for **South Africa**'s inclusion in the list of top market detractors from relative performance. We reduced our holdings in Naspers and its affiliate Prosus during the reporting period.

Portfolio changes by sector

						Total return in sterling	
Sector	**31 March 2021 market value £m**	**Purchases £m**	**Sales £m**	**Market movement £m**	**30 September 2021 market value £m**	**TEMIT %**	**MSCI Emerging Markets Index %**
Information Technology	810	81	(77)	(27)	787	(2.3)	0.2
Financials	486	76	(63)	19	518	5.7	8.0
Communication Services	433	53	(60)	(68)	358	(14.2)	(11.4)
Consumer Discretionary	491	33	(67)	(148)	309	(32.5)	(18.1)
Materials	91	84	–	13	188	16.5	5.7
Consumer Staples	115	9	(23)	(6)	95	(4.8)	2.4
Energy	62	2	(7)	14	71	30.2	26.0
Industrials	67	–	(9)	–	58	(7.8)	10.0
Real Estate	12	19	(3)	1	29	(7.5)	(17.7)
Health Care	32	3	(5)	(2)	28	(4.6)	1.6
Utilities	–	–	–	–	–	–	12.8
Total Investments	**2,599**	**360**	**(314)**	**(204)**	**2,441**		

Sector asset allocation
As at 30 September 2021
Sector weightings vs benchmark (%)

	TEMIT	**MSCI Emerging Markets Index**
Information Technology	32.2	20.9
Financials	21.2	19.4
Communication Services	14.7	10.3
Consumer Discretionary	12.7	14.7
Materials	7.7	8.7
Consumer Staples	3.9	5.9
Energy	2.9	5.9
Industrials	2.4	4.9
Real Estate	1.2	2.1
Health Care	1.1	4.9
Utilities	–	2.3

Portfolio changes by country

							Total return in sterling	
Country	**31 March 2021 market value £m**	**Purchases £m**	**Transfer £m**	**Sales £m**	**Market movement £m**	**30 September 2021 market value £m**	**TEMIT %**	**MSCI Emerging Markets Index %**
China/Hong Kong	770	205	36	(129)	(170)	712	(21.5)	(14.0)
South Korea	575	42	–	(36)	(50)	531	(8.6)	(6.8)
Taiwan	430	11	–	(29)	(3)	409	0.3	7.4
Russia	154	7	–	(4)	37	194	27.1	28.6
India	162	31	–	(42)	43	194	28.8	23.4
Brazil	151	24	–	(4)	(22)	149	(8.8)	(0.0)
Other	357	40	(36)	(70)	(39)	252		–
Total Investments	**2,599**	**360**	**–**	**(314)**	**(204)**	**2,441**		

Geographic asset allocation
As at 30 September 2021
Country weightings vs benchmark (%)[a]

	TEMIT	**MSCI Emerging Markets Index**
China/Hong Kong	29.2	34.1
South Korea	21.8	12.6
Taiwan	16.7	14.5
Russia	8.0	3.9
India	7.9	12.2
Brazil	6.1	4.4
South Africa	1.6	3.1
Thailand	1.5	1.6
United States[b]	1.5	–
Mexico	1.4	2.0
United Kingdom[b]	1.4	–
Hungary	0.8	0.3
Indonesia	0.7	1.4
Cambodia[b]	0.4	–
Pakistan	0.3	–
Peru	0.3	0.1
Philippines	0.2	0.6
Kenya[b]	0.2	–

[a] Other countries included in the benchmark are Argentina, Chile, Colombia, Czech Republic, Egypt, Greece, Kuwait, Luxembourg, Malaysia, Poland, Qatar, Romania, Saudi Arabia, Singapore, Turkey and the United Arab Emirates.
[b] Countries not included in the MSCI Emerging Markets Index.

Portfolio investments by fair value

As at 30 September 2021

Holding	Country	Sector	Trading[(a)]	Fair value £'000	% of net Assets
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	PS	295,106	12.5
Samsung Electronics	South Korea	Information Technology	NT	252,382	10.7
Tencent	China/Hong Kong	Communication Services	PS	151,335	6.4
Alibaba	China/Hong Kong	Consumer Discretionary	PS	146,324	6.2
ICICI Bank	India	Financials	NT	109,527	4.6
NAVER	South Korea	Communication Services	PS	93,233	3.9
MediaTek	Taiwan	Information Technology	IH	75,172	3.2
LUKOIL, ADR[(b)]	Russia	Energy	IH	62,559	2.6
Sberbank of Russia, ADR[(b)]	Russia	Financials	NT	60,270	2.6
China Merchants Bank	China/Hong Kong	Financials	IH	57,584	2.4
TOP 10 LARGEST INVESTMENTS				**1,303,492**	**55.1**
LG	South Korea	Industrials	PS	54,793	2.3
Yandex	Russia	Communication Services	PS	53,798	2.3
Guangzhou Tinci Materials Technology	China/Hong Kong	Materials	NH	49,342	2.1
Itaú Unibanco, ADR[(b)(c)]	Brazil	Financials	IH	43,625	1.9
Samsung Life Insurance	South Korea	Financials	IH	38,878	1.6
Banco Bradesco, ADR[(b)(c)]	Brazil	Financials	IH	37,363	1.6
Cognizant Technology Solutions[(d)]	United States	Information Technology	IH	36,441	1.5
Prosus[(e)]	China/Hong Kong	Consumer Discretionary	PS	34,986	1.5
Tata Consultancy Services	India	Information Technology	NH	34,243	1.5
Unilever[(d)]	United Kingdom	Consumer Staples	PS	33,916	1.4
TOP 20 LARGEST INVESTMENTS				**1,720,877**	**72.8**
Banco Santander Mexico, ADR[(b)]	Mexico	Financials	NT	31,129	1.3
Hon Hai Precision Industry	Taiwan	Information Technology	PS	30,964	1.3
Bajaj Holdings & Investments	India	Financials	NT	30,180	1.3
POSCO	South Korea	Materials	IH	29,977	1.3
Vale	Brazil	Materials	NT	27,525	1.1
Daqo New Energy, ADR[(b)]	China/Hong Kong	Information Technology	IH	27,245	1.1
Brilliance China Automotive	China/Hong Kong	Consumer Discretionary	NT	26,576	1.1
Soulbrain	South Korea	Materials	NH	26,506	1.1
China Resources Land	China/Hong Kong	Real Estate	IH	24,856	1.0
China Resources Cement	China/Hong Kong	Materials	IH	24,341	1.0
TOP 30 LARGEST INVESTMENTS				**2,000,176**	**84.4**
Keshun Waterproof Technologies	China/Hong Kong	Materials	NH	24,320	1.0
Naspers	South Africa	Consumer Discretionary	PS	24,076	1.0
B3	Brazil	Financials	IH	21,955	0.9
Kasikornbank	Thailand	Financials	IH	21,611	0.9
Ping An Insurance[(f)]	China/Hong Kong	Financials	IH	21,276	0.9
Fila	South Korea	Consumer Discretionary	NT	19,979	0.8
Tencent Music Entertainment, ADR[(b)]	China/Hong Kong	Communication Services	IH	19,557	0.8
Gedeon Richter	Hungary	Health Care	PS	19,167	0.8
Uni-President China	China/Hong Kong	Consumer Staples	IH	17,555	0.8
Ping An Bank	China/Hong Kong	Financials	NT	17,010	0.7
TOP 40 LARGEST INVESTMENTS				**2,206,682**	**93.0**

Holding	Country	Sector	Trading[a]	Fair value £'000	% of net Assets
Astra International	Indonesia	Consumer Discretionary	IH	16,705	0.7
Massmart	South Africa	Consumer Staples	NT	15,907	0.7
Longshine Technology Group	China/Hong Kong	Information Technology	IH	15,788	0.7
Infosys Technologies	India	Information Technology	PS	14,519	0.6
NetEase, ADR[b]	China/Hong Kong	Communication Services	IH	14,429	0.6
Baidu, ADR[b]	China/Hong Kong	Communication Services	NT	14,014	0.6
Americanas[g]	Brazil	Consumer Discretionary	IH	10,954	0.5
H&H Group	China/Hong Kong	Consumer Staples	IH	10,034	0.4
Mail.Ru, GDR[h]	Russia	Communication Services	IH	9,035	0.4
NagaCorp	Cambodia	Consumer Discretionary	NT	8,793	0.4
TOP 50 LARGEST INVESTMENTS				**2,336,860**	**98.6**
Gazprom, ADR[b]	Russia	Energy	NT	8,681	0.4
LegoChem Biosciences	South Korea	Health Care	IH	8,650	0.4
Intercorp Financial Services	Peru	Financials	IH	7,466	0.3
Thai Beverage	Thailand	Consumer Staples	NT	7,222	0.3
MCB Bank	Pakistan	Financials	NT	7,092	0.3
Kiatnakin Phatra Bank	Thailand	Financials	PS	6,636	0.3
BDO Unibank	Philippines	Financials	NT	5,563	0.3
ACC	India	Materials	NT	5,474	0.2
East African Breweries	Kenya	Consumer Staples	NT	5,463	0.2
PChome Online	Taiwan	Consumer Discretionary	PS	4,924	0.2
TOP 60 LARGEST INVESTMENTS				**2,404,031**	**101.5**
M. Dias Branco	Brazil	Consumer Staples	NT	4,741	0.2
Greentown Service Group	China/Hong Kong	Real Estate	NH	4,358	0.2
Nemak	Mexico	Consumer Discretionary	NT	4,253	0.2
Hankook Tire	South Korea	Consumer Discretionary	NT	4,095	0.2
COSCO SHIPPING Ports	China/Hong Kong	Industrials	IH	3,356	0.2
KT Skylife	South Korea	Communication Services	NT	2,703	0.1
BAIC Motor	China/Hong Kong	Consumer Discretionary	NT	2,608	0.1
Largan Precision	Taiwan	Information Technology	NT	2,575	0.1
TOTVS	Brazil	Information Technology	NT	2,411	0.1
New Oriental Education & Technology Group, ADR[b]	China/Hong Kong	Consumer Discretionary	NH	2,371	0.1
TOP 70 LARGEST INVESTMENTS				**2,437,502**	**103.0**
Weifu High-Technology	China/Hong Kong	Consumer Discretionary	NT	2,284	0.1
United Bank	Pakistan	Financials	NT	983	0.1
TOTAL INVESTMENTS				**2,440,769**	**103.2**
NET LIABILITIES				**(74,720)**	**(3.2)**
TOTAL NET ASSETS				**2,366,049**	**100.0**

[a] Trading activity during the year: (NH) New Holdings, (IH) Increased Holdings, (PS) Partial Sale and (NT) No Trading.
[b] US listed American Depository Receipt.
[c] Preferred Shares.
[d] This company, listed on a stock exchange in a developed market, has significant exposure to operations in emerging markets.
[e] 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.
[f] Company is listed on the Hong Kong and Shanghai stock exchanges.
[g] Holding name has been changed from B2W as the result of a merger between B2W and Americanas.
[h] UK listed Global Depositary Receipt.

Portfolio summary

As at 30 September 2021
All figures are in a % of the net assets

	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Total Equities	Net liabilities[a]	30 September 2021 Total	31 March 2021 Total
Brazil	–	0.5	0.2	–	4.4	–	–	0.1	1.1	-	**6.3**	–	**6.3**	**5.9**
Cambodia	–	0.4	–	–	–	–	–	–	–		**0.4**	–	**0.4**	**0.5**
China/Hong Kong	8.4	9.1	1.2	–	4.0	–	0.2	1.8	4.1	1.2	**30.0**	–	**30.0**	**29.5**
Czech Republic	–	–	–	–	–	–	–	–	–	–	**–**	–	–	**0.3**
Hungary	–	–	–	–	–	0.8	–	–	–	–	**0.8**	–	**0.8**	**0.9**
India	–	–	–	–	5.9	–	–	2.1	0.2	–	**8.2**	–	**8.2**	**6.3**
Indonesia	–	0.7	–	–	–	–	–	–	–	–	**0.7**	–	**0.7**	**0.6**
Kenya	–	–	0.2	–	–	–	–	–	–	–	**0.2**	–	**0.2**	**0.3**
Mexico	–	0.2	–	–	1.3	–	–	–	–	–	**1.5**	–	**1.5**	**1.3**
Pakistan	–	–	–	–	0.4	–	–	–	–	–	**0.4**	–	**0.4**	**0.3**
Peru	–	–	–	–	0.3	–	–	–	–	–	**0.3**	–	**0.3**	**0.2**
Philippines	–	–	–	–	0.3	–	–	–	–	–	**0.3**	–	**0.3**	**0.2**
Russia	2.7	–	–	3.0	2.6	–	–	–	–	–	**8.3**	–	**8.3**	**6.0**
South Africa	–	1.0	0.7	–	–	–	–	–	–	–	**1.7**	–	**1.7**	**4.4**
South Korea	4.0	1.0	–	–	1.6	0.4	2.3	10.7	2.4	–	**22.4**	–	**22.4**	**22.1**
Taiwan	–	0.2	–	–	–	–	–	17.1	–	–	**17.3**	–	**17.3**	**16.7**
Thailand	–	–	0.3	–	1.2	–	–	–	–	–	**1.5**	–	**1.5**	**1.7**
United Kingdom	–	–	1.4	–	–	–	–	–	–	–	**1.4**	–	**1.4**	**2.1**
United States	–	–	–	–	–	–	–	1.5	–	–	**1.5**	–	**1.5**	**1.0**
Net liabilities[a]	–	–	–	–	–	–	–	–	–	–	–	**(3.2)**	**(3.2)**	**(0.3)**
30 September 2021 Total	**15.1**	**13.1**	**4.0**	**3.0**	**22.0**	**1.2**	**2.5**	**33.3**	**7.8**	**1.2**	**103.2**	**(3.2)**	**100.0**	**-**
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**

[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 23 of the full Half Yearly Report.

Market capitalisation breakdown (%)	**Less than £1.5bn**	**£1.5bn to £5bn**	**£5bn to £25bn**	**Greater than £25bn**	**Net liabilities[a]**
30 September 2021	5.1	9.2	17.2	71.7	(3.2)
31 March 2021	11.8	8.5	12.9	67.1	(0.3)

Split between markets[b] (%)	**30 September 2021**	**31 March 2021**
Emerging Markets	99.7	96.4
Developed Markets[c]	2.9	3.1
Frontier Markets	0.6	0.8
Net liabilities[a]	(3.2)	(0.3)

Source: FactSet Research System, Inc.

[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 23 of the full Half Yearly Report.
[b] Geographic split between "Emerging Markets", "Frontier Markets", "Developed Markets" are as per MSCI index classifications.
[c] Developed market exposure represented by companies listed in United Kingdom and United States which have significant exposure to operations in emerging markets.

Market outlook

Emerging markets have seen progress in vaccination rollouts, but the Chinese regulatory crackdown and further virus outbreaks have caused equities to generally underperform relative to developed markets in the six-month period ended September. Whilst we do see reasons to be optimistic over the longer term, we should mention the near-term risks to our outlook.

Regulatory changes in China have had ramifications for several industries, particularly those in the internet sector. This is impacting earnings power in the near term and, potentially, in the future. Whilst this has elevated market volatility and investor fears of policy risks in China, we would like to stress that the policies do not have a uniform effect on all companies within a given sector. Therefore, it is crucial to assess the impact of regulatory changes on the long-term earnings power and intrinsic value of companies individually.

COVID-19 and its more infectious variants are another area of concern. We had expected mobility to resume with rising vaccination rates, however that has not necessarily been the case in some countries. Also, whilst commodity prices have been very strong this year, they seem to be topping because of certain policy measures in China, as well as COVID-19's global resurgence. In addition, a rise in freight rates has weighed on margins for many export-oriented companies.

Inflation has also elevated around the world as supply bottlenecks, shipping disruptions and recovering demand have been driving up prices. Higher commodity prices and base effects have also been lifting headline inflation and led some emerging market central banks to act. South Korea, Brazil, Mexico, Russia and parts of Central and Eastern Europe have already started tightening. We believe that investors should not be too worried about the upward move in inflation across much of emerging markets, but rather view it as an expected part of economic normalisation post the COVID-19 crisis.

Expectations of US Federal Reserve (Fed) tapering have also heightened market volatility. Higher US interest rates could also trigger a strengthening of the US dollar–this would be potentially negative for emerging markets with macro vulnerabilities, though there are much fewer significant emerging economies in this situation today than in past cycles. Indeed, a pickup in US interest rates has not necessarily been negative for emerging market equities in the past, as rising rates are generally associated with a better growth outlook rather than concerns over inflation, which should broadly support equities.

Nonetheless, we believe that the long-term fundamentals for emerging markets remain attractive despite near term headwinds, and that equities offer good potential for investors. As a whole, debt levels in emerging markets remain much lower than in developed markets. Emerging market equity valuations also appear less demanding relative to those in the developed world. Moreover, emerging market companies have been generating more free cash flows, which could potentially contribute to upward re-ratings for emerging market stocks.

A progressive return to normalisation is also supportive of the technology and consumption themes that have become the new drivers of economic growth for many emerging markets, with all of that also leading to an earnings rebound that can be expected from a lower base last year.

As a whole, emerging market economic fundamentals have improved in the past decade, and we believe that they are in a stronger position today to cope with any market volatility. Our overall outlook for emerging markets remains positive, with long-term investment opportunities underpinned by emerging markets' structural strengths and the competitiveness of their companies.

Chetan Sehgal
Lead Portfolio Manager
24 November 2021

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

Conclusion

We have been engaged by Templeton Emerging Markets Investment Trust PLC (‘the Company’) to review the set of financial statements in the half-yearly financial report for the six months ended 30 September 2021, which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows, and the related explanatory notes 1 to 8. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Basis for Conclusion

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

As disclosed in note 1, the annual financial statements of the Company will be prepared in accordance with UK adopted international accounting standards. The set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, “Interim Financial Reporting”.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Auditor’s Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the set of financial statements in the half-yearly financial report. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

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

Ernst & Young LLP
Edinburgh
24 November 2021

Statement of Comprehensive Income
For the six months to 30 September 2021

		For the six months to 30 September 2021 (unaudited)		
	Note	**Revenue £'000**	**Capital £'000**	**Total £'000**
(Losses)/gains on investments and foreign exchange				
(Losses)/gains on investments at fair value		–	(204,001)	(204,001)
(Losses)/gains on foreign exchange		–	(25)	(25)
Income				
Dividends		32,203	–	32,203
Other income		127	–	127
		32,330	**(204,026)**	**(171,696)**
Expenses				
AIFM fee		(3,312)	(7,727)	(11,039)
Other expenses		(1,144)	–	(1,144)
		(4,456)	**(7,727)**	**(12,183)**
Profit/(loss) before finance costs and taxation		**27,874**	**(211,753)**	**(183,879)**
Finance costs		(388)	(904)	(1,292)
Profit/(loss) before taxation		**27,486**	**(212,657)**	**(185,171)**
Tax (expense)/income	5	(1,984)	(4,695)	(6,679)
Profit/(loss) for the period		**25,502**	**(217,352)**	**(191,850)**
Profit/(loss) attributable to equity holders of the Company		**25,502**	**(217,352)**	**(191.850)**
Earnings per share[(a)]	**2**	**2.16p**	**(18.40)p**	**(16.24)p**
Ongoing charges ratio[(b)]				**0.97%**

[(a)] Comparative figures for the period ended 30 September 2020 and year ended 31 March 2021 have been retrospectively adjusted following the sub-division of each existing ordinary share of 25 pence into five ordinary shares of 5 pence each on 26 July 2021.

[(b)] A glossary of alternative performance measures is included on pages 34 and 35 of the full Half Yearly Report.

Under the Company's Articles of Association the capital element of return is not distributable. The total column of this statement represents the profit and loss account of the Company.

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

For the six months to 30 September 2020 (unaudited)			Year ended 31 March 2021 (audited)		
Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
–	498,128	498,128	–	888,402	888,402
–	2,104	2,104	–	(594)	(594)
31,595	–	31,595	56,964	–	56,964
2,910	–	2,910	2,965	–	2,965
34,505	**500,232**	**534,737**	**59,929**	**887,808**	**947,737**
(2,871)	(6,700)	(9,571)	(6,142)	(14,331)	(20,473)
(1,012)	–	(1,012)	(2,094)	–	(2,094)
(3,883)	**(6,700)**	**(10,583)**	**(8,236)**	**(14,331)**	**(22,597)**
30,622	**493,532**	**524,154**	**51,693**	**873,477**	**925,170**
(388)	(905)	(1,293)	(773)	(1,802)	(2,575)
30,234	**492,627**	**522,861**	**50,920**	**871,675**	**922,595**
21,180	(403)	20,777	17,303	(5,469)	11,834
51,414	**492,224**	**543,638**	**68,223**	**866,206**	**934,429**
51,414	**492,224**	**543,638**	**68,223**	**866,206**	**934,429**
4.29p	**41.02p**	**45.31p**	**5.73p**	**72.73p**	**78.46p**
		0.99%			**0.97%**

(b) Comparative figures for the period ended 30 September 2020 and year ended 31 March 2021 have been retrospectively adjusted following the sub-division of each existing ordinary share of 25 pence into five ordinary shares of 5 pence each on 26 July 2021.

(b) A glossary of alternative performance measures is included on pages 34 and 35 of the full Half Yearly Report.

Statement of Financial Position
As at 30 September 2021

	As at 30 September 2021 £'000 (unaudited)	As at 30 September 2020 £'000 (unaudited)	As at 31 March 2021 £'000 (audited)
Non-current assets			
Investments at fair value through profit or loss	**2,440,769**	**2,238,459**	**2,599,075**
Current assets			
Trade and other receivables	7,852	7,570	15,323
Cash and cash equivalents	40,748	97,827	85,212
Total current assets	**48,600**	**105,397**	**100,535**
Current liabilities			
Other payables	(14,506)	(3,548)	(3,362)
Total current liabilities	**(14,506)**	**(3,548)**	**(3,362)**
Net current assets	**34,094**	**101,849**	**97,173**
Non-current liabilities			
Capital gains tax provision	(8,814)	–	(4,961)
Other payable falling due after more than one year	(100,000)	(100,000)	(100,000)
Total assets less liabilities	**2,366,049**	**2,240,308**	**2,591,287**
Share capital and reserves			
Equity Share Capital	64,244	64,367	64,253
Capital Redemption Reserve	18,425	18,302	18,416
Capital Reserve	1,735,220	1,583,246	1,952,886
Special Distributable Reserve	433,546	433,546	433,546
Revenue Reserve	114,614	140,847	122,186
Equity Shareholders' Funds	**2,366,049**	**2,240,308**	**2,591,287**
Net Asset Value pence per share[(a)] [(b)]	200.3	189.3	219.4

(a) Based on shares in issue excluding shares held in treasury.

(b) Comparative figures for the period ended 30 September 2020 and year ended 31 March 2021 have been retrospectively adjusted following the sub-division of each existing ordinary share of 25 pence into five ordinary shares of 5 pence each on 26 July 2021.

Statement of Changes in Equity
For the six months to 30 September 2021 (unaudited)

	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 2020		**65,812**	**16,857**	**1,136,322**	**433,546**	**123,113**	**1,775,650**
Profit for the period		–	–	492,224	–	51,414	543,638
Equity dividends	4	–	–	–	–	(33,680)	(33,680)
Purchase and cancellation of own shares		(1,445)	1,445	(45,300)	–	–	(45,300)
Balance at 30 September 2020		**64,367**	**18,302**	**1,583,246**	**433,546**	**140,847**	**2,240,308**
Profit for the period		–	–	373,982	–	16,809	390,791
Equity dividends	4	–	–	–	–	(35,470)	(35,470)
Purchase and cancellation of own shares		(114)	114	(4,342)	–	–	(4,342)
Balance at 31 March 2021		**64,253**	**18,416**	**1,952,886**	**433,546**	**122,186**	**2,591,287**
(Loss)/profit for the period		–	–	(217,352)	–	25,502	(191,850)
Equity dividends	4	–	–	–	–	(33,074)	(33,074)
Purchase and cancellation of own shares		(9)	9	(314)	–	–	(314)
Balance at 30 September 2021		**64,244**	**18,425**	**1,735,220**	**433,546**	**114,614**	**2,366,049**

Statement of Cash Flows
For the six months to 30 September 2021

	For the six months to 30 September 2021 £'000 (unaudited)	For the six months to 30 September 2020 £'000 (unaudited)	For the year to 31 March 2021 £'000 (audited)
Cash flows from operating activities			
(Loss)/profit before finance costs and taxation	(183,879)	524,154	925,170
Adjustment for:			
Bank and deposit interest	(14)	(2,910)	26
Dividend income	(32,203)	(31,595)	(56,964)
Net losses/(gains) on investment at fair value	204,001	(498,128)	(888,402)
Net (gains)/losses on foreign exchange	-	(2,104)	594
Stock dividends received in period	-	(494)	(674)
(Increase)/decrease in receivables	(684)	589	1,551
Increase in payables	3,668	255	5,942
Cash generated from operations	**(9,111)**	**(10,233)**	**(12,809)**
Bank and deposit interest received	14	2,910	26
Dividends received	39,129	34,139	52,442
Tax paid	(6,679)	(2,976)	(11,919)
Tax recovered	-	23,753	23,753
Net cash inflow from operating activities	**23,353**	**47,593**	**51,493**
Cash flows from investing activities			
Purchases of non-current financial assets	(349,022)	(172,222)	(415,127)
Sales of non-current financial assets	315,873	214,775	483,182
Net cash (outflow)/inflow from investing activities	**(33,149)**	**42,553**	**68,055**
Cash flows from financing activities			
Equity dividends paid	(33,074)	(33,680)	(69,150)
Purchase and cancellation of own shares	(314)	(45,191)	(50,455)
Bank loans interest and fees paid	(1,280)	(1,278)	(2,561)
Net cash outflow from financing activities	**(34,668)**	**(80,149)**	**(122,166)**
Net (decrease)/increase in cash	**(44,464)**	**9,997**	**(2,618)**
Cash at the start of the period	85,212	87,830	87,830
Cash at the end of the period	**40,748**	**97,827**	**85,212**

Reconciliation of liabilities arising from bank loans

	Liability as at 31 March 2021 £000	Cash flows £000	Profit & Loss £000	Liability as at 30 September 2021 £000
Revolving credit facility	–	–	–	–
Interest and fees payable	120	(239)	243	124
Fixed term loan	100,000	–	–	100,000
Interest and fees payable	355	(1,041)	1,049	363
Total liabilities from bank loans	**100,475**	**(1,280)**	**1,292**	**100,487**

Notes to the Financial Statements
For the six months 30 September 2021

1 Basis of preparation

The Half Yearly Report for the period ended 30 September 2021 has been prepared in accordance with the UK adopted International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

The Company has adopted the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") issued in April 2021 insofar as the SORP is compatible with UK adopted International Accounting Standards. The accounting policies applied in these half yearly accounts are consistent with those that will be applied in the accounts to the twelve months ended 31 March 2022.

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 30 September 2021 and 30 September 2020 has not been audited. The figures and financial information for the year ended 31 March 2021 are extracted from the published accounts and do not constitute the statutory accounts for that period. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors, which was unqualified and did not include a statement under sections 498(2) or 498(3) of the Companies Act 2006.

As at 30 September 2021, the Company had net current assets of £34,094,000 (31 March 2021: net current assets £97,173,000). The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

2 Earnings per share

	For the six months to 30 September 2021 £'000	For the six months to 30 September 2020 £'000	For the year 31 March 2021 £'000
Revenue profit	25,502	51,414	68,223
Capital (loss)/profit	(217,352)	492,224	866,206
Total	**(191,850)**	**543,638**	**934,429**
Weighted average number of shares in issue[(a)]	1,181,225,786	1,199,881,660	1,190,975,420
Revenue profit per share[(a)]	2.16p	4.29p	5.73p
Capital (loss)/profit per share[(a)]	(18.40)p	41.02p	72.73p
Total (loss)/profit per share[(a)]	**(16.24)p**	**45.31p**	**78.46p**

[(a)] Comparative figures for the period ended 30 September 2020 and year ended 31 March 2021 have been retrospectively adjusted following the sub-division of each existing ordinary share of 25 pence into five ordinary shares of 5 pence each on 26 July 2021.

3 Equity share capital

	For the six months to 30 September 2021	**For the six months to 30 September 2020**	**For the year 31 March 2021**
Opening shares in issue	236,245,731	242,484,139	242,484,139
Purchase and cancellation of own shares	(175,000)	(5,781,760)	(6,238,408)
Shares created as a result of the sub-division of shares	944,982,924	-	-
Closing shares in issue	**1,181,053,655**	**236,702,379**	**236,245,731**
Retrospectively adjusted closing shares in issue[(a)]	**1,181,053,655**	**1,183,511,895**	**1,181,228,655**

[(a)] Comparative figures for the period ended 30 September 2020 and year ended 31 March 2021 have been retrospectively adjusted following the sub-division of each existing ordinary share of 25 pence into five ordinary shares of 5 pence each on 26 July 2021.

In the six months to 30 September 2021, the Company bought back 175,000 shares for cancellation for a total consideration of £314,000.

In the six months to 30 September 2020, the Company bought back 5,781,760 shares for cancellation for a total consideration of £45,300,000. Please note this was prior to the sub-division of shares that occurred on 26 July 2021.

As at 30 September 2021, in addition to the allotted and issued shares above the Company held 103,825,895 shares in treasury (31 March 2021: prior to the sub-division of shares 20,765,179 shares in treasury).

4 Dividends

	For the six months to 30 September 2021		For the six months to 30 September 2020		For the year 31 March 2021	
	Rate (pence)[(a)]	**£'000**	**Rate (pence)[(a)]**	**£'000**	**Rate (pence)[(a)]**	**£'000**
Declared and paid during the period: Dividend on shares:						
Final dividends for the years ended 31 March 2021 and 31 March 2020	2.80	33,074	2.80	33,680	2.80	33,680
Interim dividends for the six-month period ended 30 September 2020	-	-	-	-	1.00	11,823
Special dividend for the year ended 31 March 2021	-	-	-	-	2.00	23,647
Total	**2.80**	**33,074**	**2.80**	**33,680**	**5.80**	**69,150**

[(a)] Comparative figures for the period ended 30 September 2020 and year ended 31 March 2021 have been retrospectively adjusted following the sub-division of each existing ordinary share of 25 pence into five ordinary shares of 5 pence each on 26 July 2021.

On 24 November 2021 the Board declared an interim dividend of 1.00 pence per share for the financial year 2022 (financial year 2021: 1.00 pence per share interim dividend and a special dividend of 2.00 pence per share)[(a)]. This dividend has not been accrued in the financial statements for the six months ended 30 September 2021 as dividends are recognised when the shareholder's right to receive the payment is established. For the 2022 interim dividend this would be the ex-dividend date of 2 December 2021.

5 Taxation

The total tax expense of £6.68 million consists of a revenue tax expense of £1.98 million and a capital tax income of £4.70 million. The revenue tax expense relates to irrecoverable overseas tax on dividends. The capital tax income consists of £3.86 million arising from an increase in the provision for deferred tax on unrealised gains on Indian holdings and a £0.84 million expense arising from tax on realised gains on Indian and Indonesian holdings.

6 Costs of investment transactions

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

	For the six months to 30 September 2021 £'000	**For the six months to 30 September 2020 £'000**	**For the year to 31 March 2021 £'000[(a)]**
Purchase expenses	452	233	612
Sales expenses	534	449	875

	For the six months to 30 September 2021 £'000	For the six months to 30 September 2020 £'000	For the year to 31 March 2021 £'000[(a)]
Total	**986**	**682**	**1,487**

[(a)] Comparative figures for the year ended 31 March 2021 have been retrospectively adjusted to incorporate some additional expenses identified as transaction costs.

7 Fair value

Fair values are derived as follows:

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

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

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

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

	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Level 1	2,414,193	2,238,459	2,548,121
Level 2	-	-	50,954[(a)]
Level 3	26,576[(a)]	-	-
Total	**2,440,769**	**2,238,459**	**2,599,075**

[(a)] On 31 March 2021 the company listing for Brilliance China Automotive was suspended from the Hong Kong stock exchange. For the 31 March 2021 Annual report, 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, as a result the fair value of the Company's holding at 31 March 2021 was £50,594,000 and the stock disclosed as Level 2. As the stock remains suspended at 30 September 2021 the stock has been transferred from Level 2 to Level 3. The closing value of the Company's holding as at 30 September 2021 was £26,576,000. This valuation was based on a beta model with the unobservable inputs shown below.

Description	**Fair value £'000**	**Unobservable input**	**Weighted average input**	**Reasonable possible shift +/-**	**Reasonable possible shift + £'000**	**Reasonable possible shift - £'000**
Equities	26,576	Discount factor	45%	5%	(2,416)	2,416
		Index movement	-14%	4%	1,497	(1,497)
		Unleveraged beta	1.18	0.5	(2,228)	2,228

8 Events after the period

On 1 October 2021 Franklin Templeton Investment Trust Management Limited was appointed as the Company's AIFM and company secretary.

On the 18 October 2021, the Company drew down £50.0 million on the revolving credit facility provided by The Bank of Nova Scotia, London Branch. No further drawdowns have been made on the revolving facility.

The Half Yearly Report for the six months to 30 September 2021 was approved by the Board on 24 November 2021. A copy of the report is available on our website www.temit.co.uk.

Copies will be uploaded and available for viewing on the National Storage Mechanism, copies will also be posted to the website www.temit.co.uk and may also be requested during normal business hours from Client Dealer Services at Franklin Templeton Investment Management Limited on freephone 0800 305 306. A pdf version of the full Half Yearly Report to 30th September 2021 will be available by accessing the following hyperlink http://www.temit.co.uk/content-common/semi-annual-report/en_GB/local-GB/TEMIT-semi-annual-report.pdf

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