

Preliminary Statement of Annual Results TEMPLETON EMERGING MARKETS
INVESTMENT TRUST PLC (“TEMIT” or “the Company”)

Strategic Report

The Directors present the Strategic Report for the year ended 31 March 2016 and incorporates the Chairman’s Statement, which 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, by bringing together into one place all the information about the Company’s strategy, the risks it faces, how it is performing and the direction in which it is heading.

Chairman’s Statement

Welcome to the Annual Report of your Company covering the 12 months to 31 March 2016. I would like to start my first report to shareholders as Chairman of TEMIT by thanking my predecessor Peter Smith, who stepped down from the Board on 20 November, for his contribution to the development of TEMIT.

Market Overview and Investment Performance

As shareholders will know, last year was a difficult one for emerging markets. Worries about the slowing of economic growth in China and the reliability of the country’s official statistics combined to damage confidence across a wide spectrum of south-east Asian countries. Our benchmark index declined by 8.8%. Unfortunately, TEMIT’s Net Asset Value per share suffered a much worse decline, by 17.1% (both figures on a total return basis). Without the gains from our programme of share buy backs (see below) to limit the discount to NAV at which TEMIT shares traded, the relative performance would have been rather worse.

This result continued a deteriorating relative performance over the last three and five years, due in part to the portfolio’s emphasis on market-leading natural resources companies. The end of the boom in commodities and oil has been reflected in a dramatic decline in the share prices of these companies. Your Board is both disappointed and acutely conscious of the need to bring this extended period of underperformance to an end.

Performance to 31 March 2016

| | 1 Year^(a) | 3 Years^(a) | 5 Years^(a) | 10 Years^(a) | Since Launch^(a) | | | | |
|------------------------------|-----------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Cumulative | Cumulative | Annualised | Cumulative | Annualised | Cumulative | Annualised | Cumulative | Annualised |
| | % | % | % | % | % | % | % | % | % |
| Net Asset Value (Cum-Income) | (17.1) | (22.4) | (8.1) | (23.1) | (5.1) | 71.9 | 5.6 | 1,941.4 | 12.0 |
| Share Price | (17.0) | (26.2) | (9.6) | (27.1) | (6.1) | 70.1 | 5.5 | 1,687.6 | 11.4 |
| MSCI Emerging Markets Index | (8.8) | (7.0) | (2.4) | (8.1) | (1.7) | 67.7 | 5.3 | 974.3 | 9.3 |

^(a) In sterling terms.

Portfolio Management Changes

Our Manager has recognised the need for change and from 1 October last year, Carlos Hardenberg replaced Mark Mobius as our lead portfolio manager. Dr Mobius will continue to bring his long experience to bear as an adviser to Mr Hardenberg. As you will note from these accounts, Mr Hardenberg’s appointment has already brought a significant change in the portfolio. Shareholders can see a higher turnover in holdings than has sometimes been the case in the past, with a diminishing emphasis on banks and major resources companies, and a more diversified portfolio.

As his first report explains, Mr Hardenberg intends to exploit Franklin Templeton’s experienced global team of analysts to find stocks, many of them in consumer-facing industries, which meet the analysts’ exacting criteria of good management in attractive industries, and which they consider undervalued by the markets.

This transformation process brings inevitable transaction costs. However, it is encouraging to report that despite this, the NAV in the six months under Carlos' management has risen by 15.2%, compared with the recovery of 12.3% for our benchmark index. TEMIT shares should be seen as a long-term investment, and I am conscious that there is a great deal of ground to make up, but this is a step in the right direction.

Asset Allocation and Borrowing

The Investment Manager's style is generally to run portfolios nearly fully invested, subject to practical considerations of funding trades and share buy backs.

Borrowing facilities were not used during the year under review and the Company has not engaged in borrowing in recent years.

Revenue Earnings and Dividend

Earnings per share in the year under review were considerably lower than last year at 7.05 pence (2015: 9.28 pence). Nevertheless your Board has decided to recommend the same annual dividend of 8.25 pence per share. In most years, the dividend paid by TEMIT has been more than covered by revenue earnings and the Company has built up substantial revenue reserves. Your Board believes that the purpose of building revenue reserves is to allow the dividend level to be maintained at times such as this and recommends that shareholders vote in favour of the proposed dividend at the Annual General Meeting ("AGM"), which, if approved, will be payable on 22 July 2016.

Managing the Discount

During the year to 31 March 2016, the Company's shares traded at discounts of between 9.6% and 15.4% and on 31 March the discount was 13.4%.

Given the volatility of emerging markets, and hence of your Company's NAV, it is unsurprising that the discount at which the shares trade to net asset value was under pressure over the year under review. Your Board exercises its right to buy back shares when it believes this to be in shareholders' interests. We regularly intervened in the market over the year and, in total, bought back for cancellation 20,925,302 shares, or 6.6% of shares in issue at the start of the financial year. An effect of buying back these shares at discounts to the prevailing NAV was to increase the NAV per share for remaining shareholders by 0.8%.

The Board

Following a review by its Nomination Committee, your Board has instigated a succession plan which will be implemented over the next few years. This started with my appointment. The next change is that Simon Jeffreys will join the Board at the conclusion of the AGM subject to shareholder approval. He brings a wealth of experience to the Board in financial services, audit and risk management.

Neil Collins, who has been a Director for over nine years, will step down at this year's AGM. My colleagues and I would like to thank Neil for his contribution to the Board's deliberations throughout his tenure. In line with the UK Corporate Governance Code, each of the remaining directors will stand for election at the AGM. Following performance evaluations, the Directors are recommended for election. Hamish Buchan has agreed to take over the role of Senior Independent Director when Neil Collins steps down.

Further changes to the composition of the Board will be announced in due course.

Investor Communications

The Board and Manager aim to keep shareholders informed and up-to-date with information about the Company as well as seeking feedback and comment from investors. We hold investor briefings and discussions on a regular basis and distribute the Annual and Half-Yearly Report, as well as notices of any significant Company events, to registered shareholders. We also release information through the stock exchanges where we are listed. Our website (www.temit.co.uk) displays the latest news, price and performance information, portfolio details, web updates from the Investment Manager and a blog dealing with topical issues in emerging markets. Via the website you can also ask to have the latest Company information e-mailed directly to you. I encourage all shareholders to register on our website and make full use of the facilities and materials available to help keep you informed about your Company.

I am aware that shareholders may, on occasion, wish to contact me or my fellow board members directly and not via our Manager. While our Manager will, in most cases, be best placed to handle enquiries, I am at your disposal to receive any questions or comments, as is the Senior Independent Director or any of the other Directors, all of whom may be reached via our brokers whose contact details are enclosed at the end of this document.

Outlook

The global economy is expected to continue to grow slowly over the next year. But we may have seen the worst of the bear market in commodity prices as China manages a softer landing than expected for its economy. In this environment stock selection becomes critical. Finding companies with the potential to grow earnings and yet whose shares are priced reasonably will be challenging and in this respect we are encouraged by the start Carlos has made.

AGM

I would like to invite all shareholders to attend the AGM to be held at Stationers' Hall, Ave Maria Lane, London at 12 noon on Friday 15 July 2016 followed by refreshments. There will be an opportunity to meet the Board and the Investment Manager and to hear the latest news on your Company, its investments and the markets, as well as taking part in the formal annual meeting of the Company.

Paul Manduca
Chairman
8 June 2016

Financial Summary

2015–2016

| | Ref | Year ended 31 March 2016 | Year ended 31 March 2015 | Capital Return % | Total Return ^(a) % |
|---|-----|--------------------------------|--------------------------------|------------------------|-------------------------------------|
| Net Assets and Shareholders' Funds (£ million) | | 1,562.3 | 2,045.0 | | |
| Net Asset Value (pence per share) | | 524.2 | 641.2 | (18.2) | (17.1) |
| Highest Net Asset Value (pence per share) | | 688.6 | 693.2 | | |
| Lowest Net Asset Value (pence per share) | | 428.4 | 580.3 | | |
| MSCI Emerging Markets Index | | | | (11.3) | (8.8) |
| Share Price (pence per share) | | 453.9 | 556.0 | (18.3) | (17.0) |
| Highest Share Price (pence per share) | | 604.5 | 623.5 | | |
| Lowest Share Price (pence per share) | | 371.5 | 517.5 | | |
| Dividend (pence per share) | (b) | 8.25 | 8.25 | | |
| Revenue Earnings (pence per share) | (c) | 7.05 | 9.28 | (24.0) | |
| Capital Earnings (pence per share) | (c) | (124.47) | 46.54 | | |
| Total Earnings (pence per share) | (c) | (117.42) | 55.82 | | |
| Share Price Discount to Net Asset Value at end of the year | | 13.4% | 13.3% | | |
| Average Share Price Discount to Net Asset Value over the year | | 12.3% | 10.3% | | |
| Ongoing Charges Ratio | | 1.22% | 1.20% | | |

Source: Franklin Templeton Investments and FactSet.

^(a) Capital return with dividends re-invested.

^(b) A dividend of 8.25 pence per share on the Company's profits for the year ended 31 March 2016 has been proposed.

^(c) The Revenue, Capital and Total Earnings per share figures are based on the Earnings per share row in the Income Statement Note 4 of the Notes to the Financial Statements.

2006–2016

| Year ended | Total Net Assets and Shareholders' Funds (£m) | NAV (pence) | Share Price (pence) | Year-end Discount (%) | Earnings per share – undiluted (pence) | Dividend per share (pence) | Ongoing Charges Ratio ^(a) (%) |
|----------------------------|---|----------------|---------------------------|-----------------------------|---|----------------------------------|---|
| 30 Apr 2006 | 1,866.2 | 348.2 | 310.3 | 10.9 | 3.65 | 2.76 | 1.41 |
| 30 Apr 2007 | 1,925.5 | 359.2 | 327.3 | 8.9 | 4.16 | 3.13 | 1.32 |
| 30 Apr 2008 | 2,291.4 | 484.8 | 438.0 | 9.6 | 4.07 | 3.50 | 1.33 |
| 30 Apr 2009 ^(b) | 1,208.3 | 365.7 | 340.5 | 6.9 | 7.69 | 3.75 ^(c) | 1.34 |
| 31 Mar 2010 ^(d) | 2,046.4 | 620.3 | 577.0 | 7.0 | 2.88 | 3.75 | 1.29 |
| 31 Mar 2011 | 2,368.4 | 718.0 | 660.0 | 8.1 | 6.14 | 4.25 | 1.31 |
| 31 Mar 2012 | 2,098.6 | 636.3 | 588.5 | 7.5 | 7.91 | 5.75 | 1.31 |
| 31 Mar 2013 | 2,302.7 | 702.3 | 640.5 | 8.2 | 8.45 | 6.25 | 1.30 |
| 31 Mar 2014 | 1,913.6 | 591.8 | 527.0 | 10.9 | 9.14 | 7.25 | 1.30 |
| 31 Mar 2015 | 2,045.0 | 641.2 | 556.0 | 13.3 | 9.28 | 8.25 | 1.20 |
| 31 Mar 2016 | 1,562.3 | 524.2 | 453.9 | 13.4 | 7.05 | 8.25 ^(e) | 1.22 |

Ten Year Growth Record
(rebased to 100.0 at 30 April 2006)
2006–2016

| Year ended | NAV | NAV total return^(f) | Share Price | Share Price total return^(f) | MSCI Emerging Markets Index total return^(f) | Revenue Earnings per share – undiluted | Dividend per share |
|----------------------------|------------|---|------------------------|---|---|---|-------------------------------|
| 30 Apr 2006 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 30 Apr 2007 | 103.2 | 103.9 | 105.5 | 106.6 | 107.4 | 114.0 | 113.4 |
| 30 Apr 2008 | 139.2 | 141.2 | 141.2 | 143.9 | 136.4 | 111.5 | 126.8 |
| 30 Apr 2009 ^(b) | 105.0 | 107.1 | 109.7 | 112.9 | 104.4 | 210.7 | 135.9 ^(c) |
| 31 Mar 2010 ^(d) | 178.1 | 185.1 | 185.9 | 194.6 | 158.8 | 78.9 | 135.9 |
| 31 Mar 2011 | 206.2 | 215.3 | 212.7 | 224.1 | 178.4 | 168.2 | 154.0 |
| 31 Mar 2012 | 182.7 | 192.1 | 189.7 | 201.2 | 163.8 | 216.7 | 208.3 |
| 31 Mar 2013 | 201.7 | 213.5 | 206.4 | 221.4 | 176.3 | 231.5 | 226.4 |
| 31 Mar 2014 | 170.0 | 182.3 | 169.8 | 184.2 | 158.8 | 250.4 | 262.7 |
| 31 Mar 2015 | 184.1 | 199.8 | 179.2 | 196.9 | 179.8 | 254.2 | 298.9 |
| 31 Mar 2016 | 150.5 | 165.7 | 146.3 | 163.3 | 164.0 | 193.2 | 298.9 ^(e) |

^(a) From the year ended 31 March 2012, the Ongoing Charges Ratio (OCR) replaced the Total Expense Ratio. Prior year numbers have not been restated as the ratios are not materially different.

^(b) The results for the year ended 30 April 2009 reflect £633m returned to the shareholders as a result of the tender offer in 2008.

^(c) Excludes the special dividend of 2.50 pence per share in 2009.

^(d) 11 months to 31 March 2010.

^(e) A dividend of 8.25 pence per share for the year ended 31 March 2016 has been proposed.

^(f) Includes dividends re-invested.

The Investment Manager

Investment Manager

Carlos von Hardenberg is the lead portfolio manager for TEMIT. Carlos has considerable research and investment expertise in emerging markets and has worked with the Templeton Emerging Markets Group (“TEMG”) for 13 years.

Carlos is also supported by Chetan Sehgal, who also has considerable experience in emerging markets and whose key role will be to act as the Senior Research Analyst for TEMIT, and by Portfolio Manager, Dr. Mark Mobius, Executive Chairman of TEMG. The investment team can also draw on the support of the entire TEMG.

Biographies of TEMIT’s key investment professionals and more information about TEMG are covered in the following pages.

Carlos von Hardenberg

Carlos was appointed as the lead portfolio manager of TEMIT in October 2015.

As well as managing the TEMIT portfolio, Carlos directs Franklin Templeton’s Frontier Markets investment strategy and manages a number of emerging and frontier markets portfolios for institutional and private investors.

He joined the TEMG in 2002 from Bear Stearns International and has over a decade of experience in researching and investing in emerging market companies across the globe.

Prior to joining Franklin Templeton, Carlos was an analyst in Bear Stearns International in London. He has an MSc with distinction from London City University Business School and a B Sc with honours in business studies from the University of Buckingham. He speaks English, German and Spanish.

Chetan Sehgal, CFA

Chetan is the Senior Research Analyst for TEMIT and is also responsible for overseeing TEMG’s global emerging markets investment strategies, including smaller companies.

He 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 post-graduate 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.

Mark Mobius, Ph.D.

Mark Mobius, Ph.D., executive chairman of TEMG, has spent more than 40 years working in emerging markets all over the world. He joined Franklin Templeton in 1987 as president of the Templeton Emerging Markets Fund, Inc.

He is the author of the following books: *Trading with China*, *The Investor’s Guide to Emerging Markets*, *Mobius on Emerging Markets*, *Passport to Profits*, *Equities - An Introduction to the Core Concepts*, *Mutual Funds - An Introduction to the Core Concept*, *Foreign Exchange - An Introduction to the Core Concepts*, *Bonds - An Introduction to the Core Concepts*, *Mark Mobius - An Illustrated Biography* and *The Little Book of Emerging Markets*.

Dr. Mobius was been awarded a number of accolades for investing in his career and has a bachelor’s and master’s degrees from Boston University, and a Doctor of Philosophy (Ph.D.) in economics and political science from the Massachusetts Institute of Technology.

Templeton Emerging Markets Group

With over 50 portfolio managers and analysts, TEMG is one of the largest asset managers dedicated to emerging markets investing. Their on-the-ground presence in 20 countries around the globe and years of relevant industry experience greatly assists their understanding of the companies researched for inclusion in the TEMIT portfolio.

Templeton Emerging Markets Research Offices as at 31 March 2016

Investment Manager's Process

Investment Philosophy

The Investment Manager employs a time-tested investment philosophy built upon a disciplined, yet flexible, long-term approach to value-oriented emerging markets investing which allows the portfolio managers to look beyond short-term news, noise, and emotion.

Value

Our goal is to identify those companies that appear to be trading at a discount to what our estimates indicate to be their projected future intrinsic value which, over time, should produce a strong share price return.

Patience

On a short-term basis, stocks may overreact to news and noise. On a long-term basis, we believe that markets are efficient and that patience will reward those who have identified undervalued stocks.

Bottom-up

We identify value through rigorous fundamental analysis, proprietary screens and a worldwide network of experienced research resources. Research is carried out on a company by company basis – in different countries and industries – to determine what we consider the economic worth of a company to be, based on many factors including projected future earnings, cash flow or asset value potential as well as management capability and governance.

The Investment Manager follows a rigorous five step process:

| | |
|--|--|
| 1. Identify Potential Bargains <i>Does this stock meet TEMG's criteria of valuation, size and liquidity?</i> <i>Is it a potential bargain within the global universe, its sector and on a historical basis?</i> | All portfolio managers are also research analysts, resulting in a deep and experienced research team. While our philosophy remains unchanged, continual refinement and improvement is part of the TEMG culture. TEMG is able to leverage 60+ years of global investing by Franklin Templeton Investments to build an extensive network of local contacts around the world. |
| 2. In Depth Fundamental Analysis <i>Is this stock a candidate for the TEMG Action List?</i> <i>Is the stock trading at a substantial discount to what our research indicates the company may be worth over the long-term?</i> | Within the framework of a disciplined, long-term approach, analysts look beyond short-term noise to estimate long-term economic worth. Bottom up fundamental analysis, industry knowledge and access to company management drive original research. |
| 3. Review Team Evaluation <i>Has analysis met TEMG standards?</i> <i>Does the recommendation pass the TEMG Review Team's approval?</i> | A collaborative team culture that leverages the experience of the entire TEMG produces comprehensive research insights. |
| 4. Allocate Portfolio <i>What do we consider to represent the best combination of stocks for creating a diversified fund with the greatest potential for appreciation?</i> | The Action List is reviewed weekly. Taking into account the investment objective and guidelines, the portfolio is constructed with attention to diversification and risk levels. The process seeks to reduce portfolio turnover. The fund combines the potential of our best ideas with the risk benefits of diversification. |
| 5. Portfolio Evaluation and Attribution Analysis <i>What are the performance contributors/detractors?</i> | Portfolios are subject to weekly review, while a semi-annual review evaluates methodology, resources, themes, country level issues and global trends. TEMG investment process combines the benefits of individual and team portfolio management. |

Risk Management

Investment in emerging markets equities inevitably involves risk in a volatile asset class, and portfolios constructed from the “bottom up” may be exposed to risks that become evident when viewed from the “top down”. Franklin Templeton Investments uses a comprehensive approach to managing risks within our portfolio. The goal of our investment risk management process is not to avoid risk, but to ensure that risks are “understood, intended and compensated”. This philosophy is integrated into each step of the investment process:

Risk management is led first and foremost by experienced portfolio managers. It is integrated within each step of the Manager’s fundamental, research-driven process, and includes regular interaction with their independent Performance Analysis and Investment Risk (“PAIR”) team. PAIR’s mission is to integrate investment risk insight and information into each step of the investment process. This is accomplished via regular meetings with the Emerging Markets investment team:

Weekly: engagement in the weekly call, and weekly performance & risk summary sent out to TEMG;

Monthly: summary of latest TEMIT performance and risk profile sent to portfolio and senior management; and

Quarterly: in-depth review meetings on the performance of TEMIT, Index and Peers.

Risk Management Recognised

- Identify and understand risk at the security, portfolio and operational level

Rational

- Affirm that identified risks are an intended and rational part of each portfolio’s strategy

Rewarded

- Verify that every risk provides the potential for a commensurate long-term reward

PORTFOLIO MANAGERS

Our approach

Dedicated Risk Management Specialists

- Provide robust analytics and critical, unbiased insight
- Locally positioned to work consultatively with portfolio teams around the globe

Oversight Committees

Focus on most complex risk factors:

- Counterparty Risk
- Complex Securities
- Pricing and Liquidity
- Global Products

Tools and Platforms

Centrally supported, best-in-class platforms for:

- Data Analytics and Modelling
- Portfolio Compliance
- Trade Monitoring and Execution

Portfolio Report

Market Overview

Developed and emerging equity markets both fell in the last 12 months. The decline in emerging market equities, however, was more profound. The MSCI Emerging Markets Index declined by 8.8% for the 12 month period ended 31 March 2016. In comparison, the MSCI World Index declined by 0.3% (all data in sterling terms and on a total return basis).

One of the reasons for the recent underperformance of emerging markets when compared with developed markets was the uncertainty over the manner in which the US Federal Reserve ("Fed") would move towards monetary policy normalisation. Uncertainty over the end of quantitative easing in the US resulted in a rise in risk aversion and a flight to safety, resulting in outflows from emerging markets investments. As a result, the US dollar strengthened against most emerging market currencies. In December 2015, the Fed increased its target interest rate by 25 basis points (0.25%), citing several indicators that pointed to economic improvement. Concerns about the global economic and financial environment, however, raised expectations that the rate of future interest rate increases would be slower than initially indicated, leading investors to refocus on the relatively undervalued emerging markets.

Although some emerging market countries faced headwinds such as soft domestic demand, low oil prices, weak exports and high inflation, emerging market economies overall continued to grow faster than developed market economies. China's economy grew at a less robust pace in 2015 than in 2014, as strength in services and consumption was offset by weakness in fixed asset investment, trade, and manufacturing. GDP growth in India outpaced that of China for the first time since 1999, with the Indian economy expanding by 7.5% in 2015 compared with China's 6.9%.

There have been many discussions on the accuracy of China's statistics, especially its GDP data, raising questions over whether the Chinese government has, over the years, been smoothing its GDP growth data by over and under reporting to achieve political targets. The focus on China's GDP data has grown in recent years. The main reason for this is that China's economy, as it grows, has become a significant part of the global economic system.

Like any other country, China's economic statistics, including its GDP number, are subject to errors and omissions. Although it follows United Nations standards in compiling statistics, China, as an emerging economy country, faces difficulties in collecting accurate underlying data. Additionally, China is in the midst of a transition from an export driven to a consumer led model, which could adversely impact some industries but also support others. The growth of China's information technology sector is an obvious example. Our travels to some second and third tier cities in China gave us the impression that the services sector was growing robustly, while we also noted that infrastructure and property investment had slowed down. Services surpassed manufacturing as the largest contributor to China's GDP in 2013.

Thus, on the output side, with the rapid expansion of the service sector and rise of self-employment, it is also increasingly difficult to calculate total output accurately because the service sector, which is more diverse, less visible and less structured and institutionalised compared with more developed areas such as the US or Europe, is more susceptible to under reporting or omissions. Another factor is the shift from an economy dominated by state owned enterprises to one that is now more driven by the private sector. In general, numbers are now collected by surveys from private companies, which are again more predisposed to bias, rather than historically, when production data was collected from state owned factories and businesses where there was greater access to production data.

More recently, some commentators have accused the Chinese government of under reporting their economic slowdown. Their propositions are generally supported by other statistics. For example, some have suggested that power output in China has been stagnant, indicating that the real economy is in a much worse condition. This, however, largely ignores the fact that the structure of China's economy has been changing, with the output of many high power propensity sectors such as metals being replaced by low power propensity service sectors.

While there is no doubt that the accuracy of China's GDP data could be improved further, we believe that it remains a reasonable indicator of the general growth of the Chinese economy and is an important guide to policy direction. Moreover, it is important to look at a range of data when accessing China's economic situation as opposed to purely focusing on the GDP data.

Elsewhere, Russia's 2015 GDP contracted amid declining oil prices and a weakening Russian rouble. In the fourth quarter, Brazil's quarterly GDP continued to contract, but at a slower rate than in the second and third quarters. In contrast, South Korea, Indonesia and Hungary showed signs of improvement.

Several emerging market central banks, including those of Brazil, Mexico and South Africa, raised their benchmark interest rates to control inflation and support their currencies, while some, including those of India and China, lowered their benchmark interest rates to promote economic growth.

Investor concerns about China's moderating economic growth and lower commodity demand, as well as the People Bank of China's ("PBOC") effective currency devaluation, contributed to volatility in global stock, commodity and currency markets. Price declines of many commodities, particularly crude oil, negatively affected certain commodity producing countries' economies, financial positions and currencies, weighing further on investor sentiment.

However, the accommodative monetary policies of several major central banks provided investors with some optimism. China took additional monetary and fiscal stimulus measures to support economic growth, bolstering investor sentiment in December. But a plunge in China's domestic A-share market on 4 January 2016, which triggered the country's new circuit breaker system and halted trading, led to declines in emerging market stocks, exacerbated by a collapse in crude oil prices. Oil prices declined to less than US\$30 per barrel, the lowest level in more than a decade in January, but rebounded to circa US\$40 by the end of March. A similar trend was seen across most commodities. While some commodity rich markets such as Brazil and Russia were adversely impacted by these low prices, others such as commodity importers China and India benefited. Stocks began to regain some ground in late January as crude oil prices appeared to stabilise and the PBOC further reduced the cash reserve requirement for banks.

Engulfed in political and economic instability, the Brazilian market declined by 39.9% to reach a period-low in January, before rebounding sharply in the final months to end the reporting period down by 8.6% (in sterling terms). An economy in recession, high inflation, rising interest rates and unemployment, depreciation in the currency (the real) and weak commodity prices led investors to avoid the market. On the basis of considerable political and economic challenges, two international rating agencies, Standard & Poor's and Moody's, downgraded the country's credit rating to junk status. This, allied with the continuation of one of Brazil's largest corruption investigations at the state oil company, further pressured investor confidence. Market sentiment, however, improved significantly in March when it rose by 26.6%. The likelihood of President Dilma Rousseff's impeachment raised investors' hopes for a change in leadership well before elections in 2018. A late rally in commodity prices, buoyed by hopes that measures to restrain production by major energy and metals producers would ease oversupply issues, and appreciation in the real in March, further supported Brazilian equities.

Performance Attribution

I am disappointed to report that for the year to 31 March 2016, TEMIT's share price fell by 17.0% while the net asset value ("NAV") fell by 17.1%. For the same period the MSCI Emerging Markets Index fell by 8.8% (all figures on a total return basis).

While the NAV has fallen, it is pleasing to note that some of the changes which we have made to the portfolio since our last interim report are beginning to be seen in the shorter term performance numbers. For the 6 month period to 31 March 2016 TEMIT's NAV returned 15.2%, compared with a return of 12.3% for the MSCI Emerging Markets Index.

| | 31 March 2016 (pence per share) | 31 March 2015 (pence per share) | Capital Return^(a) % | Total Return^(a) % |
|--|--|--|---|---|
| Share Price | 453.9 | 556.0 | (18.3) | (17.0) |
| Net Asset Value (Cum-Income) | 524.2 | 641.2 | (18.2) | (17.1) |
| MSCI Emerging Markets Index ^(b) | – | – | (11.3) | (8.8) |

^(a) In sterling terms.

^(b) All figures are in sterling terms. Benchmark: All MSCI data is provided "as is". The portfolio described herein is not sponsored or endorsed by MSCI. In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data or the portfolio described herein. Copying or redistributing the MSCI data is strictly prohibited. Source FactSet as at 31 March 2016. TEMIT performance data is based on total return. For up to date performance information please visit our website www.temit.co.uk. Past performance is not a guide to future performance. The value of investments and any income from them can go down as well as up and you may get back less than invested.

Performance Attribution Analysis %

| To 31 March 2016 | 1 year | 6 months |
|---------------------------------------|---------------|-----------------|
| Total Return (Net) ^(a) | (17.1) | 15.2 |
| Expenses ^(b) | 1.2 | 0.6 |
| Total Return (Gross) ^(c) | (15.9) | 15.8 |
| Benchmark Total Return ^(d) | (8.8) | 12.3 |
| Excess Return ^(e) | (7.1) | 3.5 |
| Sector Allocation | 2.0 | 0.5 |
| Stock Selection | (11.4) | 3.0 |
| Currency | 1.5 | (0.5) |
| Residual ^(f) | 0.8 | 0.5 |
| Total Portfolio Manager Contribution | (7.1) | 3.5 |

Source: FactSet and Franklin Templeton Investments.

Notes

- (a) Total Return (Net) is the NAV return inclusive of dividends reinvested.
- (b) Expenses incurred by the Company for the year and six months to 31 March 2016 respectively.
- (c) Gross return is Total Return (Net) excluding Expenses. This is preferable for attribution analysis and other value-added reporting as it evaluates the contribution of the Investment Manager.
- (d) MSCI Emerging Markets (Total Return) Index, inclusive of dividends reinvested. Indices are comparable to gross returns as they include no expenses.
- (e) Excess return is the difference between the gross return of the portfolio and the return of the benchmark.
- (f) The “Residual” represents the difference between the actual excess return and the excess return explained by the attribution model. This amount results from several factors, most significantly the difference between the actual trade price of securities included in the actual performance and the end of day price used to calculate attribution.

Contributors and Detractors by Security

Top Contributors to relative performance by Security (%)^(a)

| Top Contributors | Share Price Total Return | Relative Contribution to Portfolio |
|--|-----------------------------|---------------------------------------|
| SK Innovation | 86.8 | 1.2 |
| Unilever ^(b) | 8.6 | 1.0 |
| Guangzhou Automobile Group | 15.8 | 0.4 |
| China Life Insurance ^(c) | (37.9) | 0.3 |
| Baidu, ADR | (8.3) | 0.3 |
| Hanergy Holding Group ^(c) | (100.0) | 0.3 |
| Astra International | (11.0) | 0.3 |
| Akbank | 1.7 | 0.3 |
| Itaú Unibanco, ADR | (4.5) | 0.3 |
| China Construction Bank ^(c) | (16.6) | 0.2 |

(a) For the period 31 March 2015 to 31 March 2016.

(b) Company not in the MSCI Emerging Markets Index.

(c) Companies not held by TEMIT.

SK Innovation is a South Korean refiner and distributor of oil and gas and owner of the nation’s largest oil refinery. Despite energy industry headwinds, the company reported its highest operating profits since 2012 in 2015 and also announced a higher than expected dividend. Healthy refining margins and expectations that the rebound in oil prices in early 2016 would be likely to lead to higher than expected earnings in the first quarter of 2016 and a positive management outlook on Asian gross refining margins in 2016, further supported sentiment in the share price. We used this opportunity to realise gains.

Listed in the UK, but with a significant exposure to emerging markets, **Unilever** performed relatively well. Better than expected 2015 corporate results and continued demand in emerging markets supported the stock. We believe that this global consumer company has the experience and range of products to take advantage of the growing demand for personal care, food, refreshment and home care products from the billions of people in emerging markets.

Guangzhou Automobile Group is a major Chinese car and commercial vehicle manufacturer. The business is most noted for its partnership with Honda and Toyota. Stronger than expected 2015 earnings thanks to sales volume growth and effective cost controls and a strong product pipeline, especially for sports utility vehicles drove the share price in the second half of the reporting period. While we reduced our holdings, we believe that the Chinese car market has great potential and that the company is a well-managed means to address rising demand.

Top Detractors to relative performance by Security (%)^(a)

| Top Detractors | Share Price Total Return | Relative Contribution to Portfolio |
|------------------------------|-----------------------------|---------------------------------------|
| Brilliance China Automotive | (44.0) | (3.7) |
| Kumba Iron Ore | (76.1) | (1.1) |
| Dairy Farm | (33.6) | (1.0) |
| PetroChina, H | (36.3) | (0.7) |
| Tencent ^(b) | 11.3 | (0.6) |
| Kasikornbank | (26.2) | (0.5) |
| Oil & Natural Gas | (30.1) | (0.5) |
| Siam Commercial Bank | (21.6) | (0.5) |
| PTT Exploration & Production | (35.6) | (0.4) |
| Impala Platinum | (32.0) | (0.4) |

(a) For the period 31 March 2015 to 31 March 2016.

^(b) Share Price Total Return since security purchased is 7.5%, with a relative contribution to the portfolio of 0.03%.

Brilliance China Automotive is a major Chinese automobile manufacturer with a joint venture with BMW for the production and sale of BMW 3-series and 5-series vehicles in China. Reduced earnings in 2015, resulting from price cuts and larger dealer incentives, and muted sales growth hurt the share price. Concerns about competition and loss of market share also played a role. Investor sentiment, however, improved in March on expectations that new product launches could drive sales and profitability in the second half of 2016. While we trimmed our holdings in the stock to reduce concentration and rebalance the portfolio, we believe that Brilliance China Automotive will continue to have an attractive product range which will enable it over time to benefit from the greater demand that we expect for luxury automobiles in China and thus continue to maintain a significant exposure to the stock.

Kumba Iron Ore (a South African producer) declined by more than 75% in the reporting period amid weak iron ore prices and low confidence in a recovery in the near term. While we initially added to this stock over the reporting period, in view of the continued weakness in the sector and the company's decision to suspend dividends, we began reducing our holdings in the latter part of the reporting period.

Dairy Farm is a Hong Kong based regional supermarket, drug store and convenience store operator with a presence across Greater China and Southeast Asia. The shares experienced subdued performance during the reporting period. 2015 corporate earnings declined, in part due to higher labour and rental costs, despite a growth in revenue in most segments. We trimmed our holdings in the stock to reduce concentration.

Top Contributors and Detractors to relative performance by Sector (%)^(a)

| Top Contributors | Relative Contribution to Portfolio | MSCI Emerging Markets Index Total Sector Return | Top Detractors | Relative Contribution to Portfolio | MSCI Emerging Markets Index Total Sector Return |
|----------------------------|------------------------------------|---|------------------------|------------------------------------|---|
| | | | | | |
| Financials | (12.6) | 0.4 | Information Technology | (6.8) | (0.4) |
| Telecommunication Services | (12.2) | 0.2 | Consumer Staples | (2.0) | (0.6) |
| Health Care | (8.6) | 0.0 | Energy | (3.5) | (1.9) |
| Industrials | (11.9) | 0.0 | Materials | (4.8) | (2.6) |
| Utilities ^(b) | (7.3) | 0.0 | Consumer Discretionary | (8.9) | (3.3) |

^(a) For the period 31 March 2015 to 31 March 2016.

^(b) No companies held by TEMIT in this sector.

In terms of sectors, selection in consumer discretionary, materials and energy detracted the most. Holdings in all three sectors were reduced over the reporting period. Underweight exposures to the underperforming financials, where selection also supported relative performance, and telecommunication services sectors, contributed. We reduced our exposure to the financials sectors but added exposure to the telecommunication sector.

Top Contributors and Detractors to relative performance by Country (%)^(a)

| Top Contributors | Relative Contribution to Portfolio | MSCI Emerging Markets Index Total Country Return | Top Detractors | Relative Contribution to Portfolio | MSCI Emerging Markets Index Total Country Return |
|-------------------------------|------------------------------------|--|-------------------------|------------------------------------|--|
| | | | | | |
| United Kingdom ^(b) | (14.0) | 1.1 | Russia | 5.8 | (0.3) |
| South Korea | (2.4) | 0.2 | Mexico | (2.0) | (0.4) |
| Greece ^(c) | (50.3) | 0.2 | Brazil | (8.7) | (0.4) |
| Turkey | 2.1 | 0.2 | Taiwan | (4.7) | (0.4) |
| Egypt ^(c) | (26.7) | 0.1 | Peru | (4.6) | (0.4) |
| Austria ^{(b)(d)} | – | 0.1 | India | (10.3) | (0.5) |
| Nigeria ^(b) | – | 0.1 | Pakistan ^(b) | – | (0.7) |
| Indonesia | (9.2) | 0.1 | South Africa | (14.7) | (1.1) |
| Argentina ^(b) | – | 0.0 | Thailand | (9.5) | (1.6) |
| Poland ^(c) | (8.9) | 0.0 | Hong Kong/China | (16.0) | (3.8) |

^(a) For the period 31 March 2015 to 31 March 2016.

^(b) No companies held by the MSCI Emerging Markets Index in this country.

(c) No companies held by TEMIT in this country.

(d) TEMIT sold out of this country in the year to 31 March 2016.

The performance of TEMIT's NAV lagged that of the MSCI Emerging Market Index during the 12 month period largely because of stock selection in China (although an underweight exposure helped offset some of the detraction), Thailand and South Africa. An overweight exposure to Pakistan, which is not part of the benchmark index also had a negative impact on relative performance. We reduced our exposure to China and Thailand but increased holdings in South Africa due to the availability of attractive investments.

The leading contributor to relative performance was an overweight allocation to the United Kingdom (via the portfolio's holding in Unilever), which is not part of the benchmark index. No exposure to Greece, which underperformed its emerging market peers during the period, further supported relative returns. Good stock selection in South Korea and Turkey, where an overweight position also helped, had a positive impact. Holdings in Turkey were reduced, while purchases were made in South Korea as we continued to reposition the portfolio.

Overview of current themes and portfolio changes

Over the past 12 months in particular, we have scrutinised the portfolio to focus on how we can improve performance and ensure that we are well positioned to benefit from the anticipated recovery in emerging markets going forward. We have also looked in detail at how risks are assessed and controlled. In reassessing our approach to risk, we are seeking an optimum balance between risk and reward. This does not mean that we will become more "index aware" or seek to track market indices more closely.

As a result of the above efforts, we made significant changes to the portfolio. The most obvious change has been the increase in diversification, with the number of holdings in TEMIT nearly doubling to 88 from 48, which should help ensure that the portfolio is not too heavily exposed to any one company, sector or market. As a result, the top 20 stocks accounted for 55.7% of the portfolio as at 31 March 2016, compared with 71.1% at the start of the reporting period.

New Purchases

Among the 50 new stocks that were added to the portfolio, the most prevalent were in the information technology sector. While over the years expensive valuations have resulted in few purchases in this area, the recent market environment resulted in many technology stocks falling in price and coming into our value range, allowing us to accumulate stock at a more reasonable level for a realistic five year growth story. Major additions in this area included leading global electronics manufacturer **Samsung Electronics**, **Taiwan Semiconductor Manufacturing**, the world's largest independent integrated circuit foundry, **Tencent**, one of the largest and most widely used internet service portals in the world, **SK Hynix**, one of the biggest DRAM (Dynamic Random Access Memory) makers in the world, and **Naspers**, a major diversified media group.

Additional purchases were made in consumer staple retailers such as **Lojas Americanas**, which is a leading discount department retail chain with low ticket prices and a reputation for selling products at fair prices, and **M. Dias Branco**, which produces and sells basic food items such as crackers, pasta and flour, both of which could see greater demand for their products in Brazil's weaker macroeconomic environment.

Indian pharmaceuticals companies **Biocon**, **Dr. Reddy's Laboratories** and **Glenmark Pharmaceuticals** were also added to the portfolio. As populations around the world, and particularly in developing countries, grow wealthier and live longer, the demand for health care support for acute and chronic ailments is likely to increase, which should benefit health care companies, especially those that command a dominant position in their market.

Purchases of **America Móvil**, a leading provider of wireless communications in Latin America and **MTN Group**, Africa's largest cellular network in terms of subscribers, resulted in us initiating exposure to the telecommunication services sector during the reporting year. We believe that both companies have the prospect of strong growth from a combination of economic growth and rising mobile phone penetration in their respective markets.

A number of selective additions were also made in the frontier markets of Argentina, Kenya and Nigeria as we ventured into this relatively newer set of emerging markets. Purchases included **MercadoLibre**, operator of an online commerce platform in Latin America, **KCB Group**, one of the largest banks in Kenya, and **Nigerian Breweries**, one of the biggest brewing companies in the country.

We believe that the relatively low correlation of frontier markets to global markets provides the Company with an opportunity to diversify our investment portfolio. Frontier markets have historically had low correlation with developed and emerging markets, as well as with other frontier markets. This is due in part to differences in the underlying industries and growth drivers in each country. Adding frontier markets exposure, as a component of the international portion of a portfolio, could help reduce overall volatility and provide a source of diversification.

While it is clear that frontier markets offer investors an attractive investment opportunity, we have not forgotten about the challenges. Some investors perceive that frontier markets' growth premiums are available only at the cost of heightened risk caused by factors such as political instability, low shareholder protection and corruption. We would contend that the risks inherent in most frontier markets are more salient, but similar to the political, country and stock-specific risks in any other market, whether developed or emerging. The real difference is a lower degree of understanding and research on the part of the global investment community. We believe that research-oriented and detailed investment models allow investors a great deal of insight to better manage this information "gap". TEMIT currently has 5.0% invested in frontier markets compared with 4.2% in 2015.

Market-specific risks are discounted in valuations and can be managed through a rigorous investment process. We believe that frontier markets present a strong investment case for long-term investors seeking to take advantage of this "new wave" of emerging markets.

New Purchases

| Security | Country | Sector | Amount £(m) |
|------------------------------------|-----------------|------------------------|-------------|
| Samsung Electronics | South Korea | Information Technology | 63 |
| Taiwan Semiconductor Manufacturing | Taiwan | Information Technology | 45 |
| Tencent | Hong Kong/China | Information Technology | 41 |
| SK Hynix | South Korea | Information Technology | 37 |
| Naspers, N | South Africa | Consumer Discretionary | 34 |
| Hon Hai Precision Industry | Taiwan | Information Technology | 32 |
| ICICI Bank | India | Financials | 28 |
| Netease, ADR | Hong Kong/China | Information Technology | 20 |
| TOTVS | Brazil | Information Technology | 19 |
| Baidu, ADR | Hong Kong/China | Information Technology | 19 |
| Uni-President China | Hong Kong/China | Consumer Staples | 17 |
| Catcher Technology | Taiwan | Information Technology | 14 |
| Largan Precision | Taiwan | Information Technology | 13 |
| Pegatron | Taiwan | Information Technology | 12 |
| Daelim Industrial | South Korea | Industrials | 12 |
| Massmart | South Africa | Consumer Staples | 12 |
| Reliance Industries | India | Energy | 11 |
| M. Dias Branco | Brazil | Consumer Staples | 11 |
| Gedeon Richter | Hungary | Health Care | 11 |
| NagaCorp | Cambodia | Consumer Discretionary | 10 |
| Mail.Ru, GDR ^(a) | Russia | Information Technology | 10 |
| Yandex | Russia | Information Technology | 10 |
| Others (30 securities) | | | 136 |
| Total | | | 617 |

^(a) Security was purchased and partially sold during the year.

Increases to existing holdings

Over the period a number of existing holdings were also increased as the Manager saw opportunities.

Increased Holding

| Security | Country | Sector | Amount £(m) |
|--------------------------------|--------------|-------------|-------------|
| Impala Platinum ^(b) | South Africa | Materials | 22 |
| Kumba Iron Ore ^(b) | South Africa | Materials | 12 |
| Oil & Natural Gas | India | Energy | 12 |
| Sembcorp Marine ^(a) | Singapore | Industrials | 11 |
| Others (9 securities) | | | 24 |
| Total | | | 81 |

^(a) Security was added to and sold during the year.

^(b) Security was added to and partially sold during the year.

Partial and total sales of portfolio holdings

An in-depth analysis of the energy and materials companies in the portfolio and a stringent review of our assumptions on price, demand and supply trends in commodities led us to reduce our exposure to these areas. As a result, we sold our holdings in **PTT** and **Siam Cement** in Thailand; **Aluminium Corp. of China** (Chalco), **PetroChina** and **Inner Mongolia Yitai Coal** in China; **Vale** in Brazil; **OMV** in Austria; and **Tupras-Turkiye Petrol** in Turkey.

Exposure to the financials, consumer discretionary and industrials sectors was also decreased. Positions in **Hyundai Development** in South Korea; Thai banks, **Siam Commercial Bank** and **Kasikornbank**; Brazilian banks, **Itaú Unibanco** and **Banco Bradesco**; **VTech** in Hong Kong; and Chinese automobile companies, **Brilliance China Automotive** and **Guangzhou Automobile Group** were reduced. We also sold out of **Bank Central Asia** in Indonesia.

Partial Sale

| Security | Country | Sector | Amount £(m) |
|---|-----------------|------------------------|-------------|
| Hyundai Development | South Korea | Industrials | 54 |
| VTech | Hong Kong/China | Information Technology | 51 |
| Siam Commercial Bank | Thailand | Financials | 49 |
| Brilliance China Automotive | Hong Kong/China | Consumer Discretionary | 45 |
| SK Innovation | South Korea | Energy | 39 |
| Tata Consultancy Services | India | Information Technology | 38 |
| Kasikornbank | Thailand | Financials | 32 |
| Guangzhou Automobile Group | Hong Kong/China | Consumer Discretionary | 31 |
| Astra International | Indonesia | Consumer Discretionary | 25 |
| Itaú Unibanco, ADR | Brazil | Financials | 23 |
| Impala Platinum ^(a) | South Africa | Materials | 22 |
| Akbank | Turkey | Financials | 22 |
| Dairy Farm | Hong Kong/China | Consumer Staples | 21 |
| PTT Exploration and Production ^(a) | Thailand | Energy | 14 |
| China Petroleum and Chemical, H | Hong Kong/China | Energy | 10 |
| Banco Bradesco, ADR | Brazil | Financials | 10 |
| Others (10 securities) | | | 39 |
| Total | | | 525 |

^(a) Security was purchased and partially sold during the year.

Total Sale

| Security | Country | Sector | Amount £(m) |
|--------------------------------------|-----------------|------------------------|-------------|
| PetroChina, H | Hong Kong/China | Energy | 40 |
| Tupras-Turkiye Petrol ^(a) | Turkey | Energy | 37 |
| Vale, ADR | Brazil | Materials | 35 |
| PTT | Thailand | Energy | 25 |
| Aluminum Corp. of China, H | Hong Kong/China | Materials | 24 |
| Bank Central Asia | Indonesia | Financials | 20 |
| OMV | Austria | Energy | 17 |
| Truworths International | South Africa | Consumer Discretionary | 14 |
| Sembcorp Marine ^(a) | Singapore | Industrials | 13 |
| Inner Mongolia Yitai Coal, B | Hong Kong/China | Energy | 10 |
| Others (3 securities) | | | 10 |
| Total | | | 245 |

^(a) Security was purchased and sold during the year.

10 Largest Investments

In order of Portfolio Fair Value as at 31 March 2016

BRILLIANCE CHINA AUTOMOTIVE

| Fair value £'000 | % of net assets | Benchmark weight % |
|------------------|-----------------|--------------------|
| 90,900 | 5.9 | 0.1 |

Brilliance China Automotive is a major automobile manufacturer in China with a joint venture with luxury car maker BMW. China is BMW's largest single market by number of vehicles sold. Brilliance China manufactures BMW X1, 3 series and 5 series models. It also introduced China's first all-electric vehicle, the Zinoro 1E, in 2013 and at the end of 2014 commenced production of a plug-in hybrid 5-series model.

Market conditions in 2015 were described by the company as more challenging as economic growth decelerated but nevertheless record sales of BMW's were again reported with a total of 287,073 vehicles. The company has now delivered its plan to create capacity to build up to 400,000 vehicles per year and plans several product launches in the next few years.

TEMIT first invested in Brilliance China Automotive in July 2005.

Website: www.brillianceauto.com

Source : FactSet. Prices rebased to 100 as at 1 April 2011.

*Capital return expressed in sterling.

UNILEVER

| Fair value £'000 | % of net assets | Benchmark weight % |
|------------------|-----------------|--------------------|
| 77,949 | 5.0 | N/A |

Unilever is a London listed consumer products company with a global footprint, including significant exposure to emerging markets. Unilever operates in over 190 countries and claims that its products are present in seven out of every ten households in the world, with 2 billion people using its products on a daily basis. Unilever's sales are expected to grow, particularly as a result of developing affluence in emerging markets. Sales growth in 2015 was 4.1%.

TEMIT first invested in Unilever in March 2014.

Website: www.unilever.com

SAMSUNG ELECTRONICS

| Fair value £'000 | % of net assets | Benchmark weight % |
|------------------|-----------------|--------------------|
| 70,205 | 4.5 | 4.0 |

Samsung Electronics is a South Korean company and is the world's second largest information technology company. Samsung's businesses range from electronic components to high technology consumer products such as smart phones and tablets. A leading innovator, the company claims to have the second highest number of US patents in the world at 5,072.

The company is seeking to be more shareholder friendly than it has in the past. Market conditions for Samsung were challenging in 2015, resulting in small declines in revenues and profits.

TEMIT reintroduced Samsung Electronics into the portfolio in June 2015.

Website: www.samsung.com

Source : FactSet. Prices rebased to 100 as at 1 April 2011.

*Capital return expressed in sterling.

TAIWAN SEMICONDUCTOR MANUFACTURING

| Fair value £'000 | % of net assets | Benchmark weight % |
|------------------|-----------------|--------------------|
| 55,863 | 3.6 | 3.4 |

Taiwan Semiconductor Manufacturing ("TSMC") is the world's largest independent semiconductor foundry, with a 55% market share in its core business. TSMC's customers include many of the world's largest electronic product manufacturers. As

well as semiconductor component manufacturing, the company has in recent years sought to expand into related areas, particularly lighting and solar energy.

In 2015, the company increased shipments on a like for like basis by 6.1% over the previous year, with the proportion defined as advanced technology increasing.

The company also posted increases in revenues and net profits.

TEMIT reintroduced TSMC into the portfolio in October 2015.

Website: www.taiwansemi.com

MCB BANK

| Fair value £'000 | % of net assets | Benchmark weight % |
|------------------|-----------------|--------------------|
| 51,900 | 3.4 | N/A |

MCB Bank is a leading bank in Pakistan. It offers both domestic retail banking and domestic and international banking for corporate clients. It also offers comprehensive sharia compliant banking facilities. MCB is a leading user of technology in the country, with widespread availability of ATMs and credit cards.

In 2015, the bank increased its profit before tax by 15.3% over 2014 and its assets exceeded 1 trillion Pakistan Rupees (£6.5bn) for the first time in its 68 year history.

TEMIT first invested in MCB Bank in December 2006.

Website: www.mcb-bank.com

Source : FactSet. Prices rebased to 100 as at 1 April 2011.

*Capital return expressed in sterling.

ASTRA INTERNATIONAL

| Fair value £'000 | % of net assets | Benchmark weight % |
|------------------|-----------------|--------------------|
| 47,890 | 3.1 | 0.3 |

Astra International is one of the largest diversified conglomerates in Indonesia. It has interests in cars, motorcycles, heavy industrial equipment, financial services, agriculture, mining and infrastructure. Astra has developed key partnerships with organisations such as vehicle manufacturers Honda and Toyota, Komatsu in heavy equipment and Standard Chartered Bank in financial services.

Market conditions were difficult for Astra in 2015 as the Indonesian economy reacted to regional and global pressures. As a result, Astra's revenues declined by 8.5%. However, market share in key segments was maintained, albeit in contracting markets.

TEMIT first invested in Astra International in March 2006.

Website: www.astra.co.id

BANCO BRADESCO

| Fair value £'000 | % of net assets | Benchmark weight % |
|------------------|-----------------|--------------------|
| 47,056 | 2.9 | 0.7 |

Banco Bradesco is one of Brazil's largest private sector banks in terms of total assets. It provides a wide range of banking and financial products and services in Brazil and abroad to individuals, small to mid-sized companies and major local and international corporations and institutions. It has the most extensive private sector branch and service network in Brazil, which permits it to reach a diverse customer base. Services and products encompass banking operations, credit card issuance, consortiums, leasing, payment collection and processing, pension plans, asset management and brokerage services. It is the largest insurance company in Latin America.

Despite difficult economic conditions in Brazil, Banco Bradesco was able to increase net income by over 16% in local currency terms in 2016.

TEMIT first invested in Banco Bradesco in September 2002.

Website: www.bradesco.com.br

Source : FactSet. Prices rebased to 100 as at 1 April 2011.

*Capital return expressed in sterling.

TENCENT

| Fair value £'000 | % of net assets | Benchmark weight % |
|------------------|-----------------|--------------------|
| 45,547 | 2.9 | 2.9 |

Tencent is China's largest and most used internet service portal and is growing rapidly as the Chinese population becomes increasingly wealthy. It has over 850 million active users in China. Key areas of operation are social media, online gaming, media and content, online payments and other financial services. Tencent aims to be at the leading edge of internet development, with over half of its employees engaged in research and development.

Revenues in 2015 exceeded RMB 100 million (£10m) for the first time, and profit attributable to equity holders was over RMB 28 million (£2.8m), an increase of 21% year-on-year.

TEMIT first invested in Tencent in December 2015.

Website: www.tencent.com

ITAÚ UNIBANCO

| Fair value £'000 | % of net assets | Benchmark weight % |
|------------------|-----------------|--------------------|
| 45,157 | 2.9 | 0.7 |

Itaú Unibanco is the largest Latin American bank and one of the largest banks in the world, with approximately 96,000 employees and operations in 20 countries. It is a universal bank with a range of services and products serving a varied client profile. In Brazil, Itaú has over 5,000 branches and 28,000 ATMs. The bank has invested heavily in technology for its retail operations. Itaú has a strong record of growth over the long term. 2015 results showed a modest decline of approximately 5.5% in net income.

TEMIT reintroduced Itaú Unibanco into the portfolio in January 2012.

Website: www.itaui.com

Source : FactSet. Prices rebased to 100 as at 1 April 2011.

*Capital return expressed in sterling.

NASPERS

| Fair value £'000 | % of net assets | Benchmark weight % |
|------------------|-----------------|--------------------|
| 36,207 | 2.3 | 1.5 |

Naspers is a diversified media group based in South Africa and with interests in Pay-TV, print media and internet (social networking, e-commerce & entertainment). It has operations in Africa, Brazil, Central and Eastern Europe and Asia. Naspers holds stakes in two companies also held directly by TEMIT, Tencent and Mail.Ru.

Naspers' revenues are growing strongly and it reported 89% profit growth to its year end of March 2015.

TEMIT first invested in Naspers in October 2015.

Website: www.naspers.com

Portfolio Holdings by Geography

Geographical analysis (by country of risk)

As at 31 March 2016

| Country | Sector | Fair Value £'000 | % of Issued Share Class | MSCI Index ^(a) Weighting | % of Net Assets |
|--|------------------------|---------------------|----------------------------|--|--------------------|
| ARGENTINA | | | | | |
| MercadoLibre | Information Technology | 5,380 | 0.1 | N/A | 0.3 |
| | | 5,380 | | | 0.3 |
| BRAZIL | | | | | |
| Banco Bradesco, ADR ^{(b)(c)} | Financials | 47,056 | 0.4 | 0.7 | 2.9 |
| BM&F Bovespa | Financials | 2,654 | 0.0 | 0.2 | 0.2 |
| Cetip | Financials | 9,650 | 0.5 | 0.1 | 0.6 |
| CIA Hering | Consumer Discretionary | 20,086 | 4.3 | N/A | 1.3 |
| Duratex | Materials | 1,909 | 0.2 | 0.0 | 0.1 |
| Duratex, BDR ^(d) | Materials | 40 | 0.2 | N/A | – |
| Itaú Unibanco, ADR ^(c) | Financials | 45,157 | 0.3 | 0.7 | 2.9 |
| Lojas Americanas | Consumer Discretionary | 8,666 | 0.7 | 0.1 | 0.6 |
| M. Dias Branco | Consumer Staples | 10,266 | 0.7 | N/A | 0.7 |
| MAHLE Metal Leve | Consumer Discretionary | 4,654 | 0.8 | N/A | 0.3 |
| Petroleo Brasileiro, ADR ^{(b)(c)} | Energy | 7,365 | 0.0 | 0.5 | 0.5 |
| TOTVS | Information Technology | 12,315 | 1.4 | N/A | 0.8 |
| | | 169,818 | | | 10.9 |
| CAMBODIA | | | | | |
| NagaCorp | Consumer Discretionary | 10,859 | 1.1 | N/A | 0.7 |
| | | 10,859 | | | 0.7 |

^(a) N/A: These stocks are not held by the MSCI Emerging Markets Index.

^(b) Preferred shares.

^(c) US listed American Depositary Receipt.

^(d) Brazil listed Brazilian Depositary Receipt.

| Country | Sector | Fair Value £'000 | % of Issued Share Class | MSCI Index ^(a) Weighting | % of Net Assets |
|---------------------------------------|------------------------|---------------------|----------------------------|--|--------------------|
| HONG KONG/CHINA | | | | | |
| Baidu, ADR ^(c) | Information Technology | 22,579 | 1.0 | 0.7 | 1.4 |
| Brilliance China Automotive | Consumer Discretionary | 90,900 | 2.5 | 0.1 | 5.9 |
| China International Marine Containers | Industrials | 8,502 | 0.5 | 0.0 | 0.5 |
| China Petroleum and Chemical, H | Energy | 20,417 | 0.2 | 0.5 | 1.3 |
| COSCO Pacific | Industrials | 7,274 | 0.3 | 0.1 | 0.5 |
| Dairy Farm | Consumer Staples | 32,115 | 0.6 | N/A | 2.1 |
| Guangzhou Automobile Group | Consumer Discretionary | 17,448 | 1.1 | 0.1 | 1.1 |
| MGM China | Consumer Discretionary | 7,796 | 0.2 | N/A | 0.5 |
| NetEase, ADR ^(c) | Information Technology | 19,677 | 0.0 | 0.2 | 1.3 |
| Tencent | Information Technology | 45,547 | 0.0 | 2.9 | 2.9 |
| Uni-President China | Consumer Staples | 15,632 | 0.7 | N/A | 1.0 |
| Victory City International | Consumer Discretionary | 6,694 | 6.0 | N/A | 0.4 |
| VTech | Information Technology | 14,540 | 0.7 | N/A | 0.9 |
| | | 309,121 | | | 19.8 |
| HUNGARY | | | | | |
| Gedeon Richter | Health Care | 12,744 | 0.5 | 0.1 | 0.8 |
| | | 12,744 | | | 0.8 |
| INDIA | | | | | |
| Bajaj Holdings & Investments | Financials | 1,848 | 0.1 | N/A | 0.1 |
| Biocon | Health Care | 1,451 | 0.1 | N/A | 0.1 |
| Dr. Reddy's Laboratories | Health Care | 7,392 | 0.1 | 0.1 | 0.5 |
| Glenmark Pharmaceuticals | Health Care | 5,490 | 0.2 | N/A | 0.4 |
| ICICI Bank | Financials | 26,202 | 0.2 | 0.1 | 1.6 |
| Infosys Technologies | Information Technology | 12,815 | 0.0 | 0.9 | 0.8 |
| Oil & Natural Gas | Energy | 27,570 | 0.1 | 0.1 | 1.7 |
| Peninsula Land | Financials | 2,543 | 5.1 | N/A | 0.2 |
| Reliance Industries | Energy | 14,001 | 0.0 | 0.6 | 0.9 |
| Tata Chemicals | Materials | 7,165 | 0.7 | N/A | 0.5 |
| Tata Consultancy Services | Information Technology | 28,092 | 0.1 | 0.5 | 1.8 |
| Tata Motors | Consumer Discretionary | 5,471 | 0.4 | 0.2 | 0.4 |
| | | 140,040 | | | 9.0 |

^(a) N/A: These stocks are not held by the MSCI Emerging Markets Index.

^(c) US listed American Depositary Receipt.

| Country | Sector | Fair Value £'000 | % of Issued Share Class | MSCI Index ^(a) Weighting | % of Net Assets |
|-----------------------------------|----------------------------|---------------------|----------------------------|--|--------------------|
| INDONESIA | | | | | |
| Astra International | Consumer Discretionary | 47,890 | 0.3 | 0.3 | 3.1 |
| Bank Danamon Indonesia | Financials | 30,204 | 1.6 | 0.0 | 1.9 |
| | | 78,094 | | | 5.0 |
| JORDAN | | | | | |
| Arab Potash | Materials | 549 | 0.0 | N/A | – |
| | | 549 | | | – |
| KENYA | | | | | |
| KCB Group | Financials | 5,474 | 0.6 | N/A | 0.4 |
| | | 5,474 | | | 0.4 |
| MEXICO | | | | | |
| América Móvil, ADR ^(c) | Telecommunication Services | 6,840 | 0.0 | 0.7 | 0.5 |
| Nemak | Consumer Discretionary | 4,500 | 0.1 | 0.2 | 0.2 |
| Telesites | Telecommunication Services | 247 | 0.0 | N/A | – |
| | | 11,587 | | | 0.7 |
| NIGERIA | | | | | |
| Nigerian Breweries | Consumer Staples | 496 | 0.0 | N/A | – |
| | | 496 | | | – |
| PAKISTAN | | | | | |
| MCB Bank | Financials | 51,900 | 3.4 | N/A | 3.4 |
| Oil & Gas Development | Energy | 14,543 | 0.4 | N/A | 0.9 |
| United Bank | Financials | 75 | 0.0 | N/A | – |
| | | 66,518 | | | 4.3 |
| PERU | | | | | |
| Buenaventura, ADR ^(c) | Materials | 34,895 | 2.5 | 0.0 | 2.2 |
| | | 34,895 | | | 2.2 |
| RUSSIA | | | | | |
| Gazprom, ADR ^(c) | Energy | 27,048 | 0.0 | 0.7 | 1.7 |
| Mail.Ru, GDR ^(e) | Information Technology | 10,463 | 0.5 | N/A | 0.7 |
| TMK, GDR ^(e) | Energy | 3,359 | 0.2 | N/A | 0.2 |
| Yandex | Information Technology | 12,157 | 0.4 | N/A | 0.8 |
| | | 53,027 | | | 3.4 |

^(a) N/A: These stocks are not held by the MSCI Emerging Markets Index.

^(c) US listed American Depositary Receipt.

^(e) UK listed Global Depositary Receipt.

| Country | Sector | Fair Value £'000 | % of Issued Share Class | MSCI Index ^(a) Weighting | % of Net Assets |
|------------------------------------|----------------------------|---------------------|----------------------------|--|--------------------|
| SOUTH AFRICA | | | | | |
| Impala Platinum | Materials | 5,584 | 0.3 | 0.1 | 0.4 |
| Kumba Iron Ore | Materials | 11,730 | 1.0 | N/A | 0.8 |
| Massmart | Consumer Staples | 14,835 | 1.2 | 0.0 | 0.9 |
| MTN Group | Telecommunication Services | 6,593 | 0.1 | 0.4 | 0.4 |
| Naspers, N | Consumer Discretionary | 36,207 | 0.1 | 1.5 | 2.3 |
| | | 74,949 | | | 4.8 |
| SOUTH KOREA | | | | | |
| Daelim Industrial | Industrials | 15,993 | 0.8 | 0.1 | 1.0 |
| Fila Korea | Consumer Discretionary | 4,471 | 0.7 | N/A | 0.2 |
| Hankook Tire | Consumer Discretionary | 5,506 | 0.1 | 0.1 | 0.4 |
| Hanon Systems | Consumer Discretionary | 6,651 | 0.2 | 0.0 | 0.4 |
| Hyundai Development | Industrials | 33,964 | 1.6 | 0.1 | 2.2 |
| iMarketKorea | Industrials | 6,232 | 1.5 | N/A | 0.4 |
| Interpark | Consumer Discretionary | 920 | 0.3 | N/A | 0.1 |
| KT Skylife | Consumer Discretionary | 5,663 | 1.2 | N/A | 0.4 |
| Samsung Electronics | Information Technology | 70,205 | 0.1 | 4.0 | 4.5 |
| SK Hynix | Information Technology | 28,444 | 0.2 | 0.4 | 1.8 |
| SK Innovation | Energy | 12,609 | 0.1 | 0.3 | 0.8 |
| Youngone | Consumer Discretionary | 8,422 | 0.7 | N/A | 0.5 |
| | | 199,080 | | | 12.7 |
| TAIWAN | | | | | |
| Catcher Technology | Information Technology | 13,271 | 0.3 | 0.1 | 0.8 |
| Hon Hai Precision Industry | Information Technology | 34,022 | 0.1 | 1.0 | 2.2 |
| Largan Precision | Information Technology | 11,806 | 0.2 | 0.2 | 0.8 |
| Pegatron | Information Technology | 11,898 | 0.3 | 0.1 | 0.8 |
| Taiwan Semiconductor Manufacturing | Information Technology | 55,863 | 0.1 | 3.4 | 3.6 |
| | | 126,860 | | | 8.2 |

^(a) N/A: These stocks are not held by the MSCI Emerging Markets Index.

| Country | Sector | Fair Value £'000 | % of Issued Share Class | MSCI Index ^(a) Weighting | % of Net Assets |
|--------------------------------|------------------|---------------------|----------------------------|--|--------------------|
| THAILAND | | | | | |
| Kasikornbank | Financials | 20,836 | 0.3 | 0.2 | 1.3 |
| Kiatnakin Bank | Financials | 13,921 | 2.0 | N/A | 0.9 |
| Land and Houses | Financials | 7,219 | 0.3 | N/A | 0.5 |
| Land and Houses (warrants) | Financials | 1,852 | 0.9 | N/A | 0.1 |
| PTT Exploration and Production | Energy | 6,459 | 0.1 | 0.1 | 0.4 |
| Siam Commercial Bank | Financials | 14,967 | 0.2 | 0.2 | 1.0 |
| Thai Beverages | Consumer Staples | 8,154 | 0.1 | N/A | 0.5 |
| Univanich Palm Oil | Consumer Staples | 6,683 | 5.0 | N/A | 0.4 |
| | | 80,091 | | | 5.1 |
| TURKEY | | | | | |
| Akbank | Financials | 24,707 | 0.3 | 0.2 | 1.6 |
| | | 24,707 | | | 1.6 |
| UNITED KINGDOM | | | | | |
| Unilever ^(f) | Consumer Staples | 77,949 | 0.2 | N/A | 5.0 |
| | | 77,949 | | | 5.0 |
| TOTAL INVESTMENTS | | 1,482,238 | | | 94.9 |
| OTHER NET ASSETS | | 80,027 | | | 5.1 |
| TOTAL NET ASSETS | | 1,562,265 | | | 100.0 |

^(a) N/A: These stocks are not held by the MSCI Emerging Markets Index.

^(f) This company, listed on a stock exchange in a developed market, has significant earnings from emerging markets.

Portfolio Summary

Portfolio Distribution as at 31 March 2016 and 31 March 2015

All figures are in %

| | Consumer Discretionary | Consumer Staples | Energy | Financials | Health Care | Industrials | Information Technology | Materials | Telecommunication Services | Total Equities | Other Net Assets | 2016 Total | 2015 Total |
|-------------------|------------------------|------------------|-------------|-------------|-------------|-------------|------------------------|------------|----------------------------|----------------|------------------|--------------|--------------|
| Argentina | - | - | - | - | - | - | 0.3 | - | - | 0.3 | - | 0.3 | - |
| Austria | - | - | - | - | - | - | - | - | - | - | - | - | 0.7 |
| Brazil | 2.2 | 0.7 | 0.5 | 6.6 | - | - | 0.8 | 0.1 | - | 10.9 | - | 10.9 | 11.1 |
| Cambodia | 0.7 | - | - | - | - | - | - | - | - | 0.7 | - | 0.7 | - |
| Hong Kong/China | 7.9 | 3.1 | 1.3 | - | - | 1.0 | 6.5 | - | - | 19.8 | - | 19.8 | 30.4 |
| Hungary | - | - | - | - | 0.8 | - | - | - | - | 0.8 | - | 0.8 | - |
| India | 0.4 | - | 2.6 | 1.9 | 1.0 | - | 2.6 | 0.5 | - | 9.0 | - | 9.0 | 5.6 |
| Indonesia | 3.1 | - | - | 1.9 | - | - | - | - | - | 5.0 | - | 5.0 | 7.2 |
| Jordan | - | - | - | - | - | - | - | 0.0 | - | - | - | 0.0 | - |
| Kenya | - | - | - | 0.4 | - | - | - | - | - | 0.4 | - | 0.4 | - |
| Mexico | 0.2 | - | - | - | - | - | - | - | 0.5 | 0.7 | - | 0.7 | - |
| Nigeria | 0.0 | 0.0 | - | - | - | - | - | - | - | - | - | 0.0 | 0.1 |
| Pakistan | - | - | 0.9 | 3.4 | - | - | - | - | - | 4.3 | - | 4.3 | 4.1 |
| Peru | - | - | - | - | - | - | - | 2.2 | - | 2.2 | - | 2.2 | 2.2 |
| Russia | - | - | 1.9 | - | - | - | 1.5 | - | - | 3.4 | - | 3.4 | 1.6 |
| Singapore | - | - | - | - | - | - | - | - | - | - | - | - | 0.4 |
| South Africa | 2.3 | 0.9 | - | - | - | - | - | 1.2 | 0.4 | 4.8 | - | 4.8 | 3.3 |
| South Korea | 2.0 | - | 0.8 | - | - | 3.6 | 6.3 | - | - | 12.7 | - | 12.7 | 6.4 |
| Taiwan | - | - | - | - | - | - | 8.2 | - | - | 8.2 | - | 8.2 | - |
| Thailand | - | 0.9 | 0.4 | 3.8 | - | - | - | - | - | 5.1 | - | 5.1 | 14.1 |
| Turkey | - | - | - | 1.6 | - | - | - | - | - | 1.6 | - | 1.6 | 4.3 |
| United Kingdom | - | 5.0 | - | - | - | - | - | - | - | 5.0 | - | 5.0 | 3.4 |
| Other Net Assets | - | - | - | - | - | - | - | - | - | - | 5.1 | 5.1 | 5.1 |
| 2016 Total | 18.8 | 10.6 | 8.4 | 19.6 | 1.8 | 4.6 | 26.2 | 4.0 | 0.9 | 94.9 | 5.1 | 100.0 | - |
| 2015 Total | 20.1 | 7.9 | 18.3 | 26.4 | - | 5.8 | 7.9 | 8.5 | - | 94.9 | 5.1 | - | 100.0 |

Sector weightings vs benchmark (%)

Country weightings vs benchmark (%)*

* Other countries held by the benchmark are Chile, Colombia, Czech Republic, Egypt, Greece, Malaysia, Philippines, Poland, Qatar and United Arab Emirates.

** Countries not held in the MSCI Emerging Markets Index.

| Market Capitalisation Breakdown ^(a) (%) | Less than £1.5bn | £1.5bn to £5bn | Greater than £5bn | Other Net Assets |
|--|------------------|----------------|-------------------|------------------|
| 31 March 2016 | 12.5 | 27.6 | 54.8 | 5.1 |
| 31 March 2015 | 7.8 | 32.9 | 54.2 | 5.1 |

^(a) Market Capitalisation - The total market value of a company's shares. For a vehicle like TEMIT, which invests in a number of companies, this is calculated by the share price on a certain date multiplied by the number of shares in issue.

Source: FactSet Research System, Inc.

| Split Between Markets ^(b) (%) | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Emerging Markets | 84.9 | 86.2 |
| Frontier Markets | 5.0 | 4.2 |
| Developed Markets ^(c) | 5.0 | 4.5 |
| Other Net Assets | 5.1 | 5.1 |

^(b) Geographic split between "Emerging Markets", "Frontier Markets" and "Developed Markets" are as per MSCI index classifications.

^(c) Developed markets exposure represented by companies listed in the United Kingdom.

Source: FactSet Research System, Inc.

Market Outlook

While 2015 was a challenging time for investors in emerging markets, outflows from emerging markets tapered off in the first quarter of 2016, with flows turning positive in March as investors focused on the attractive value apparent in those markets. In our opinion, the long-term investment case for emerging markets remains positive as economic growth rates in general continue to be faster than those of developed markets; emerging markets have much greater foreign reserves than developed markets; and the debt-to-GDP ratios of emerging market countries generally remain lower than those of developed markets. Even with major economies like Russia and Brazil in recession, emerging markets' growth in 2016 is expected to be 4.3%, more than twice the rate of the 2.1% growth projected for developed markets.

Though investors have been concerned with China's growth rate slowing down, we believe that the fundamentals of China's economy remain positive, and it is still one of the largest and fastest-growing major economies in the world, even with a moderation in its growth rate. China is in the midst of a transition from an export-driven to a consumer-led model, which could impact some industries but also create new ones. Market volatility is likely to continue in China and other emerging markets but, in our view, periods of heightened volatility represent potential investment opportunities, allowing us to acquire shares which we see as having fallen significantly.

Elsewhere, we remain optimistic about investing in the South Korean market over the long term. The country's well-established export sector spans a range of industries from shipbuilding and construction, through car manufacturing and consumer electronics to advanced technology, with levels of expertise placing the country's businesses among leaders globally in many fields. At the same time, a well-developed and sophisticated domestic consumer economy has developed, which is receiving further impetus from government moves to stimulate spending, encourage entrepreneurship and increase economic participation rates, particularly among women. Thus, we continue to monitor potential opportunities in this market.

A country with a large and growing consumer base, Brazil remains a key market in the portfolio and a market in which we added exposure during the year. Stock markets usually run ahead of the real economy, so, in our opinion, the market had already priced the economic recession. This led us to focus on individual companies and their ability to weather or even prosper from any economic downturn. During a recent visit to Brazil, our team met a number of companies which are surviving in the face of the negative growth rates and are actually looking forward to a strong revival as industries consolidate and the market share of well-positioned companies improves. Thus, we view the situation in Brazil as an opportunity to buy stocks at attractive prices, especially stocks of well-managed, high-quality companies that have been affected by broad-based selloffs amid indiscriminate negative sentiment.

Emerging market countries account for nearly three quarters of the world's land mass and four fifths of the world's population, present considerable potential in terms of resources and demographics, and are in a strong position to benefit from technological advances. It is also important to remember that emerging market countries represent a large share of world economic activity and equity market capitalisation.

The largest risk which we see to emerging markets' performance in 2016 would be from unforeseen events, either geopolitical or financial. While most known risk factors are generally already discounted into market valuations, investors tend to have a disproportionately negative reaction to surprises, and often emerging markets bear the brunt of a "flight to safety" on these occasions. While heightened market volatility can be unsettling, we aim to look beyond the short term to find and invest in well-managed growth leaders at what we believe are attractive valuations. As we look forward, it is important to note that times of stress in financial markets can offer the largest upside potential in the medium term.

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.

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 Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that 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 in IFRSs 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

We confirm that to the best of our knowledge:

- the Financial Statements within this Annual Report, which have been prepared in accordance with IFRS, 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 2016; 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 and Transparency Rules; and
- the Annual Report and Audited Accounts, 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

Chairman

8 June 2016

Financial Statements

Income Statement

For the Year Ended 31 March 2016

| | | Year ended 31 March 2016 | | | Year ended 31 March 2015 | | |
|--|------|-----------------------------|------------------|------------------|-----------------------------|------------------|----------------|
| | Note | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Gains/(losses) on investments and foreign exchange | | | | | | | |
| Gains/(losses) on investments at fair value | 5 | – | (388,315) | (388,315) | – | 151,723 | 151,723 |
| Gains/(losses) on foreign exchange | | – | 1,710 | 1,710 | – | 113 | 113 |
| Revenue | | | | | | | |
| Dividends | 1 | 44,702 | – | 44,702 | 58,816 | – | 58,816 |
| Bank and deposit interest | 1 | 319 | – | 319 | 389 | – | 389 |
| | | 45,021 | (386,605) | (341,584) | 59,205 | 151,836 | 211,041 |
| Expenses | | | | | | | |
| AIFM fee | 2 | (17,535) | – | (17,535) | (16,735) | – | (16,735) |
| Investment management fee | 2 | – | – | – | (4,944) | – | (4,944) |
| Other expenses | 2 | (1,910) | – | (1,910) | (3,082) | – | (3,082) |
| Profit/(loss) before taxation | | 25,576 | (386,605) | (361,029) | 34,444 | 151,836 | 186,280 |
| Tax expense | 3 | (3,772) | 1,661 | (2,111) | (4,591) | (2,172) | (6,763) |
| Profit/(loss) for the year | | 21,804 | (384,944) | (363,140) | 29,853 | 149,664 | 179,517 |
| Profit/(loss) attributable to equity holders of the Company | | 21,804 | (384,944) | (363,140) | 29,853 | 149,664 | 179,517 |
| Earnings per share | 4 | 7.05p | (124.47)p | (117.42)p | 9.28p | 46.54p | 55.82p |
| Ongoing charge ratio | | | | 1.22% | | | 1.20% |

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

The total column is the Income Statement of the Company.

The supplementary revenue and capital return columns are both prepared under guidance published by the Association of Investment Companies.

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

There is no other income for this year and therefore no separate statement of comprehensive income has been presented.

The Ongoing Charge Ratio (OCR) represents the annualised ongoing charges of the Company divided by the average daily net assets of the Company for the year.

The AIFM fee of 1.10% per annum is payable to Franklin Templeton as Manager. Prior to 1 July 2014, a fee payable of 1.20% to Franklin Templeton was separated into an Investment Management fee and an Administration and Secretarial fee (disclosed within other expenses).

Dividend Policy

In accordance with the Company's stated policy, no interim dividend is declared for the year.

An ordinary dividend of 8.25 pence per share is proposed at a cost of £24,208,000.

(An ordinary dividend of 8.25 pence per share for the year ended 31 March 2015 was paid on 22 July 2015 at a cost of £26,070,000).

Further details can be found in Note 10.

Balance Sheet

As at 31 March 2016

| | Note | As at 31 March 2016 £'000 | As at 31 March 2015 £'000 |
|--|------|---------------------------------|---------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investments at fair value through profit or loss | 5 | 1,482,238 | 1,941,161 |
| Current Assets | | | |
| Trade and other receivables | 6 | 6,884 | 8,384 |
| Cash | | 77,359 | 112,012 |
| | | 84,243 | 120,396 |
| Current Liabilities | | | |
| Trade and other payables | 7 | (3,890) | (14,264) |
| Capital gains tax provision | 3 | (326) | (2,262) |
| | | (4,216) | (16,526) |
| NET ASSETS | | 1,562,265 | 2,045,031 |
| ISSUED SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY SHAREHOLDERS | | | |
| Equity Share Capital | 8 | 74,505 | 79,736 |
| Capital Redemption Reserve | | 8,164 | 2,933 |
| Special Distributable Reserve | | 433,546 | 433,546 |
| Capital Reserve | | 944,961 | 1,423,461 |
| Revenue Reserve | | 101,089 | 105,355 |
| EQUITY SHAREHOLDERS' FUNDS | | 1,562,265 | 2,045,031 |
| Net Asset Value per share (in pence) | 9 | 524.2 | 641.2 |

These Financial Statements of Templeton Emerging Markets Investment Trust PLC (company registration number SC118022) were approved for issue by the Board and signed on the 8 June 2016.

Paul Manduca
Chairman

Peter Harrison
Director

Statement of Changes in Equity

For the Year Ended 31 March 2016

| | Equity Share Capital £'000 | Capital Redemption Reserve £'000 | Special Distributable Reserve £'000 | Capital Reserve £'000 | Revenue Reserve £'000 | Total £'000 |
|--|----------------------------------|---|--|-----------------------------|-----------------------------|------------------|
| Balance at 31 March 2014 | 80,837 | 1,832 | 433,546 | 1,298,542 | 98,808 | 1,913,565 |
| Profit/(loss) for the period | – | – | – | 149,664 | 29,853 | 179,517 |
| Equity dividends | – | – | – | – | (23,373) | (23,373) |
| Unclaimed dividends* | – | – | – | – | 67 | 67 |
| Purchase and cancellation of own shares | (1,101) | 1,101 | – | (24,745) | – | (24,745) |
| Balance at 31 March 2015 | 79,736 | 2,933 | 433,546 | 1,423,461 | 105,355 | 2,045,031 |
| Profit/(loss) for the period | – | – | – | (384,944) | 21,804 | (363,140) |
| Equity dividends | – | – | – | – | (26,070) | (26,070) |
| Purchase and cancellation of own shares | (5,231) | 5,231 | – | (93,556) | – | (93,556) |
| Balance at 31 March 2016 | 74,505 | 8,164 | 433,546 | 944,961 | 101,089 | 1,562,265 |

*Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

Cash Flow Statement

For the Year Ended 31 March 2016

| | For the year to 31 March 2016 £'000 | For the year to 31 March 2015 £'000 |
|---|---|---|
| Cash flows from operating activities | | |
| (Loss)/profit before taxation | (361,029) | 186,280 |
| Adjustments for: | | |
| Losses/(gains) on investments at fair value | 388,315 | (151,723) |
| Realised gains on foreign exchange | (1,710) | (113) |
| Stock dividends received in period | (749) | (863) |
| Increase in debtors | 236 | 1,447 |
| Decrease in creditors | (327) | (299) |
| Cash generated from operations | 24,736 | 34,729 |
| Tax paid | (4,047) | (5,222) |
| Net cash inflow from operating activities | 20,689 | 29,507 |
| Cash flows from investing activities | | |
| Purchases of non-current financial assets | (708,533) | (243,494) |
| Sales of non-current financial assets | 772,668 | 317,709 |
| Net cash inflow from investing activities | 64,135 | 74,215 |
| Cash flows from financing activities | | |
| Equity dividends paid | (26,070) | (23,373) |
| Unclaimed dividends | – | 67 |
| Purchase and cancellation of own shares | (93,407) | (24,685) |
| Net cash outflow from financing activities | (119,477) | (47,991) |
| Net (decrease)/increase in cash | (34,653) | 55,731 |
| Cash at the start of year | 112,012 | 56,281 |
| Cash at the end of year | 77,359 | 112,012 |

Notes to the Financial Statements

For the Year Ended 31 March 2016

1 Income

| | 2016 £'000 | 2015 £'000 |
|--------------------------------|---------------|---------------|
| Income from investments | | |
| Other overseas dividends | 41,764 | 54,916 |
| UK dividends | 2,188 | 2,231 |
| Stock dividends | 750 | 863 |
| Other EU dividends | – | 806 |
| | 44,702 | 58,816 |
| Other income | | |
| Bank and deposit interest | 319 | 389 |
| Total other income | 319 | 389 |
| Total income comprises: | | |
| Dividends | 44,702 | 58,816 |
| Interest | 319 | 389 |
| | 45,021 | 59,205 |
| Income from investments | | |
| Listed overseas | 42,514 | 56,585 |

2 Expenses

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Manager's expenses | | |
| AIFM fee | 17,535 | 16,735* |
| Investment management fee | – | 4,944** |
| Other expenses | | |
| Secretarial and administration expenses | – | 1,059** |
| Custody fees | 698 | 735 |
| Directors' emoluments | 283 | 282 |
| Depositary fees | 163 | 138 |
| Registrar fees | 142 | 129 |
| Printing and postage costs | 126 | 150 |
| Membership fees | 120 | 115 |
| Shareholder communications and marketing | 103 | 226 |
| Auditors' remuneration | | |
| Audit of the annual Financial Statements | 29 | 29 |
| – Half-Yearly Financial Statements | 5 | 5 |
| Legal fees | 21 | 60 |
| Other expenses | 220 | 154 |
| Total other expenses | 1,910 | 3,082 |

* For the 9 months to 31 March 2015.

** For the 3 months to 30 June 2014.

Templeton Asset Management Ltd. (“TAML”) was the Company’s Investment Manager and Franklin Templeton Investments Management Ltd. (“FTIML”) provided Secretarial and Administration Services until they were replaced by Franklin Templeton International Services S.à r.l. (“FTIS”) as Alternative Investment Fund Manager on 1 July 2014.

The contract between the Company and FTIS, its Alternative Investment Fund Manager and provider of Secretarial and Administration Services, may be terminated at any date by either party giving one year’s notice of termination.

FTIS receives an ad valorem fee of 1.10%, which is paid monthly and based on monthly trading total net assets of the Company. As at 31 March 2016, £1.4 million in fees were payable and outstanding to FTIS. These were paid in full in April 2016.

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

3 Tax on ordinary activities

| | 2016 | | | 2015 | | |
|--------------------------|------------------|------------------|----------------|------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Overseas withholding tax | 3,772 | – | 3,772 | 4,591 | – | 4,591 |
| Overseas capital tax | – | 275 | 275 | – | 631 | 631 |
| Total current tax | 3,772 | 275 | 4,047 | 4,591 | 631 | 5,222 |
| Deferred tax | – | (1,936) | (1,936) | – | 1,541 | 1,541 |
| Total tax | 3,772 | (1,661) | 2,111 | 4,591 | 2,172 | 6,763 |

Taxation

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Profit/(loss) before taxation | (361,029) | 186,280 |
| Theoretical tax at UK corporation tax rate of 20% (2015: 21%) | (72,206) | 39,119 |
| Effects of: | | |
| – Capital element of profit | 77,321 | (31,886) |
| – Irrecoverable overseas tax | 3,772 | 4,591 |
| – Excess management expenses | 2,386 | 2,599 |
| – Overseas Capital Gains Tax | 275 | 631 |
| – Income taxable in different periods | 104 | (7) |
| – Dividends not subject to corporation tax | (6,941) | (8,978) |
| – Movement in overseas capital gains tax liability | (1,936) | 1,541 |
| – UK dividends | (438) | (468) |
| – Overseas tax expensed | (226) | (380) |
| – Non deductible expenses | – | 1 |
| Actual tax charge | 2,111 | 6,763 |

As at 31 March 2016, the Company had unutilised management expenses of £82.9 million carried forward (2015: £71.0 million). These balances have been generated because a large part of the Company's income is derived from dividends which are not taxable. 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 deferred tax

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Balance brought forward | 2,262 | 721 |
| Charge for the year | (1,936) | 1,541 |
| Balance carried forward | 326 | 2,262 |
| Provision consists of: | | |
| – Overseas capital gains tax liability | 326 | 2,262 |
| | 326 | 2,262 |

A provision for deferred capital gains tax has been recognised in relation to short-term unrealised gains on Indian holdings.

4 Earnings per share

| | 2016 | | | 2015 | | |
|-----------------|------------------|------------------|----------------|------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Earnings | 21,804 | (384,944) | (363,140) | 29,853 | 149,664 | 179,517 |

| | 2016 | | | 2015 | | |
|---------------------------|------------------|------------------|----------------|------------------|------------------|----------------|
| | Revenue pence | Capital pence | Total pence | Revenue pence | Capital pence | Total pence |
| Earnings per share | 7.05 | (124.47) | (117.42) | 9.28 | 46.54 | 55.82 |

The Earnings per share is based on the profit/(loss) on ordinary activities after tax and on the weighted average number of shares in issue during the year of 309,256,759 (year to 31 March 2015: 321,591,165).

5 Financial assets – investments

| | 2016 £'000 | 2015 £'000 |
|---------------------------------|---------------|---------------|
| Opening investments | 1,941,161 | 1,853,554 |
| Movements in year: | | |
| Purchases | 699,086 | 255,890 |
| Sales | (769,694) | (320,006) |
| Realised profits | 297,735 | 146,256 |
| Net (depreciation)/appreciation | (686,050) | 5,467 |
| Closing investments | 1,482,238 | 1,941,161 |

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

Transaction costs for the year on purchases were £2,190,000 (2015: £1,113,000) and transaction costs for the year on sales were £1,683,000 (2015: £855,000). The aggregate transaction costs for the year were £3,873,000 (2015: £1,968,000).

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Realised and unrealised gains on investments comprise: | | |
| Realised gain based on carrying value at 31 March | 297,735 | 146,256 |
| Net movement in unrealised (depreciation)/appreciation | (686,050) | 5,467 |
| Realised and unrealised (losses)/gains on investments | (388,315) | 151,723 |

6 Trade and other receivables

| | 2016 £'000 | 2015 £'000 |
|---------------------------|---------------|---------------|
| Dividends receivable | 5,130 | 5,376 |
| Sales awaiting settlement | 1,631 | 2,895 |
| Overseas tax recoverable | 96 | 72 |
| Other debtors | 27 | 41 |
| | 6,884 | 8,384 |

7 Trade and other payables

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Accrued expenses | 1,822 | 2,149 |
| Purchase of investments for future settlement | 1,336 | 11,532 |
| Other creditors | 732 | 583 |
| | 3,890 | 14,264 |

8 Called-up share capital

| | 2016 | | 2015 | |
|------------------------------------|--|--------------|--|-------------|
| | Allotted, issued & fully paid £'000 | Number | Allotted, issued & fully paid £'000 | Number |
| Shares of 25p each | | | | |
| Opening balance | 79,736 | 318,944,992 | 80,837 | 323,349,892 |
| Shares repurchased during the year | (5,231) | (20,925,302) | (1,101) | (4,404,900) |
| Closing balance | 74,505 | 298,019,690 | 79,736 | 318,944,992 |

The Company's shares 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, 20,925,302 shares were bought back for cancellation at a cost of £93,558,000 (2015: 4,404,900 shares were bought back for cancellation at a cost of £24,745,000).

9 Net asset value per share

| | Net asset value per share | | Net asset value Attributable | |
|--------|---------------------------|-------|------------------------------|-----------|
| | 2016 | 2015 | 2016 | 2015 |
| | pence | pence | £'000 | £'000 |
| Shares | 524.2 | 641.2 | 1,562,265 | 2,045,031 |

10 Dividend

| | 2016 | | 2015 | |
|--|--------------|--------|--------------|--------|
| | Rate (pence) | £'000 | Rate (pence) | £'000 |
| Declared and paid in the year | | | | |
| Dividend on shares: | | | | |
| Final dividend for year | 8.25 | 26,070 | 7.25 | 23,373 |
| Proposed for approval at the Company's AGM | | | | |
| Dividend on shares: | | | | |
| Final dividend for the year ended 31 March 2016 (31 March 2015: 8.25p) | 8.25 | 24,208 | | |

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 by shareholders at the Annual General Meeting.

11 Related party transactions

The Directors have reviewed the classification of related parties under the Association of Investment Companies SORP, issued November 2014, and have concluded that Franklin Templeton entities previously considered as related parties in the Company's Report and Accounts for the year ended 31 March 2015 are no longer classified as related parties under IAS 24 (as adopted by the EU).

As a result, there were no transactions with related parties, other than the fees paid to the Directors, during the year ended 31 March 2016 which have a material effect on the results or the financial position of the Company.

12 Risk management

In pursuing the investment objectives, set out in the 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 of the profits available for dividends.

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

The objectives, policies and processes for managing these risks, and the methods used to measure the risk, 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 in the securities of one issuer, securities domiciled in a particular country, or securities within one industry group than other types of fund investments. As a result, there is the potential for 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.

Market price risk

Market risk arises mainly from uncertainties about future prices of financial instruments held. It represents the potential loss 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 in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objectives. The Investment Manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above, and seeks to ensure that individual stocks also meet the risk/ reward profile on an ongoing basis.

The Investment Manager does not use derivative instruments to hedge the investment portfolio against market price risk, as in its opinion, the cost of such a process would result in an unacceptable reduction in the potential for capital growth.

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 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; it, however, 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:

2016

| Currency | Trade and other receivables £'000 | Cash at bank £'000 | Trade and other payables £'000 | Total net foreign currency exposure £'000 | Investments at fair value through profit or loss £'000 |
|-------------------|--------------------------------------|-----------------------|-----------------------------------|--|---|
| US dollar | 789 | – | – | 789 | 274,091 |
| Hong Kong dollar | – | – | – | – | 245,609 |
| Korean won | 1,807 | 275 | (840) | 1,242 | 199,080 |
| Indian rupee | – | – | (326) | (326) | 140,040 |
| Taiwan dollar | 18 | – | – | 18 | 126,860 |
| Indonesian rupiah | – | – | – | – | 78,094 |
| Other | 4,243 | (1,547) | (496) | 2,200 | 340,515 |

2015

| Currency | Trade and other receivables £'000 | Cash at bank £'000 | Trade and other payables £'000 | Total net foreign currency exposure £'000 | Investments at fair value through profit or loss £'000 |
|-------------------|--------------------------------------|-----------------------|-----------------------------------|--|---|
| Hong Kong dollar | 2,895 | (2,681) | (214) | – | 522,744 |
| US dollar | 1,530 | 2,641 | (2,641) | 1,530 | 383,267 |
| Thai baht | 1,130 | – | – | 1,130 | 289,979 |
| Indonesian rupiah | – | 343 | (404) | (61) | 147,954 |
| Korean won | 409 | – | – | 409 | 129,114 |
| Indian rupee | 374 | 1,261 | (2,262) | (627) | 115,199 |
| Other | 2,005 | 6,559 | (8,274) | 290 | 283,325 |

Sensitivity

The following table illustrates the sensitivity of the revenue and capital returns for the year in regard to the Company's monetary financial assets and liabilities and its equity. If sterling had strengthened by 10% relative to all currencies on the reporting date, with all other variables held constant, the revenue and capital returns would decrease by the amounts in the table.

| 2016 | | 2015 | |
|----------------|----------------|----------------|----------------|
| Revenue Return | Capital Return | Revenue Return | Capital Return |

| Financial Assets and Liabilities | £'000 | £'000 | £'000 | £'000 |
|---|--------------|----------------|--------------|----------------|
| US dollar | 1,014 | 27,409 | 1,761 | 38,327 |
| Hong Kong dollar | 1,018 | 24,561 | 1,225 | 52,274 |
| Korean won | 206 | 19,908 | 46 | 12,911 |
| Indian rupee | 170 | 14,004 | 544 | 11,520 |
| Taiwan dollar | 16 | 12,686 | – | – |
| Indonesian rupiah | 288 | 7,809 | 329 | 14,795 |
| | 2,712 | 106,377 | 3,905 | 129,827 |

A 10% weakening of the 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 fixed rate 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.

Interest rate risk profile

The majority of the Company's financial assets are non-interest bearing equity investments.

The carrying amount, by the earlier of contractual re-pricing or maturity date, of the Company's financial instruments was as follows:

| | Within one year 2016 £'000 | Within one year 2015 £'000 |
|------------------------------|---|---|
| Cash flow interest rate risk | | |
| Cash | 77,359 | 112,012 |

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.

There was no exposure to fixed interest investment securities during the year or at the year end.

Liquidity risk

The Company's assets comprise mainly of securities listed on the stock exchanges of emerging economies. Liquidity can vary from market to market and some securities may take longer 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.

Investments held by the Company are valued in accordance with the accounting policies at bid price. Other financial assets and liabilities of the Company are included in the Balance Sheet at fair value.

Credit risk

Certain transactions in securities that the Company enters into expose it to the risk that the counter-party 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 counter-party. 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 Balance Sheet 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 Investment'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.

Fair Value

Fair values are derived as follows:

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

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation hierarchy fair value through profit and loss

| £000 | 31 March 2016 | | | | 31 March 2015 | | | |
|--------------------|---------------|---------|---------|-----------|---------------|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Listed investments | 1,482,238 | – | – | 1,482,238 | 1,941,161 | – | – | 1,941,161 |

13 Significant holdings in investee undertakings

As at 31 March 2016 the Company held 3% or more in the issued share capital of the following companies:

| Name | 31 March 2016 | | 31 March 2015 | |
|----------------------------|---------------------------------------|------------------|---------------------------------------|------------------|
| | Issued share capital held by TEMIT* % | Fair Value £'000 | Issued share capital held by TEMIT* % | Fair Value £'000 |
| MCB Bank | 3.4 | 51,900 | 3.5 | 63,710 |
| CIA Hering | 4.3 | 20,086 | 0.8 | 16,575 |
| Victory City International | 6.0 | 6,694 | 6.8 | 12,148 |
| Univanich Palm Oil | 5.0 | 6,683 | 5.0 | 9,970 |
| Peninsula Land | 5.1 | 2,543 | 5.6 | 4,685 |

*This is the percentage of the class of security held by TEMIT.

14 Contingent liabilities

No contingent liabilities existed as at 31 March 2016 or 31 March 2015.

15 Financial commitments

There were no financial commitments at 31 March 2016 or 31 March 2015.

16 Post balance sheet events

The only material post balance sheet event is in respect of the proposed dividend, which has been disclosed in Note 10.

This preliminary statement was approved by the Board on 8 June 2016. The financial information set out above does not constitute the Company's Audited statutory accounts. While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company will publish full financial statements that comply with IFRSs on its website.

The statutory accounts for the financial period ended 31st March 2015 have been delivered to the Registrar of Companies, 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.

The statutory accounts for the period ended 31 March 2016 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 mailed 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.

Stephen Westwood (Investor Relations) +44 (0) 7533 178 381 or Joe Winkley at Winterflood (Corporate Broker) on + 44 (0) 20 3100 0301.