2016 Annual Report and Audited Accounts

TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

Contents

Introduction

Templeton Emerging Markets Investment Trust PLC ("TEMIT" or the "Company") is an investment company that invests principally in emerging market companies with the aim of delivering capital growth to shareholders over the long-term.

When TEMIT was launched in June 1989, it was one of the first dedicated emerging markets funds in the UK to offer access to some of the fastest growing economies around the world.

Today, 27 years later, TEMIT continues to invest in these markets. However, it now has many more investment opportunities to assess as an increasing number of economies come into the emerging or frontier market classifications and the number of dynamic companies open to investment continues to expand.

Emerging market companies are often under-researched and, as a result, often mispriced by the stock market, providing investors with attractive investment opportunities. However, most individuals do not have the time, money or experience to find these opportunities.

TEMIT shareholders benefit from a large number of experienced investment professionals who are able to commit a wealth of resources, expertise and local understanding to uncover opportunities that their research indicates offers the best value emerging market investments around the world.

TEMIT's research-driven investment approach and strong performance has helped it to grow to be the largest emerging market investment trust in the UK, with assets of £1.6 billion as at 31 March 2016.

While the majority of the Company's shareholders are based in the UK, shares are quoted on both the London and New Zealand Stock Exchanges.

Company Summary

Investment Objective and Policy

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

It is intended that the Company will normally invest in equity investments. However, the Investment Manager may invest in equity-related investments (such as convertibles) where there are believed to be advantages to so doing. The portfolio may frequently be overweight or underweight against the MSCI Emerging Markets Index and may be concentrated in a more limited number of sectors, geographical areas or countries. The Company may also invest a significant portion of its assets in the securities of one issuer, securities domiciled in a particular country, or securities within one industry. No more than 10% of the Company's assets will be invested in the securities of any one issuer at the time of investment.

The Board has agreed that TEMIT may borrow up to 10% of its net assets.

Company and Investment Management

TEMIT has a Board of seven Directors who are committed to ensuring that shareholders' best interests are at the forefront of all decisions. Under the guidance of the Chairman, the Board of Directors is responsible for the overall strategy of TEMIT and monitoring its performance.

Franklin Templeton International Services S.a r.l. ("FTIS" or the "Manager") acts as the Alternative Investment Fund Manager for the Company. FTIS has delegated investment management of TEMIT to two specialist subsidiaries of Franklin Resources Inc. (Templeton Asset Management Ltd. ("TAML") and Franklin Templeton Investment Management Limited ("FTIML")). Only one member of the Board has a connection with Franklin Resources, with all others being entirely independent.

Investment professionals from TAML and FTIML form part of the Templeton Emerging Markets Group ("TEMG" or the "Investment Manager"), a large, experienced team of emerging market equity specialists. TEMG is one of the pioneers of emerging market investment with more than 25 years experience and a significant presence in these areas. This well-resourced Group has over 50 portfolio managers and analysts in offices in 20 countries and who speak more than 27 languages, contributing to a comprehensive understanding of the markets in which it operates. TEMG analysts are responsible for researching emerging markets and deciding which companies, in their opinion offer the strongest risk and reward opportunities for TEMIT investors over the long term. The Investment Manager is required to make regular reports to the Board.

Share Capital

As at 31 March 2016, the Company's share capital consisted of 298,019,690 shares of 25 pence. During the year the Company bought back 20,925,302 shares.

AIC

The Company is a member of The Association of Investment Companies ("AIC").

Strategic Report

The Directors present the Strategic Report for the year ended 31 March 2016, which includes pages 3 to 17 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.

This report does not constitute or form part of any offer for shares or an invitation to apply for shares. The price of shares and income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is no guarantee of future performance. Currency fluctuations will affect the value of overseas investments. Emerging markets can be more risky than developed markets. Please consult your professional adviser before deciding to invest.

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.

Chairman's Statement (continued)

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. More details of this meeting can be found on pages 101 to 104 of this report.

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 on page 82 and Note 4 of the Notes to the Financial Statements.

Financial Summary (continued)

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.

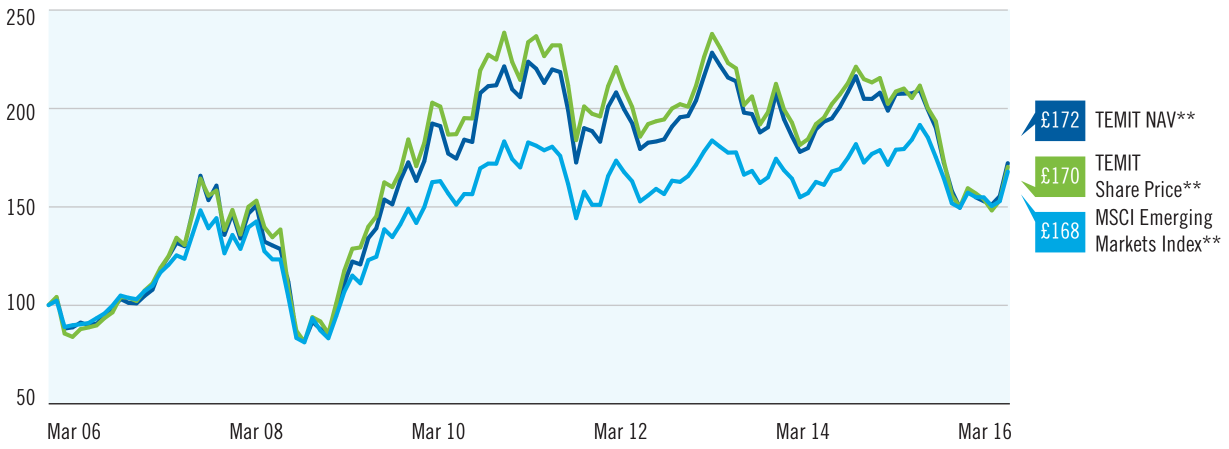
(c) Excludes the special dividend of 2.50 pence per share in 2009.

(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.

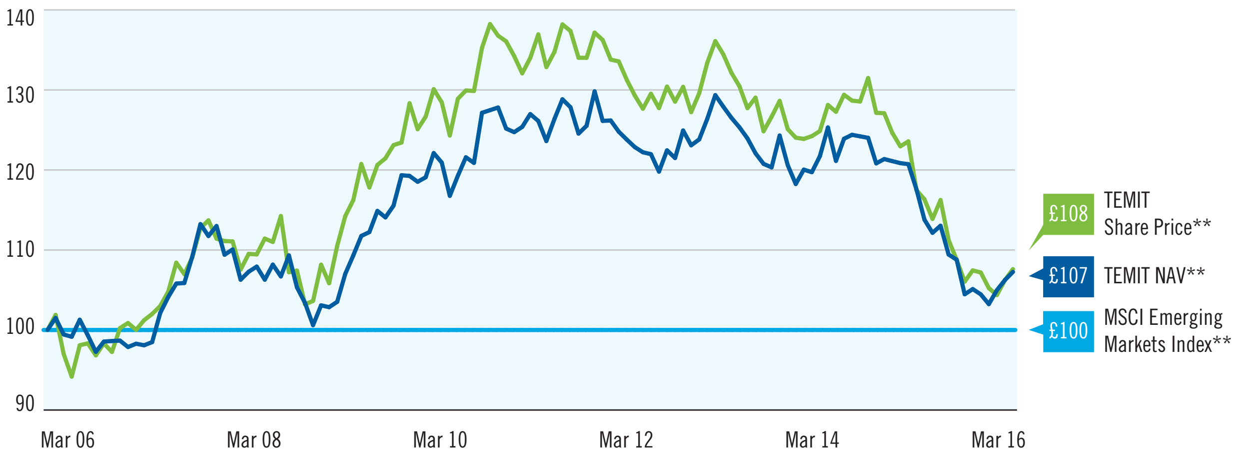
(f) Includes dividends re-invested.

2006–2016 NAV, Share Price and Benchmark Total Return*



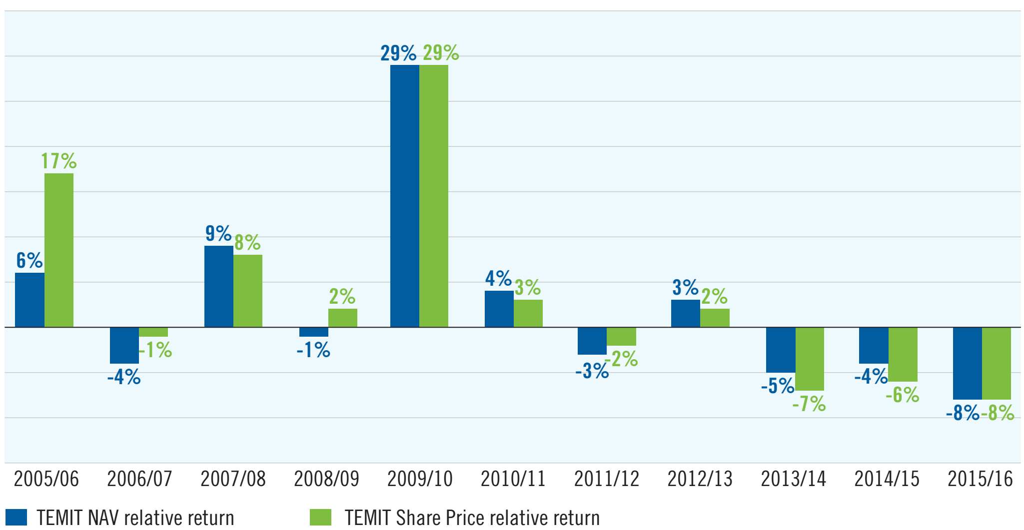
*This graph shows the value of £100 invested on 31 March 2006 at 31 March 2016.
**Rebased to 100 at March 2006.

2006–2016 NAV and Share Price Total Return Relative to the Benchmark Total Return*



*This graph shows the value of £100 invested on 31 March 2006 at 31 March 2016.
**Rebased to 100 at March 2006.

Annual NAV and Share Price Total Return Relative to the Benchmark Total Return*



* Periods are TEMIT reporting periods (to 30 April up to April 2009 and 31 March thereafter).

Strategy and Business Model

Company Objective

Our objective is that TEMIT is the investment of choice for private and institutional investors seeking exposure to global emerging markets, supported by both strong customer service and corporate governance.

Company Strategy

Our strategy is that TEMIT:

Delivers superior long-term investment performance compared to our benchmark index and peers;

Maintains liquidity in its shares to support buyers and sellers;

Provides relative stability in the discount to net asset value;

Through periodic continuation votes, affirms the shareholder mandate; and

Through regular communication, keeps investors up-to-date with the progress of the Company, as well as seeking feedback and comment from investors.

Delivering the Strategy

Performance

At the heart of this strategy is the appointment and retention of highly regarded investment management professionals, who will identify value and achieve superior growth for shareholders. The Investment Manager, under the leadership of Carlos Hardenberg, continues to apply the same core investment principles of value investment and detailed company research to achieve long-term capital appreciation for shareholders. See page 21 for details of the Investment Manager's process.

Liquidity

The Company is listed on the London and New Zealand Stock Exchanges. The Company has engaged Winterflood as Financial Adviser and Stockbroker, who act as a market maker for investors wishing to buy and sell shares in the Company. They also continually monitor the market in our shares.

Stability

The Board has powers to buy back the Company's shares as a discount control mechanism when it is in the best interests of the Company's shareholders. On a daily basis, the Board ensures that the share price discount to NAV is actively monitored and controlled. Discount management is reviewed regularly by the Board to ensure that it remains effective in the light of prevailing market conditions. This is discussed in more detail in the Directors' Report on page 52.

Affirmation of Shareholder Mandate

In accordance with the Company's Articles of Association, the Board must seek shareholders' approval for TEMIT to continue as an investment trust every five years. This allows shareholders the opportunity to decide on the long-term future of the Company. The last continuation vote took place at the 2014 AGM, when 99.74% of shareholders voted in favour.

Communication

We ensure that investors are informed regularly about the performance of TEMIT and emerging markets through clear communication and updates.

At TEMIT, we seek to keep you updated on our performance and investment strategy through our website (www.temit.co.uk). Here you will find all the latest information on the Company, including monthly factsheets, stock exchange notices and updates from the Investment Manager on the latest news on emerging markets.

We also hold investor briefings and discussions in order better to understand investor needs.

Business Model

The Company has no employees and all of its Directors are non-executive. The Company delegates its day-to-day activities to third parties. The Company appointed Franklin Templeton International Services S.à r.l. ("FTIS") as its Alternative Investment Fund Manager ("AIFM"), Secretary and Administrator with the role of

Strategy and Business Model (continued)

Investment Management co-delegated to Templeton Asset Management Ltd. ("TAML") and Franklin Templeton Investment Management Limited ("FTIML"). More information on the Investment Manager can be found on page 18 of the report.

The Board reviews, at least quarterly, with the Manager and the Investment Manager, a wide range of risk factors that may impact the Company. Further analysis of these risks is described on pages 14 to 16. The risks include the benchmark, contributors and detractors to performance, major overweights and underweights and portfolio information, including purchases and sales. This culminates in a full risk and internal controls review held every September at the Audit Committee meeting.

Due to the nature of the Company's business, investment risk is a key focus and is reviewed on an ongoing basis as part of every investment decision of the Investment Manager. Further information on this process is detailed on pages 14 and 15.

The Board conducts regular reviews of the Company's primary service providers as discussed on pages 57 to 59, to ensure that the services provided are of the quality expected by TEMIT. The Directors also ensure that the Company's primary service providers have adopted an appropriate framework of controls, monitoring and reporting to enable the Directors to evaluate these risks.

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

Key Performance Indicators

The Board considers the following as the key performance indicators for the Company:

- Net Asset Value total return compared over various periods to its benchmark;
- Movement in the Share Price and Discount;
- Dividend and Earnings per share; and
- Ongoing Charges Ratio.

The 10 year records of the KPIs are shown on pages 8 and 9.

Performance

In the year to 31 March 2016, the Company's net asset value per share fell by 17.1% (dividend reinvested). This underperformed the Company's benchmark, the MSCI Emerging Markets Index, which declined by 8.8%. For the 6 month period to 31 March 2016, TEMIT's NAV returned 15.2%, compared to 12.3% for our benchmark (all figures on a total return basis).

The graphs on page 9 show the total return of TEMIT's NAV and share price relative to the MSCI Emerging Markets Index and the annual total return of TEMIT's NAV and share price against the MSCI Emerging Markets Index, over the last 10 years.

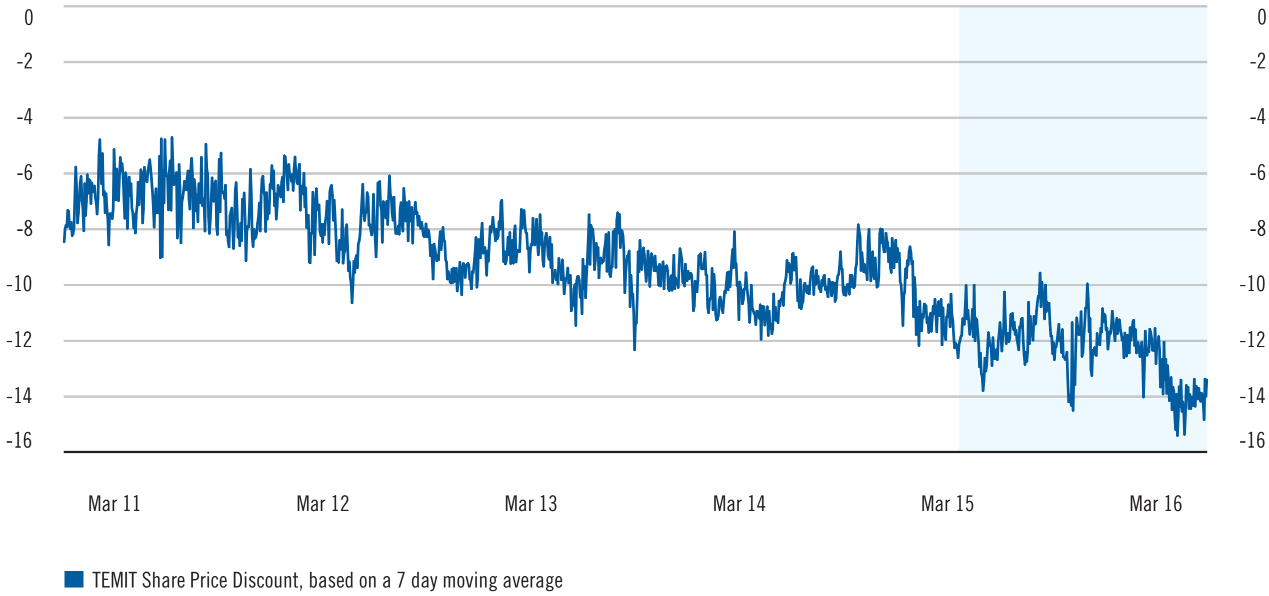
The Chairman's Statement on pages 4 to 6 and the Investment Manager's Report on pages 18 to 48 include a review of the main developments during the year and the market outlook.

Share Capital and Discount

The Board has powers to buy back the Company's shares as a discount control mechanism when it is in the best interests of the Company's shareholders. The Board was authorised at the Company's AGM on 17 July 2015 to buy back up to 47,569,189 shares (or 14.99% of the Company's issued share capital on that date, whichever was lower). The present authority expires on the conclusion of the AGM on 15 July 2016. The Directors are seeking to renew this authority at the 2016 AGM, as further detailed in the Directors' Report on page 68.

The share price of TEMIT decreased by 17.0% to 453.9 pence over the year to 31 March 2016, while the Company's share price discount to NAV widened slightly to 13.4% from 13.3% as at 31 March 2015 and has been in the range of 9.6% to 15.4%. On 2 June, the latest date for which information was available, the discount had widened to 13.7%.

Share Price Discount to NAV



During the year 20,925,302 shares were repurchased, representing 6.6% of the issued share capital as at 31 March 2015, at a cost to the Company of £93.6 million. These shares were cancelled which resulted in an uplift of 0.8% to the net asset value per share. They were bought back at discounts ranging from 9.6% to 15.4% and at prices ranging from 372.1 pence to 605.6 pence. Further information on share buy backs can be found on page 52.

In the period from 1 April to 2 June 2016, 2,331,995 shares were bought back and cancelled by the Company.

Dividend and Earnings per share ("EPS")

Total income earned for the year was £45.0 million (2015: £59.2 million) which translates into net earnings of 7.05 pence per share (2015: 9.28 pence per share), a decrease of 24.0% over the prior year.

Strategy and Business Model (continued)

The Board is proposing a dividend of 8.25 pence per share, which is the same as last year.

Ongoing Charges Ratio

The Ongoing Charges Ratio ("OCR") represents the annualised ongoing charges of the Company divided by the average daily net asset values of the Company for the year. The OCR rose to 1.22% for the year ended 31 March 2016, compared to 1.20% in the prior year. This was due to the reduction in the average net assets during the year.

Costs associated with the purchase and sale of investments are taken to capital and are not included in the OCR. Transaction costs totalled £3,873,000 (0.24% of average net assets) for the year to 31 March 2016 (2015: £1,968,000 (0.10% of average net assets)). The increase from the previous year is due to a higher turnover of the portfolio.

Principal Risks

The principal risks facing the Company, as determined by your Board, are summarised below.

Investment and concentration risk

Where possible, investment will generally be made directly in the stock markets of emerging countries. Where the Investment Manager considers it appropriate, for example to gain access to markets closed to foreign portfolio investors, investment may be made in emerging markets through Collective Investment Schemes, although such investment is not likely to be substantial. As at 31 March 2016 the Company had no such investments. In addition, investment in companies listed on more developed countries' stock exchanges may also be made where those companies have a significant source of their revenue from emerging countries.

It is intended that the Company will normally invest in equity investments. However, the Investment Manager may invest in equity-related investments (such as convertibles) if this is regarded as advantageous. The portfolio will diverge significantly from the MSCI Emerging Markets Index and may be concentrated in a more limited number of sectors, geographical areas or countries. This is consistent with the stated investment approach of long-term value investing. The Investment Manager evaluates investment opportunities with updated financial ratios on a regular basis, and, where opportunities are identified, adjusts the portfolio to seek optimal exposures to stocks, which are assessed to be the best value in global emerging markets.

The Company may also invest a significant portion of its assets in the securities of one issuer, securities domiciled in a particular country, or securities within one industry.

In addition, emerging markets can be subject to greater price volatility and more rapid and more exaggerated re-rating than developed markets.

The general policy of the Board is to be fully invested. However, in response to market conditions, the Investment Manager may hold funds temporarily in cash or other appropriate assets.

Market risk

Many of the companies in which TEMIT invests or may invest are, by reason of the locations in which they operate, exposed to the risk of political or economic change. In addition, exchange control, tax or other regulations introduced in any country in which TEMIT invests may affect its income and the value and marketability of its investments. Investors in emerging markets may face settlement and custodial problems. Furthermore, companies in emerging markets are not always subject to accounting, auditing and financial standards that are equivalent to those applicable in the UK, and there may also be less government supervision and regulation. The Investment Manager will invest directly only in countries where it is satisfied, in so far as is possible, that acceptable custodial and other arrangements are in place to safeguard TEMIT's investments and in companies where there is evidence of satisfactory governance procedures. These risks can increase the potential for losses in the Company and affect its share price. For these reasons, a long-term approach to investing in emerging markets is taken.

Foreign currency risk

Currency movements may affect TEMIT's performance. In general, if the value of sterling increases compared with a foreign currency, an investment traded in that foreign currency will decrease in value because it will be worth less in sterling. This can have a negative effect on the Company's performance. Conversely, when, in general, sterling weakens in relation to a foreign currency, investments traded in that foreign currency will increase in value, which can contribute to an improvement in the Company's performance. TEMIT does not hedge this risk.

Credit risk

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (in relation to sale or declared dividend) after the Company has fulfilled its responsibilities.

Operational and custody risk

Like many other investment trust companies, TEMIT has no employees. The Company therefore relies upon the services provided by third parties and is dependent upon the control systems of the Manager and the Company's other service providers. The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depends on the effective operation of these systems. These are regularly tested and monitored and an internal control report, which includes an assessment of risks together with an overview of procedures to mitigate such risks, is prepared by the Manager and reviewed by the Audit Committee annually.

J.P. Morgan Europe Limited is the Company's depositary. Its responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The depositary is liable for the loss of financial instruments held in custody and will ensure that the custodian and any sub-custodian segregate the assets of the Company. The depositary has delegated the custody function to JPMorgan Chase Bank. The custodian provides a report on its key controls and safeguards (SOC 1/SSAE 16/ISAE 3402) which is independently reviewed by its auditor PwC.

Key personnel

The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of the Investment Manager and its ability to attract and retain suitable staff. The Investment Manager has

Strategy and Business Model (continued)

endeavoured to ensure that the principal members of its management teams are suitably incentivised, but the retention of such staff cannot be guaranteed.

Diversity

The Board supports the principle of boardroom diversity. The selection policy of the Board is to appoint the best qualified person for the job, by considering factors such as diversity of thought, experience and qualification. The Board comprises seven Directors, six male and one female. Further details of the selection policy for the Board can be found on page 60.

Regulatory risk

The Company operates in an increasingly complex regulatory environment and faces a number of regulatory risks. A breach of s1158 of the Corporation Tax Act 2010 or the accompanying Investment Trust (Approved Company) (Tax) Regulations 2011 may potentially result in the Company being subject to corporation tax on chargeable gains on realised portfolio gains.

The Company is an Alternative Investment Fund (AIF) under the European Union Alternative Investment Fund Managers Directive.

Breaches of other regulations, such as the UK Listing Authority rules, could lead to a number of detrimental outcomes and reputational damage.

A more detailed explanation of the monitoring of risk and uncertainties is covered within the Report of the Audit Committee on page 75. Further information on the risks that TEMIT is subject to, including additional financial and valuation risks, is also detailed in Note 12 of the Notes to the Financial Statements.

Environmental, social, and other matters

As an Investment Trust, TEMIT has no direct social, community or employee responsibilities. More information can be found in the Directors' Report on pages 65 and 66.

TEMIT has no greenhouse gas emissions to report from the operations of the Company, as all of its activities are outsourced to third parties, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

On 26 March 2015, the Modern Slavery Act 2015 ("the Act") came into force. TEMIT is not an organisation which provides goods or services as defined in the Act and the Company considers that the Act does not apply.

Viability Statement

The Directors consider viability as part of their continuing programme of monitoring risk. In preparing the Viability Statement, in accordance with the UK Corporate Governance Code provision C.2.2, the Directors have assessed the prospects of the Company over a longer period than the twelve months required by the 'Going Concern' provision. The Directors consider three years to be a reasonable time horizon to consider the continuing viability of the Company, although they do have due regard to viability over the longer term. The Company is an investment trust whose portfolio is invested in listed securities and with some short-term cash deposits. The following supports the Directors' view of the viability of the Company:

- The portfolio principally comprises investments traded on major international stock exchanges and there is a spread of investments by size of company. In the opinion of the Manager, the portfolio is sufficiently liquid under current and potential stressed market conditions to meet all ongoing and future payment requirements arising from TEMIT's regular business. There is no expectation that the liquidity profile of the investments held within the portfolio will be materially different in future;
- In the year under review, expenses (including finance costs and taxation) were covered some two times by investment income. The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position;
- The Company's viability depends on the global economy and markets continuing to function. The Directors do also consider the possibility of a wide ranging collapse in corporate earnings and/or the market value of listed securities. With regard to the latter point, it should be borne in mind that a significant proportion of the Company's expenses are in ad valorem investment management fees, which would naturally reduce if the market value of the Company's assets were to fall; and,
- The Company has a robust risk control framework which, following guidelines from the Financial Reporting Council, aims to reduce the likelihood and impact of: poor judgement in decision-making; risk-taking that exceeds the levels agreed by the Board; human error; or control processes being deliberately circumvented. The Directors have conducted a thorough assessment of each of the principal risks and uncertainties detailed on pages 14 to 16.

Taking account of the anticipated investment holding periods, the liquidity and medium term prospects of the Company's investment portfolio, the Directors have formed a reasonable expectation that the Company will be able to continue its operations and meet its liabilities as they fall due over the next three years.

Future Strategy

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

The Company's results will be affected by many factors including political decisions, economic factors, the performance of investee companies and the ability of the Investment Manager to choose investments successfully.

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

The Company's overall strategy remains unchanged and is expected to remain consistent with these aims for the foreseeable future.

By order of the Board

Paul Manduca
8 June 2016

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.*

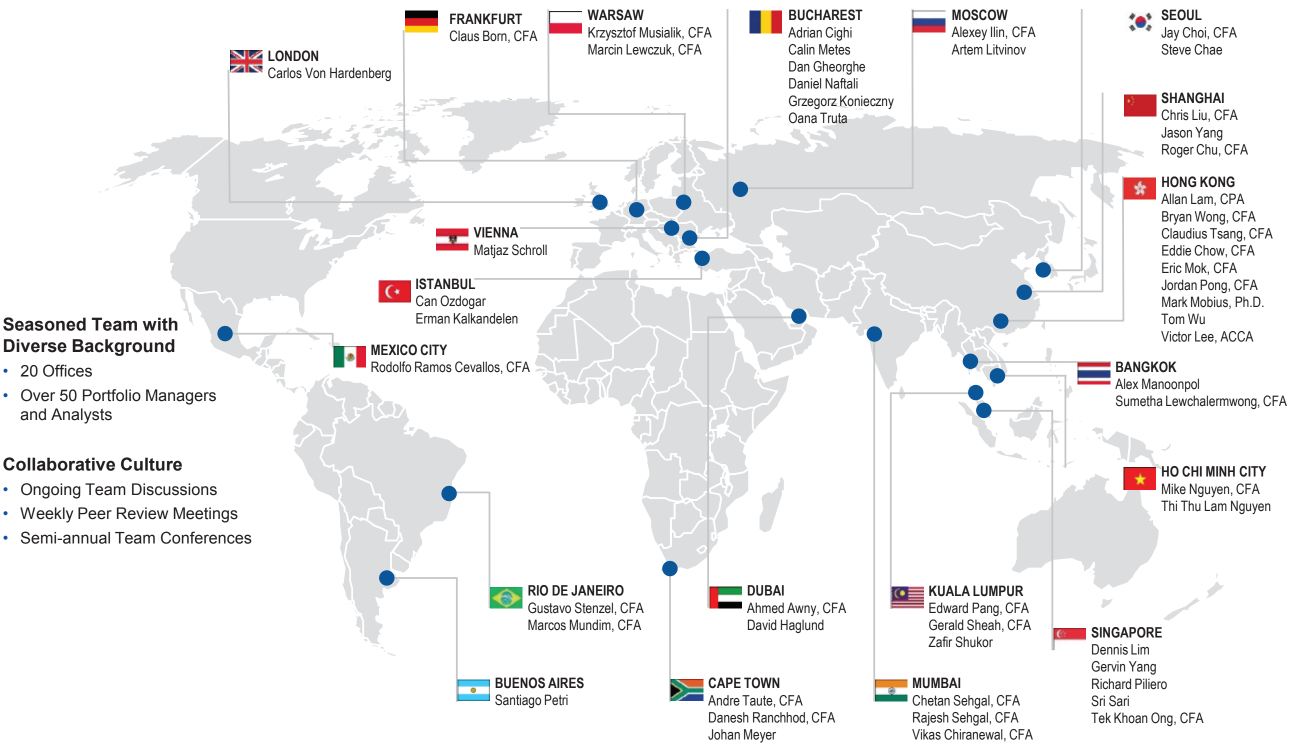
Dr. Mobius was been awarded a number of accolades for investing in his career and has a bachelor's and master's degrees from Boston University, and a Doctor of Philosophy (Ph.D.) in economics and political science from the Massachusetts Institute of Technology.

Investment Manager (continued)

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



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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 *Does this stock meet TEMG's criteria of valuation, size and liquidity?* *Is it a potential bargain within the global universe, its sector and on a historical basis?*	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 *Is this stock a candidate for the TEMG Action List?* *Is the stock trading at a substantial discount to what our research indicates the company may be worth over the long-term?*	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 *Has analysis met TEMG standards?* *Does the recommendation pass the TEMG Review Team's approval?*	A collaborative team culture that leverages the experience of the entire TEMG produces comprehensive research insights.
4. Allocate Portfolio *What do we consider to represent the best combination of stocks for creating a diversified fund with the greatest potential for appreciation?*	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 *What are the performance contributors/detractors?*	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 • Pricing and Liquidity
- Complex Securities • 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

Portfolio Report (continued)

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.

Portfolio Report (continued)

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%.

Portfolio Report (continued)

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.

Portfolio Report (continued)

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. A full list of portfolio holdings can be found on pages 40 to 44 of this report.

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.

Portfolio Report (continued)

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, **Brillance 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.

Portfolio Report (continued)

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

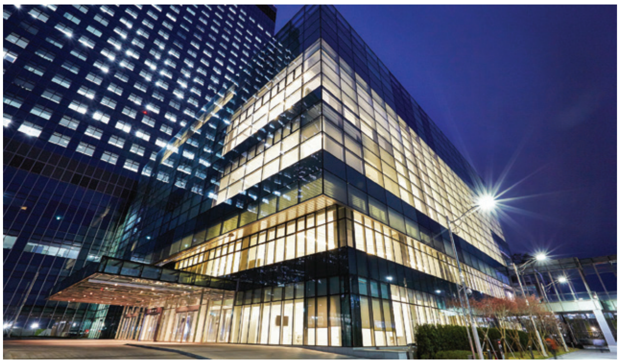
Fair value £'000	% of net assets	Benchmark weight %
77,949	5.0	N/A

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

Portfolio Report (continued)



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

TAIWAN SEMICONDUCTOR MANUFACTURING

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

Taiwan Semiconductor Manufacturing ("TSMC") is the worlds' 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

Source : FactSet. Prices rebased to 100 as at 1 April 2011.
*Capital return expressed in sterling.

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

Tencent 腾讯

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

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

*Capital return expressed in sterling.

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. Itau 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.itau.com

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

Source : FactSet. Prices rebased to 100 as at 1 April 2011.
*Capital return expressed in sterling.

Portfolio Report (continued)

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.

Portfolio Report (continued)

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.

Portfolio Report (continued)

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.

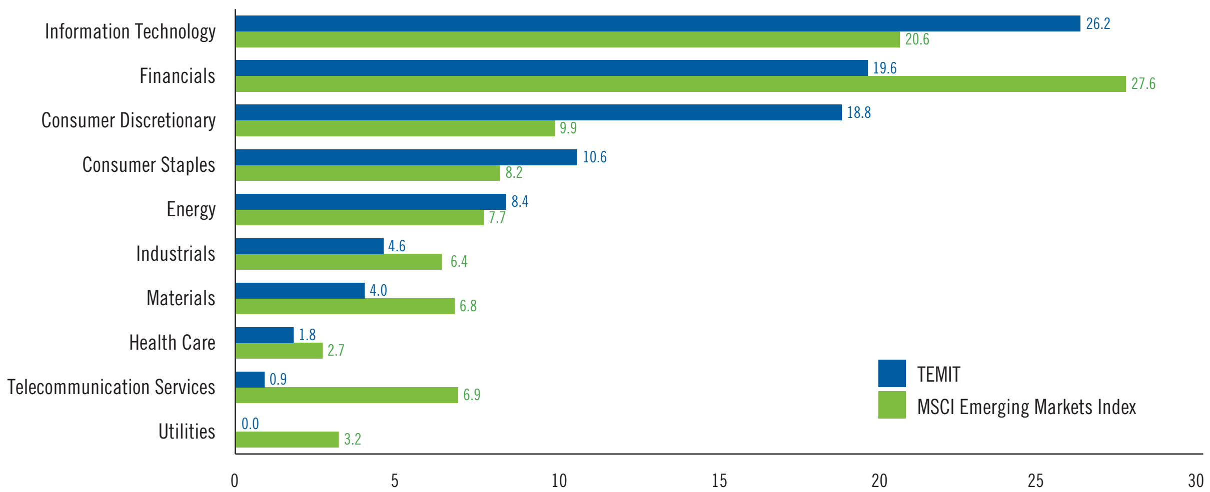
(f) This company, listed on a stock exchange in a developed market, has significant earnings from emerging markets.

Portfolio Summary

Portfolio Distribution as at 31 March 2016 and 31 March 2015
All figures are in %

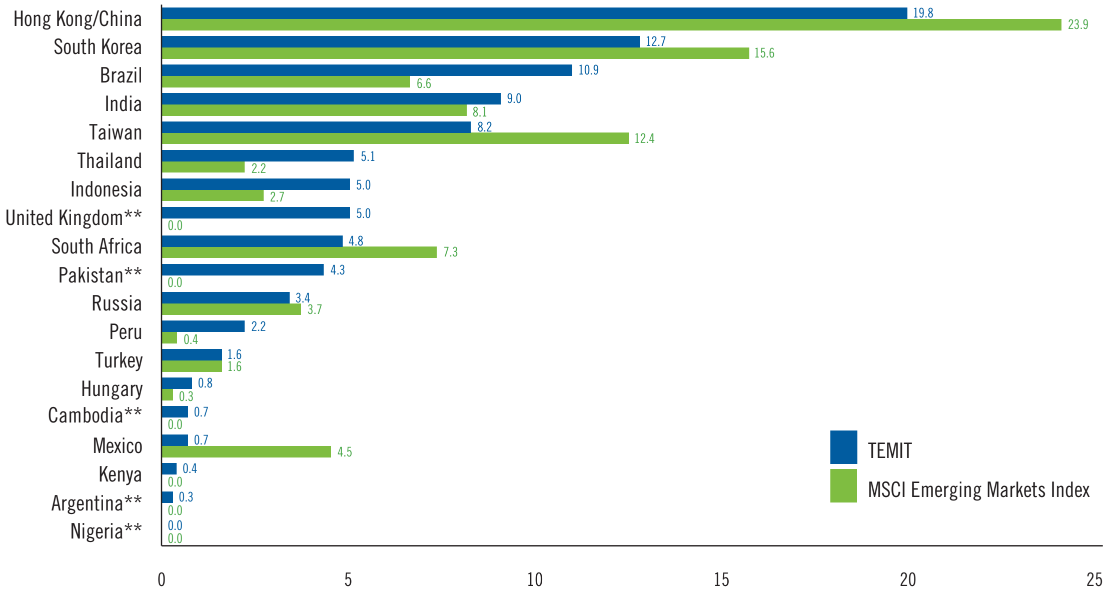
	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecommunication Services	Total Equities	Other Net Assets	2016 Total	2015 Total
Argentina	–	–	–	–	–	–	0.3	–	–	**0.3**	–	0.3	–
Austria	–	–	–	–	–	–	–	–	–	**–**	–	–	0.7
Brazil	2.2	0.7	0.5	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 (%)



Portfolio Report (continued)

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.

Portfolio Report (continued)

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.

Carlos Hardenberg

Report of the Directors and Governance

Board of Directors

Paul Manduca (Chairman)

Paul Manduca was appointed to the Board and the Management Engagement Committee on 1 August 2015. Paul took over as Chairman on 20 November 2015. He was appointed to the Nomination Committee (formerly the Nomination and Remuneration Committee) on 22 February 2016 and is currently Committee Chairman. He is currently Chairman of Prudential plc, one of the world's leading financial services groups with significant emerging market exposure, and Chairman of Henderson Diversified Income Limited. Paul has had a long and successful career in asset management, both as a fund manager and as chief executive of fund management groups.

He is an independent Director. (Fees for the year £32,500 (period from 1 August 2015 to 31 March 2016): beneficial interest 5,000 shares).

Christopher D Brady

Christopher Brady was appointed to the Board on 12 December 2007 and the Management Engagement Committee on 12 June 2012. He is the founding partner and Chairman of The Chart Group. Previously, he spent 14 years in corporate finance and capital markets, developing emerging markets investment vehicles, among other activities. More recently, Mr. Brady's principal activities in defence, security and intelligence take him, his companies and products to emerging markets in the Middle East, Africa and Southeast Asia. Mr. Brady is a Director of Miami International Holdings, North American Rescue, PacStar Communications and Tempus Applied Solutions.

He is an independent Director. (Fees for the year £35,000; beneficial interest nil shares).

Hamish N Buchan

Hamish Buchan was appointed to the Board and the Audit Committee on 26 June 2008, the Management Engagement Committee on 12 June 2012 and the Nomination Committee on 18 July 2014. He is currently Chairman of Personal Assets Trust plc and a Director of The Scottish Investment Trust plc. Mr. Buchan has been involved with the investment company sector for over 40 years, and for 30 years was one of the leading UK Investment Trust sector analysts, working with Wood Mackenzie & Co and its successor owners. Since semi-retiring in 2000, he has been a director of nine investment companies as well as Chairman of the Association of Investment Companies.

He is an independent Director. (Fees for the year £35,000; beneficial interest 15,000 shares).

Board of Directors (continued)

Neil A Collins

Neil was appointed to the Board and Audit Committee on 28 September 2006, the Nomination Committee on 26 June 2005 and the Management Engagement Committee on 12 June 2012. He was appointed Senior Independent Director on 10 June 2014.

Neil Collins is a financial journalist. He was City Editor of The Daily Telegraph for almost 20 years and currently writes a weekly column for the Financial Times. He is a Director of Finsbury Growth & Income Trust.

He is an independent Director. (Fees for the year £35,000; beneficial interest 7,000 shares).

Peter O Harrison

Peter Harrison was appointed to the Board on 30 November 2007 and became Chairman of the Audit Committee on 12 December 2007. He was appointed to the Management Engagement Committee on 12 June 2012. He has had over 30 years' experience in the global auditing, accounting and advisory profession mainly at KPMG, where he specialised in financial services, including investment management and the funds business. He was also Managing Partner responsible for the UK financial services practice. A major client focus was responsibility for the global Sovereign Wealth Fund of a Far Eastern Government. He has also held a number of other senior non-executive Director roles in financial services and is currently Chairman of Masthaven Bank Limited.

He is an independent Director. (Fees for the year £47,000; beneficial interest 4,330 shares).

Beatrice Hollond

Beatrice Hollond joined the TEMIT Board and the Audit Committee on 1 April 2014. She was appointed to the Nomination Committee on 22 February 2016.

Beatrice Hollond is a non-executive Director of M & G Group Limited and on the main Board of US based Brown Advisory. She is Chair of Keystone Investment Trust and a non-executive Director of Henderson Smaller Companies Investment Trust. She has had a long career in the investment industry, starting as UK equity analyst at Morgan Grenfell, before spending 16 years at Credit Suisse Management. Her long experience as a fund manager, as well as 12 years as a non-executive Director in the investment trust sector, gives her very relevant experience for her Board role at TEMIT.

She is an independent Director. (Fees for the year £35,000; beneficial interest 6,250 shares).

Gregory E Johnson

Gregory Johnson was appointed to the Board on 12 December 2007. He is the Chairman of the Board and Director of Franklin Resources, Inc., and serves as the Chief Executive Officer of the company. Mr. Johnson serves as a trustee, director or officer on a number of the company's subsidiaries and fund boards. He joined Franklin in 1986 and has held numerous roles within the company.

(Fees for the year £nil; beneficial interest nil shares).

Directors' Report

The Directors submit their Annual Report, together with the Financial Statements of the Company, for the year ended 31 March 2016.

Principal Activity and Investment Status

The Company is a public limited company in terms of the Companies Act 2006 and is an investment company under Section 833 of the Companies Act 2006.

The Company has been accepted as an approved investment trust by HM Revenue & Customs for accounting periods commencing on or after 1 April 2012, subject to continuing to meet the eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of The Investment Trust (Approved Company) (Tax) Regulations 2011. The Directors are satisfied that the Company intends to direct its affairs to ensure its continued approval as an investment trust.

The Company is an Alternative Investment Fund (AIF) under the European Union's Alternative Investment Fund Managers Directive.

Company Objective

The objective of the Company is to provide long-term capital appreciation for its shareholders through investment in companies operating in emerging markets or whose stocks are listed on the stock markets of such countries. No material change will be made to this policy without shareholder approval.

The full Company objective can be found on page 10 within the Strategic Report.

Results and Dividends

The capital loss for the year was £384.9 million (2015: £149.7 million gain) and the revenue profit was £21.8 million (2015: £29.9 million).

The full results for the Company are disclosed in the Income Statement on page 82.

The Directors propose an ordinary dividend of 8.25 pence per share (2015: 8.25 pence) and, if approved by shareholders at the AGM on 15 July 2016, the dividend will be payable on 22 July 2016 to shareholders on the register at close of business on 17 June 2016.

Gearing

The Board has agreed that in exceptional circumstances, and for short periods, TEMIT may borrow up to 10% of its net assets.

During the last five years the Company did not utilise any short-term borrowing facility.

Directors' Report (continued)

Financial

Share Capital and Discount

Changes in the share capital of the Company are set out in Note 8 of the Notes to the Financial Statements.

Share Buy Backs

The Board is once again seeking shareholder permission to continue its programme of share buy backs as outlined on page 68. A key point in the Investment Manager's mandate is to take a long-term view of investments and one of the advantages of a closed end fund is that the portfolio structure is not disrupted by large inflows or outflows of cash. However, the Board and the Investment Manager recognise that the returns experienced by shareholders are in the form of movements in the share price, which are not directly linked to NAV movements, and the shares may trade at varying discounts or premiums to NAV. Many shareholders, both professional and private investors, have expressed a view that a high level of volatility in the discount is undesirable. A less volatile discount, and hence share price, is seen as important to investors. For this reason, TEMIT uses share buy backs selectively with the intention of limiting volatility and where it is in the interests of shareholders.

	2016	2015
Shares bought back and cancelled during the year	20,925,302	4,404,900
Proportion of share capital bought back	6.56%	1.36%
Cost of share buy backs	£93.6m	£24.7m
The benefit to NAV	0.84%	0.25%
The benefit to NAV	£13.1m	£3.1m

Auditor

The Audit Committee has recommended that Deloitte LLP, who were appointed in 2009, be reappointed as the Company's auditor. Deloitte LLP has expressed a willingness to continue in office as auditor and a resolution proposing their reappointment will be submitted at the AGM. Further details on the assessment of the auditor can be found within the Report of the Audit Committee on page 76.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant information of which the Company's auditor was unaware and that each Director had taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor was aware of that information. This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Substantial Shareholdings

As at 31 May 2016 and 31 March 2016, the Company had been notified that the following were interested in 3% or more of the issued share capital of the Company.

Name	Number of shares	31 May 2016 %
City of London Investment Management Company Limited	37,829,489	12.89
Lazard Asset Management LLC Group	30,481,107	10.39
Investec Wealth & Investment Limited	20,764,697	7.07
Old Mutual Plc	17,174,358	5.85
Rathbones Brothers Plc	10,242,030	3.49
Templeton Investment Plan	7,691,625	2.62

Name	Number of shares	31 March 2016 %
City of London Investment Management Company Limited	33,482,445	11.23
Lazard Asset Management LLC Group	30,481,107	10.23
Investec Wealth & Investment Limited	19,483,347	6.54
Old Mutual Plc	17,174,358	5.76
Rathbone Brothers Plc	12,893,069	4.33
Templeton Investment Plan	12,192,844	4.09

Directors

The following were Directors during the year to 31 March 2016 and to the date of this report:

Paul Manduca – Chairman (appointed as a Director on 1 August 2015)
Christopher D Brady
Hamish N Buchan
Neil A Collins
Peter O Harrison
Beatrice Hollond
Gregory E Johnson

Peter A Smith served on the Board from 17 May 2004 and as Chairman from 12 December 2007 until his retirement on 20 November 2015: Paul Manduca was appointed as Chairman on this date.

The terms and conditions of the Directors' appointments are set out in the Letters of Appointment, which are available for inspection on request at the registered office of the Company and at the AGM.

The **Nomination Committee (previously called the Nomination and Remuneration Committee)** comprises Paul Manduca (Chairman) Hamish Buchan, Neil Collins and Beatrice Hollond. The role of the Committee is to review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that seem appropriate, to consider the rotation and renewal of the Board, approve the candidate specification for all Board appointments, approve the process by which suitable candidates are identified and short-listed, and to nominate candidates for consideration by the full Board, whose responsibility it is to formally make appointments. The Committee also considers the effectiveness of individual Directors and makes recommendations to the Board in respect of re-elections. The Committee keeps under review the balance of skills, independence, and knowledge of the Company, experience and length of service of the Directors. Details of the diversity policy can be found on page 60.

The Committee periodically reviews the level of Directors' fees relative to other comparable companies and in the light of the Directors' responsibilities. In doing so, the Committee will access independent research and advice from external sources. The Chairman of the Nomination Committee will attend the Company's AGM and will be prepared to respond to questions which may be raised by shareholders on matters within the Nomination Committee's responsibilities.

The **Management Engagement Committee** comprises Paul Manduca (Chairman), Christopher Brady, Hamish Buchan, Neil Collins, Peter Harrison and Beatrice Hollond. The role of the Committee is to review the performance of, and the contractual arrangements with the Manager. The Management Engagement Committee has undertaken a formal investment review of TEMIT's portfolio management during the year. The review considered investment strategy, investment process, performance and risk, and was carried out through meetings between the Management Engagement Committee and members of the investment and risk management teams of the Manager.

The **Audit Committee** currently comprises Peter Harrison (Chairman), Neil Collins, Hamish Buchan and Beatrice Hollond. The formal Report of the Audit Committee is on pages 73 to 76.

A copy of the terms of reference for the Audit Committee, Management Engagement Committee and Nomination Committee are available to shareholders on the TEMIT website (www.temit.co.uk) or upon request via Client Dealer Services using the contact details provided on the inside back cover of this report.

The table below lists the number of scheduled Board and committee meetings attended by each Director. During the year there were 4 Board meetings, 3 Audit Committee meetings, 3 Nomination Committee meetings and 3 Management Engagement Committee meetings.

	Meetings Attended			
Director	Board	Audit Committee	Nomination Committee	Management Engagement Committee
Paul Manduca (appointed 1 August 2015)	2/2	N/A	1/1	1/1
Peter A Smith (retired 20 November 2015)	3/3	N/A	3/3	2/2
Christopher D Brady	4/4	N/A	N/A	3/3
Hamish N Buchan	4/4	3/3	3/3	3/3
Neil A Collins	4/4	3/3	3/3	3/3
Peter O Harrison	4/4	3/3	N/A	3/3
Beatrice Hollond	4/4	3/3	1/1	3/3
Gregory E Johnson	4/4	N/A	N/A	N/A

The TEMIT Board is responsible for setting strategy and direction, oversight of service providers and protection of shareholders' interests.

The primary focus of the Directors at regular Board meetings is the consideration of investment performance and outlook, market activity, share buy back activity, marketing, shareholder profile, investor relations, peer group information and industry issues.

Further details on the Directors' responsibilities can be found in the Statement of Directors' Responsibilities on page 77.

The following matters set out in the table below were considered at Board meetings during the year to 31 March 2016. The table also summarises the business dealt with by the Audit, Nomination and Management Engagement Committees during the year to 31 March 2016.

Q1 to 30 June	Q2 to 30 September	Q3 to 31 December	Q4 to 31 March
Board business			
Report from Investment Manager			
Market Overview from TEMIT's Stockbroker			
Report from AIFM			
Marketing Report			
Significant shareholder activity and share buy back policy			
Consideration of taking a stake in the Frontier Markets Fund Discount Control Mechanisms Report on New Markets for Investment Report on Treasury Shares Reports from the Management Engagement Committee and the Nomination Committee Shareholder Correspondence Reviewed Annual Report and related documentation Update from the Audit Committee Update on Media Campaign	Change to appoint FTIML as permitted delegate of FTIS Appointment of FTIML as Co-Manager along with TAML New Management Contract Arrangements Consideration of Hong Kong China Stock Connect Participation Corporate Governance update Proposal to restructure Templeton Investment Plan Update from the Audit Committee Update on CSSF and FCA regulatory approval Update on Portfolio Team	Appointment of Chairman Report on Company Cash Flow Projections from Portfolio Manager Review of Top Risks Review the Half-Yearly Report Update from the Audit Committee Update on Board Committees' structure	Board Committees and Schedule of Reserved Matters Corporate Governance update Fair Valuation of Assets Report Income forecast and dividend discussion Report on New Markets for Investment Report on Treasury Shares Review of Top Risks Shareholder Meetings and Correspondence

Q1 to 30 June	Q2 to 30 September	Q3 to 31 December	Q4 to 31 March
Audit Committee business			
Reviewed income forecast report			No meeting held in this quarter
Reviewed fair valuation of assets report			
Update on tax matters			
Expense analysis report Proposed Changes to Board Reporting Reviewed AGM documentation Reviewed Annual Report and related documentation Received auditor's report Update on FRC Guidance on Risk Management	Evaluate third party service providers FY16 Annual Report Planning Overview from Internal Audit Proposed Changes to Board Reporting Reviewed Risk and Internal Control Report	Approved auditor's 2016 engagement letter Audit Partner Rotation Briefing on Audit Matters Expense analysis report Observations on the 2015 Annual Report Planning Report to the Audit Committee from Deloitte on the 2016 Annual Report Reviewed Anti-Bribery Policy Reviewed auditor's 2015 desktop review Reviewed Half-Yearly report Review of Top Risks Update on Schedule of Reserved Matters	
Nomination Committee business			
Review of Directors' elections and re-elections	No meetings held in this quarter	Succession planning and Non-Executive Director search	Appointment of Trust Associates Committee Updates and Appointments Non-Executive Director Search Succession Planning
Management Engagement Committee business			
AIFM, Administration and Secretarial Fees Discount Control Mechanisms Investment Performance Review of the performance of and the contractual arrangements of the Investment Manager Share Buy backs Shareholder Meetings and Correspondence Tender Possibilities	Investment Manager discussion	No meeting held in this quarter	Review of the performance of the Manager and Investment Manager Investment Review

Directors' Conflicts of Interest

The Companies Act 2006 (the "2006 Act") sets out directors' general duties. Under the 2006 Act, a director must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Company's Articles give the Director's authority to approve such situations.

There are safeguards which apply when Directors decide whether to authorise a conflict or potential conflict. Firstly, only Directors who have no interest in the matter being considered are able to make the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. This register is kept up-to-date and the Directors annually complete an updated conflicts of interest questionnaire disclosing any conflicts or potential conflicts.

Gregory Johnson is not present when the performance of the Manager and Investment Manager are considered.

Indemnification and Insurance

The Company has entered into deeds of indemnity with each of the Directors. These are qualifying third party indemnity provisions and are in force as at the date of this report. This information is disclosed in accordance with Sections 236(2) and 236(3) of the 2006 Act. The Company maintains appropriate insurance cover in respect of legal action against the Directors.

Principal Service Providers

Alternative Investment Fund Manager, Secretarial and Administration Services

Franklin Templeton International Services S.à r.l. ("FTIS") is the Alternative Investment Fund Manager, Secretary and Administrator with the role of investment management delegated to Templeton Asset Management Ltd. ("TAML") and Franklin Templeton Investment Management Limited ("FTIML").

The annual ad valorem fee rate for the services provided by FTIS, including investment management, risk management, secretarial and administration services, is 1.10% of shareholders' funds. The agreement between the Company and FTIS may be terminated by either party, but in certain circumstances the Company may be required to pay compensation to FTIS of an amount up to one year's fee. Compensation is not payable if at least one year's notice of termination is given.

Directors’ Report (continued)

In order to comply with Articles 22 (2) (e) and (22) (f) of the Alternative Investment Fund Managers Directive, details of the Remuneration Policy of the Alternative Investment Fund Manager and amounts attributable to the Company are available to existing shareholders upon request at the registered office of the Company.

The Board considers the arrangements for the provision of investment management services to the Company on an ongoing basis, and a formal review is conducted annually by the Management Engagement Committee, which consists solely of Directors independent of Franklin Templeton. Gregory Johnson is not present when the Manager’s and Investment Manager’s performance is reviewed. When assessing the performance of the Manager and Investment Manager, the Board believes it is appropriate to make this assessment over a medium to long-term timeframe, which is in accordance with the long-term approach taken to investment. In the opinion of the Directors, the continuing appointment of FTIS is in the best interests of the shareholders as a whole.

Auditor

Deloitte LLP audits the Company’s annual Financial Statements.

Custodian

JP Morgan Chase Bank acts as global custodian to the Company and receives a fee for the provision of custody and nominee services to the Company under a custody agreement (which contains provision for the exclusion or limitation of liability as set out in the custody agreement). The custody agreement may be terminated by either party giving the other 90 days’ notice.

Depositary

J.P. Morgan Europe Limited performs the role of depositary for the Company, by carrying out custody and other services, including monitoring cash flows, confirming ownership and ensuring income is properly applied. The depositary agreement may be terminated by either party giving the other 90 days’ notice.

Financial Adviser and Stockbroker

The Company’s corporate stockbroker during the year was Winterflood Securities Limited.

Insurance Brokers

Howden Insurance Brokers provides Directors’ & Officers’ Liability Insurance.

Payroll Administrators

Baker Tilly provides payroll services for the Directors’ remuneration.

Printer

RR Donnelley provides typesetting, printing and mailing services for the Company’s published literature.

Registrars

Equiniti Limited and Computershare Investor Services Limited manage the Company's registers of shareholders on the London Stock Exchange and New Zealand Stock Exchange respectively. Orient Capital Limited provides share register analysis services.

Solicitor

CMS Cameron McKenna LLP provides the Company with professional legal advice.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the shareholders for good governance and this statement describes how the Company applies the principles identified in the UK Corporate Governance Code (2014). It also makes reference to the Company's adherence to the Code of Corporate Governance of the Association of Investment Companies ("AIC").

Compliance with the UK Corporate Governance Code

The Board considers that the Company has complied with the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in September 2014 throughout the year ended 31 March 2016.

The UK Code can be viewed at www.frc.org.uk/our-work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-September-2014.pdf.

The UK Corporate Governance Code published by the Financial Reporting Council in September 2014 applies to accounting periods beginning on or after 1 October 2014, and the Board is reporting against the Code and the AIC Code of Corporate Governance, dated February 2015.

AIC Code of Corporate Governance (the "AIC Code")

The Company is a member of the AIC. The Board considers that the Company adheres to the principles and follows the recommendations of the AIC Code and, where appropriate, it provides explanations why and/or details the steps it intends to take to bring the Company into line in the future. By reporting against the AIC Code and by following the AIC's Corporate Governance Guide for Investment Companies (the "AIC Guide"), the Company is meeting its obligations under the UK Corporate Governance Code and paragraph 9.8.6 of the Listing Rules, and as such the Company is not required to report further on issues contained in the UK Corporate Governance Code which are not relevant to the Company as explained in the AIC Guide.

The AIC Corporate Governance Guide and AIC Code can be found at www.theaic.co.uk/members.

Throughout the year ended 31 March 2016, the Company complied with the provisions of the AIC Guide and AIC Code.

Directors' Report (continued)

The AIC Code is made up of twenty-one principles split into three sections covering:

- The Board
- Board meetings and relations with the Manager
- Shareholder Communications

The Board

AIC Code Principle	Compliance Statement
1. The Chairman should be independent.	The Chairman is non-executive and independent of the Manager and Investment Manager. The Chairman leads and ensures the effectiveness of the Board in all matters relating to the Company, including receiving accurate and timely information. There is a clear separation of roles and responsibilities between the Chairman, the Audit Committee Chairman, the Directors, the Manager and the Company's other third party service providers.
2. A majority of the Board should be independent of the manager.	As at the date of this Annual Report, the Board comprises seven Non-Executive Directors, six of whom are independent from Franklin Templeton, the group of companies associated with the Company's Manager and Investment Manager. Gregory Johnson is Chairman, President and Chief Executive Officer of Franklin Resources, Inc., the parent company of the Manager. He is therefore not an independent Director. There are no Executive Directors on the Board.
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	All Directors retire annually and may offer themselves for re-election at the AGM. The Nomination Committee considers the effectiveness of individual Directors and makes recommendations to the Board in respect of re-elections. The Committee keeps under review the balance of skills, independence, gender, knowledge of the Company, experience and length of service of the Directors.
4. The Board should have a policy on tenure, which is disclosed in the Annual Report.	Each of the Directors has an appointment letter with the Company and such letters are available for inspection at the Company's registered office and at the AGM. The terms of appointment provide that a Director will be subject to re-election at each AGM. A Director may be removed from office following three months' notice. The Board has adopted a formal policy requiring Directors to stand down after nine years from their election other than in exceptional circumstances. The Board has a Nomination Committee which regularly reviews the Board structure, size, gender and composition and makes recommendations to the Board with regard to any adjustment that seems appropriate.
5. There should be full disclosure of information about the Board.	The Directors' biographies are set out on pages 49 to 50 of this report and provide information on the wide range of skills and experience that they bring to the Board. These biographies also detail when the Board member was appointed, the individual remuneration of that Director and any beneficial interest that they may have in the Company. Details of the Board Committees and their composition are detailed on pages 53 and 54 of this Directors' Report. Please note that Gregory Johnson does not participate in the Audit Committee, the Nomination Committee or the Management Engagement Committee.
6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the Company.	The Nomination Committee performs an annual review of the Directors' skills, experience, gender, length of service and knowledge of the Company. The skills, experience and length of service of each Director are detailed on pages 49 to 50 of the report. The selection policy of the Board is to appoint the best qualified person for the job, by considering factors such as diversity of thought, experience and qualification. The Board is satisfied that the current blend of skills and experience prompts informed decision making and does not deem it necessary to alter this mix at present. When the composition of the Board requires review, female candidates will be encouraged to apply and progress in relation to diversity will be actively monitored.

AIC Code Principle	Compliance Statement
7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The Board undertakes an annual evaluation of its own performance and that of its Committees and individual Directors including the Chairman. The Board has also considered the independence of each Director. In 2015, the Board evaluation was carried out by an external facilitator, Trust Associates Limited. The evaluation process was conducted through one-to-one interviews and discussions between Trust Associates Limited and each Director. The experience, balance of skills, diversity and knowledge of the Board was considered as well as Board effectiveness, role, structure and Directors' training requirements. An evaluation of the Chairman by his fellow Directors was facilitated by Trust Associates Limited, who then met with the Chairman to discuss its content. The Management Engagement Committee considered the report from Trust Associates on the performance of the Board. Satisfactory action had been taken in respect of the majority of the matters arising from previous reviews. It was agreed that enhancing the communication with the Investment Manager and Board succession were the priority areas for attention. The Chairman confirms that, following performance evaluation, each Director's performance continues to be effective and they demonstrate commitment to their role. The independent Directors agree that Gregory Johnson, the sole non-independent Director, continues to be a helpful Board member and his continuation on the Board is recommended. The Management Engagement Committee considered the relationship between the Board, the Manager and the Investment Manager, along with the investment performance and risk limits. The Committee noted its disappointment that the Company's NAV had underperformed compared to its benchmark over a number of recent periods. In terms of risk management, the Management Engagement Committee was satisfied that the Company had been managed within agreed risk limits. It was agreed that the annual review of the Company's suppliers would continue to be dealt with at the September Audit Committee meeting and the Manager would be asked to provide commentary on their respective charges and performance. Formal Board performance evaluations will continue to take place at least annually with the appointment of an external facilitator every three years. The next appointment of an external facilitator is due to be made in 2018.
8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.	The Nomination Committee periodically reviews the level of Directors' fees relative to other comparable companies and in the light of the Directors' responsibilities. In doing so, the Committee has access to independent research and advice from external sources. The Board's policy is that the remuneration of Non-Executive Directors should reflect the responsibilities of the Board, the experience of the Board as a whole, and be fair and comparable to that of other investment trusts similar in size, capital structure and investment objective. Details of the Directors' remuneration can be found in the Directors' Remuneration Policy on page 70, the Directors' Remuneration Report on pages 70 to 72 and in Note 2 to the Financial Statements. Directors' interests (including family interests) can be found within the Directors' Remuneration Report on page 72.
9. The independent Directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.	The Nomination Committee, which is entirely comprised of independent Directors, regularly reviews the Board structure, size and composition and makes recommendations to the Board with regard to any adjustments that seem appropriate, to consider the rotation and renewal of the Board, approve the candidate specification for all Board appointments, approve the process by which suitable candidates are identified and short-listed, and to nominate candidates for consideration by the full Board, whose responsibility it is formally to make appointments. Independence is maintained as six of the seven Non-Executive Directors on the Board, as at the date of this Annual Report, are independent of the Manager.

Directors' Report (continued)

AIC Code Principle	Compliance Statement
10. Directors should be offered relevant training and induction.	New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Following appointment, the Chairman reviews and agrees with Directors their training and development needs covering specific company matters as well as industry issues. The Board is supplied, via the Manager, with information to enable the Directors to discharge their duties. The Manager provides the Board with regular updates on regulatory issues and on the latest corporate governance rules and guidelines.
11. The Chairman and the Board should be brought into the process of structuring a new launch at an early stage.	Principle 11 is not applicable to the Company as it applies to the launch of new investment companies.
Board Meetings and the Relationship with the Manager	
12. Boards and managers should operate in a supportive, co-operative and open environment.	The Board meets at least quarterly. Each meeting is attended by representatives from the Manager and Investment Manager. Representatives from the Manager are also in attendance for relevant committee meetings. Open, constructive debate and discussion are encouraged by the Chairman to ensure that the best interests of the Company are maintained.
13. The primary focus at regular Board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/ investor relations, peer group information and industry issues.	The Board has standing agenda items at quarterly scheduled Board meetings and periodic Management Engagement Committee meetings to review the Manager and Investment Manager's performance, risk management and other matters relating to the operations and regulation of the Company. This includes reviewing the investment objectives, strategy, benchmark and performance attribution, risk limits and analysis, contributors and detractors to/from performance, major overweights and underweights relative to benchmark and portfolio information including purchases and sales. The Board also performs a review of share price performance, discount and buy back events against policy, as well as actual and forecasted income and expenses. The Company has, at present, no gearing. In addition, the Directors, on an annual basis, receive a comprehensive risk and control analysis identifying the areas of risk and mitigating controls which are in place. As part of this review, the Directors also ensure that the Company's primary service providers have adopted an appropriate framework of controls, monitoring and reporting to enable the Directors to evaluate these risks. The risk and control analysis is reviewed on a quarterly basis.
14. Boards should give sufficient attention to overall strategy.	The Board sets the overall Company strategy and frequently reviews progress to ensure that its goals and objectives are being met. The Strategic Report on pages 3 to 17 details this further.
15. The Board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self-managed company).	The Board considers the arrangements for the provision of investment management services to the Company on an ongoing basis, and a formal review is conducted annually by the Management Engagement Committee, which consists solely of Directors independent of the Manager. The review considers investment strategy, investment process, performance and risk and is carried out through meetings between the Management Engagement Committee and members of the investment and risk management teams of the Manager and Investment Manager. When assessing the investment management performance, the Board believes it is appropriate to make this assessment over a medium to long-term timeframe which is in accordance with the long-term approach taken to investment. In the opinion of the Directors, the continuing appointment of FTIS with delegation of investment management to TAML and FTIML is in the best interests of the shareholders as a whole. Gregory Johnson is not present when the Manager and Investment Manager's performances are reviewed.

AIC Code Principle	Compliance Statement
16. The Board should agree policies with the Investment Manager covering key operational issues.	Both the Board and the Manager have formalised agreements and have a clear understanding of the operational policies laid out between the two parties. These rules are detailed in a number of ways: within the Management Agreement, within the investment guideline documentation or through other policies such as discount management. The agreement which has been put in place between the Company and FTIS includes an Operating Memorandum which outlines the services to be provided, including details of reports and deliverables to be supplied. The Board is ultimately responsible for ensuring that a sound system of internal controls of the Company is maintained to safeguard shareholders' investment and the Company's assets. The Audit Committee undertakes an annual review of the effectiveness of the Company's system of internal controls, and the Directors believe that an appropriate framework is in place to meet the requirement of ensuring that a sound system of internal controls is in place by the Company. Furthermore, the Board has an on-going process for identifying, evaluating and managing risks to which the Company is exposed including those contained within the performance of the investment management activities. This process is conducted throughout the year and has been conducted up to the date of signing of this report. The Board has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as areas for the extended review and, if relevant, necessary actions have been or are being taken to remedy any failings or weaknesses identified. It has to be understood that systems of internal control, however carefully designed, operated and supervised, can provide only reasonable and not absolute assurance against misstatement or loss. The Company does not have its own internal audit function but places reliance on the internal audit, compliance and other control functions of its service providers, who report to the Board annually and as material matters arise.
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The Board monitors the share price discount to net asset value daily and exercises its right to buy back shares when the Board considers that it is in shareholders' interests to do so. Further details of the Company's policy on buy back of shares can be found on page 52. The matter is reviewed at each quarterly Board meeting with the Directors receiving updates from the Manager and our Financial Adviser and Stockbroker.
18. The Board should monitor and evaluate other service providers.	The Audit Committee considers the performance of the Company's third party service providers at least annually as part of its review of risks and controls including an evaluation of the duration of service, as well as the level and structure of fees. Fees are benchmarked against competitor companies to ensure that they are competitive in nature. Service providers' anti-bribery practices are certified every two years to ensure that they address the provisions of the Bribery Act 2010. The Audit Committee reviews additional detailed reports from the compliance officer of principal service providers concerning the internal processes and financial control systems in operation. Separately, detailed operational risk reports are presented annually by the administrator and the Audit Committee has access to internal and external audit and control reports of the administrator and custodian. Additionally, the Board engages in a periodic detailed review of selected principal service providers such as the custodian.

AIC Code Principle	Compliance Statement
Shareholder Communications	
19. The Board should regularly monitor the shareholder profile of the Company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.	The Board receives quarterly analysis of the substantial shareholders of the Company. The Chairman and representatives of the Investment Manager periodically meet with institutional shareholders and private client asset managers to share views. Furthermore, the members of the Board are available during the year for any significant matters arising and are usually present in person at the AGM. At each AGM of the Company the Investment Manager briefs shareholders on the investment outlook of the Company. In addition, on behalf of the Board, the Investment Manager has periodic meetings with the Company's major shareholders to discuss aspects of the Company's performance. Shareholders may contact the members of the Board via Client Dealer Services at Franklin Templeton using the contact details provided on the inside back cover of this report.
20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	The Board actively leads or participates in discussions on, and approves the content of, all significant external communications. During this process, relevant stakeholders such as the Manager, the Investment Manager, auditor, legal advisers and stockbroker are engaged as and when required.
21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.	The Board aims to keep shareholders informed and up to date with information about the Company. This includes information contained within the Annual and Half-Yearly Report, as well as notices of any significant Company events to registered shareholders. The Company also releases information through the stock exchanges, such as the Daily and Monthly NAV statements and the quarterly Portfolio Update. The Company website (www.temit.co.uk) displays the latest news, price and performance information, portfolio details, quarterly web updates from the Investment Manager and a blog dealing with topical issues in emerging markets. Via the website, shareholders also have the opportunity to have the latest Company information e-mailed directly to them.

Additional Information for New Zealand Shareholders

As a result of a requirement for Overseas Issuers listed on the New Zealand Stock Exchange, the following should be noted by New Zealand shareholders:

(a) The corporate governance rules and principles in TEMIT's home exchange jurisdiction in the United Kingdom may differ from the New Zealand Stock Exchange corporate governance rules and the principles of the Corporate Governance Best Practice Code.

(b) Investors may find more information about the corporate governance and principles of TEMIT's home exchange in the United Kingdom in the above Corporate Governance statement and online at www.frc.org. uk/corporate/ukcgcode.cfm.

(c) The Company relies on the Financial Reporting Act (Dual-listed Issuers) Exemption Notice 2013, issued by the New Zealand Financial Markets Authority, which exempts it from obligations listed in section 18(1) of the New Zealand Financial Reporting Act 1993.

Further information is included below in the section "Accountability and Audit".

Schedule of Reserved Matters

The Board has formally adopted a Schedule of Reserved Matters, which details the matters which the Board has agreed are specifically reserved for their collective decision. These matters include, inter alia, approval of the Half-Yearly and Annual Financial Statements, recommendation of the dividend, approval of any preliminary announcements of the Company, approval of any changes to the Company's investment objective and/or policy, appointment or removal of the Company's Manager or Investment Manager, Board membership and Board committee membership and any major changes to the investment objective, philosophy or policy of the Company, other than any such changes delegated to the Investment Manager under the Investment Management Agreement.

The day to day investment management of the portfolio of the Company is delegated to the Investment Manager, which manages the portfolio in accordance with the investment objectives of the Company as set by the Board.

Environmental, Social, Community, Ethical Issues and Human Rights

As an investment trust, the Company has no significant direct social, community, environmental or employee responsibilities. Its ethical policy is focused on ensuring that its funds are properly managed and invested within the guidelines approved by the Board. The Board receives regular reports on the policies and controls in place.

The Investment Manager invests in companies that it considers to be well managed and subject to appropriate corporate governance. A well-managed company is considered to be one which complies with all the relevant legislation and which meets the environmental, social, community, ethical and human rights requirements of the country in which it operates. It is important to recognise that local laws and requirements of emerging markets do not necessarily equate with those of developed countries.

Environmental, social, governance and human rights issues have become increasingly important to companies worldwide as they seek to balance organisational goals with the expectations of their stakeholders in an increasingly complex operating environment. When companies manage these stakeholder relationships effectively, they are more successful at managing risks and capturing opportunities – placing them in a better position for long-term success.

Recognising the importance of these considerations, the Investment Manager became a signatory to the United Nations Principles for Responsible Investment ("UNPRI") in 2013. Becoming a signatory is a natural extension of the Investment Manager's existing practices to integrate environmental, social and governance ("ESG") considerations within the investment process.

In addition, the Investment Manager has established a dedicated environmental, social and governance team within the Investment Risk division to support and enhance ESG integration within the Investment Manager and provide firm wide support and participation in Responsible Investing Initiatives such as UNPRI. As a demonstration of the Investment Manager's on-going commitment to enhance effectiveness and understanding in implementing the Principles, the Investment Manager has also become a member of

Directors' Report (continued)

the International Corporate Governance Network ("ICGN") and the United Kingdom Sustainable Investment and Finance Association ("UKSIF").

We report on our greenhouse gas emissions within the Strategic Report on page 16.

As a long-term investor, the Investment Manager performs extensive bottom-up investment analysis, employing rigorous and comprehensive processes to assess both the risk and return potential of the investments it considers for the Company. The depth of its research provides comprehensive insights into the many factors that affect the value of an investment, which may include environmental, social, governance and human rights issues. The Investment Manager determines the extent to which various research inputs are included and weighted in its investment decisions.

Institutional Shareholder Voting and Engagement

As an institutional investor, the Company recognises its responsibility that the companies in which it invests should aspire to appropriate levels of corporate governance. As a matter of policy, the Company aims to utilise its votes in shares held in the relevant underlying portfolio companies at the general meetings of these companies.

The Company has engaged with the Investment Manager in relation to its approach to the Stewardship Code ("the Code"). The Company and the Investment Manager generally support the Principles of the Code as outlined below.

On-going monitoring of investee companies and dialogue with management are fundamental to the Investment Manager's investment approach. The strategy on intervention with investee companies is dealt with on a case by case basis and is usually a judgement made by the Investment Manager based on the research done on each investee company for the investment decision making progress. In all cases, the Investment Manager holds regular review meetings with the senior management of investee companies. In exceptional circumstances, the Investment Manager may provide a director to the investee company.

The Investment Manager considers the key objectives are to seek to obtain value for the Company and to comply with its fiduciary duties. The level of engagement with investee companies derives from the fiduciary duties of the Investment Manager to the Company. Thus, for example, in voting shares, the Investment Manager considers what would be in the best interests of the Company. Similarly, there will be many instances in which actions such as a dialogue between the Investment Manager and the management of investee companies, or with other shareholders, may help to maximise shareholder value.

At the same time, there may be instances in which "activism" is not consistent with the Investment Manager's fiduciary duty. For example, in the process of company research and monitoring, a significant problem or risk may be identified, and the Investment Manager may decide it is better simply to sell a position than seek to undertake a lengthy engagement with management. Decisions involving when and how to engage with management or carry out collective engagement are matters of judgement. Consequently, there are no set guidelines adopted on when this should occur.

The Investment Manager has adopted proxy voting policies and procedures which cover voting guidelines, processing and maintenance of proxy records and conflicts of interest.

Summary information on the exercise of proxies is reviewed quarterly by the Board. Voting records for the Company detailing the proxies voted for investee companies are not currently published. The Company considers that there is limited demand for such detailed disclosure and therefore the administrative burden and expense is not justified.

Risk Management Objectives and Policy

The Company invests in equities and other investments for the long-term to achieve its investment objectives, as stated on page 10. This creates potential exposure to the risks as stated on pages 14 to 16. The Company's policy and objectives in relation to such risks is disclosed in Note 12 of the Notes to the Financial Statements.

The risk management process accords with the guidance issued by the Financial Reporting Council.

Further details on the AIFMD risk disclosures can be found on the Company's website.

Internal Control

Details of the Company's system of internal controls can be found on page 75.

Annual General Meeting

Ordinary Business

It is proposed to receive and adopt the Directors' and Auditor's Report and Financial Statements for the year ended 31 March 2016.

It is proposed to approve the Directors' Remuneration Report for the year ended 31 March 2016.

It is proposed to declare an ordinary dividend of 8.25 pence per share, payable on 22 July 2016 to shareholders on the register as at close of business on 17 June 2016.

It is proposed to elect Simon Jeffreys as an independent non-executive director with effect from the conclusion of the AGM on 15 July 2016. He brings experience of the auditing world and financial services, having been a senior audit partner with PricewaterhouseCoopers LLP from 1986 to 2006, where he also led their Global Investment Management practice. Between 2006 and 2014, Simon was Chief Financial Officer and Chief Administrative Officer at Fidelity International and was then Chief Financial Officer and Chief Operating Officer at the Wellcome Trust. He is currently a non-executive director of St James Place PLC, chairman of AON UK Limited, non-executive director and chair of the Audit Committees of Henderson International Income Trust plc and SimCorp, a listed Danish financial services software company. He is also a director of Clerfeyts 241. Simon has a B.Com (Hons) from the University of Cape Town and is a UK FCA, a SA CA and a US CPA.

It is proposed to elect Paul Manduca and re-elect each of the other current Directors with the exception of Neil Collins who will retire from the Board at the conclusion of the AGM.

It is proposed to re-appoint Deloitte LLP as auditor and to authorise the Directors to determine the auditor's remuneration.

Directors' Report (continued)

Special Business

The Special Business to be dealt with at the forthcoming AGM of the Company is:

i) Authority for the Allotment of New Shares

The resolutions to allot shares are set out in resolutions 13 and 14 in the Notice of Annual General Meeting. These resolutions, if passed, will give your Directors power to allot for cash equity securities of the Company up to a maximum aggregate nominal amount of £3,667,923 (being an amount equal to 5% of the issued share capital of the Company as at 2 June 2016) as if Section 561 of the Companies Act 2006 ("the 2006 Act") did not apply (this section requires, when shares are to be allotted for cash, that such new shares first be offered to existing shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights"). The authorities contained in resolutions 13 and 14 will continue until the AGM of the Company in 2017 and your Directors envisage seeking the renewal of this authority in 2017 and in each succeeding year.

Your Directors will not make any allotment of new shares other than in accordance with pre-emption rights at a price less than the net asset value per share.

ii) Authority to Purchase Own Shares

At the AGM of the Company held on 17 July 2015, a Special Resolution was passed authorising the Company to purchase its shares in the market, a maximum of 14.99% of the shares in issue on 17 July 2015 or 47,569,189 shares, whichever is lower, up to the conclusion of the AGM in 2016. The present authority expires at the end of the AGM on 15 July 2016.

The Directors are seeking renewal of the authority to purchase the Company's shares in the market, being a maximum of 14.99% of the shares in issue on 15 July 2016 or 43,985,737 shares, whichever is the lower, at the 2016 AGM. This is set out in resolution 15 of the notice of the AGM. Purchases will only be made for cash at a cost which is below the prevailing net asset value per share. Under the rules of the UK Listing Authority, the maximum price which may be paid is the higher of:

(a) 5% above the average market value of the shares for the five business days before the purchase is made; and

(b) the higher of the last independent trade price and the highest current independent bid price on the London Stock Exchange. The minimum price payable for the shares will be 25 pence per share.

Purchases will be funded either by using available cash resources or by selling investments in the portfolio. The authority to purchase shares will only be exercised if to do so would be in the best interests of shareholders generally and would result in an increase in net asset value per share for the remaining shareholders. Other than in accordance with a dispensation from the UK Listing Authority, no shares will be purchased by the Company during periods when the Company would be prohibited from making such purchases by the rules of the UK Listing Authority.

The Directors envisage seeking the renewal of the relevant authority in 2017 and in each succeeding year.

iii) Notice period for general meetings

At the AGM of the Company held on 17 July 2015, a Special Resolution was passed authorising the Company to call general meetings (other than Annual General Meetings) on 14 days' clear notice, up to the conclusion of the AGM in 2016. The Directors are seeking renewal of the authority to call general meetings (other than Annual General Meetings) on 14 days' clear notice, up to the conclusion of the Annual General Meeting in 2017. This is set out in resolution 15 of the notice of the AGM.

This resolution is required to reflect the implementation of the EU Shareholder Rights Directive which requires that all general meetings must be held on 21 days' notice, unless shareholders agree to a shorter notice period.

The Directors only intend to call a general meeting on less than 21 days' notice where the proposals are time sensitive and the short notice would clearly be an advantage to the shareholders as a whole.

The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

Recommendation

The Directors believe that all the resolutions proposed are in the best interests of the Company and the shareholders as a whole, and recommend all shareholders to vote in favour of all the resolutions.

The results of the votes on the resolutions at the AGM will be published on the Company's website (www.temit.co.uk).

Going Concern

The Company's assets consist of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. Having made suitable enquiries, including considerations of the Company's investment objective, the nature of the portfolio, expenditure forecasts and the principal risks and uncertainties described within the Annual Report, the Directors are satisfied that the Company has adequate resources to continue to operate as a going concern for a period of at least twelve months from the date of approval of the Financial Statements and for the foreseeable future and, as such, a going concern basis is appropriate in preparing the Financial Statements.

By order of the Board

Paul Manduca
8 June 2016

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Section 420-422 of the Companies Act 2006. Following amendments to the Companies Act 2006, effective from 30 September 2013, the Remuneration Report comprises a Directors' Remuneration Policy and a Directors' Remuneration Report. The Directors' Remuneration Policy is subject to a triennial binding shareholder vote and the Directors' Remuneration Report will be subject to an annual shareholder vote, as ordinary resolutions.

The law requires your Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on pages 78 to 81.

All Directors are Non-Executive, appointed under the terms of Letters of Appointment, and none has a service contract. These letters are available for inspection by Shareholders at the Company's registered address. The Directors' Report includes, on page 53, details of the Directors' terms of appointments. The Company has no employees.

Directors' Remuneration Policy

This Policy provides details of the remuneration policy for the Directors of the Company. It was approved at the 2014 AGM and no policy changes are proposed.

The Board's policy is that the remuneration of Non-Executive Directors should reflect the responsibilities of the Board, Directors' time commitments, the experience of the Board as a whole, and be fair and comparable to that of other investment trusts similar in size, capital structure and investment objective. To this end, the Nomination Committee engages independent external advisors to provide a formal review of Directors' remuneration. Any changes to fee levels as a result of this review will remain in place for a period of 3 years. No such advice has been sought during the financial year.

The review process involves an analysis of fees paid to Directors of other companies having similar profiles to that of the Company. This review would be submitted to the Nomination Committee and the Directors fees would be agreed for the next 3 year period subject to approval by the shareholders at the relevant AGM. No such engagement was carried out in the financial year. The shareholders will be asked to approve the Directors' Remuneration Policy at the Company's AGM in 2017.

Directors' and Officers' liability insurance cover is maintained by the Company, at its expense, on behalf of the Directors.

Directors' remuneration is not linked to the performance of the Company and Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in accordance with other investment trusts. The Directors are entitled to reclaim reasonable expenses incurred in order to perform their duties as Non-Executive Directors for the Company. Directors are not entitled to payment for loss of office.

Directors' Remuneration

Component	Director	Annual Fee	Determination
Annual Fee	All Directors	£35,000	Set by the Nomination Committee
Additional Fee	Chairman	£25,000	Set by the Nomination Committee
Additional Fee	Chairman of the Audit Committee	£12,000	Set by the Nomination Committee
Expenses	All Directors	n/a	Reimbursement upon submission of appropriate receipts

Directors' Fees for the Year

The rates of Directors' fees for the financial year to 31 March 2016 are set out below. A non-binding ordinary resolution proposing adoption of the Remuneration Report was put to shareholders at the Company's AGM held on 17 July 2015, and was passed by 99.6% of shareholders voting in favour of the resolution, 0.2% voting against and 0.2% abstaining from voting.

A binding ordinary resolution proposing the approval of the Director's Remuneration Policy was put to the shareholders at the 2014 AGM and passed by 84.3% of shareholders voting in favour of the resolution, 0.2% voting against and 15.5% abstaining from voting.

The Directors who served during the year received the following fees, which represented their total remuneration:

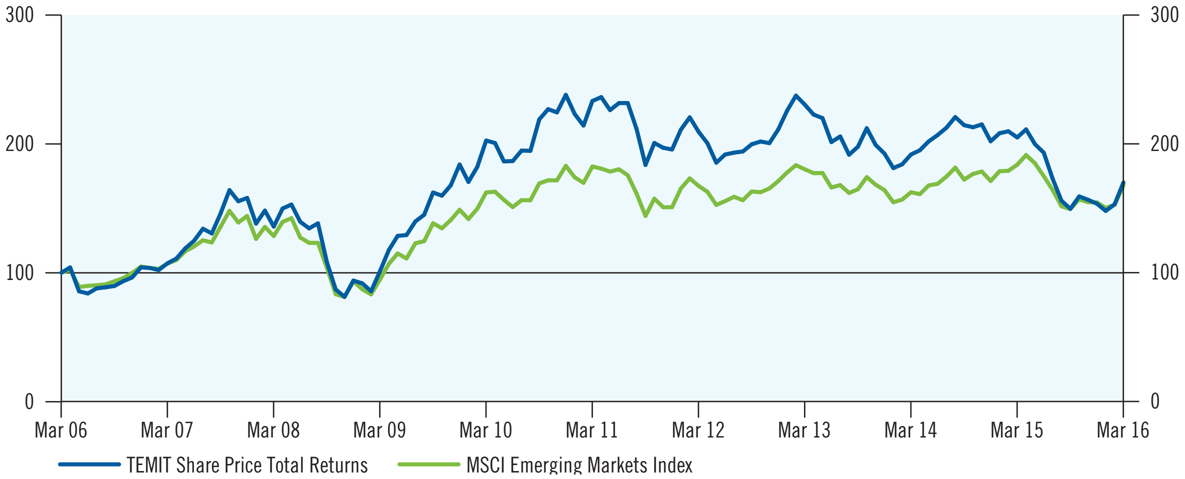
(audited information)	2016 £	2015 £
Peter A Smith[a]	38,500	60,000
Paul Manduca[b]	32,500	–
Peter O Harrison[c]	47,000	47,000
Christopher D Brady	35,000	35,000
Hamish N Buchan	35,000	35,000
Neil A Collins	35,000	35,000
Beatrice Hollond	35,000	35,000
Gregory E Johnson[d]	–	–
Sir Peter Burt[e]	–	10,476

(a) Retired as Chairman of the Board on 20 November 2015.
(b) Joined the Board on 1 August 2015 and became Chairman of the Board on 20 November 2015.
(c) Chairman of the Audit Committee.
(d) Gregory Johnson is compensated in his capacity as Chairman, President and Chief Executive Officer of Franklin Resources, Inc.
(e) Retired from the Board on 18 July 2014.

The Directors did not receive any payments for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The fees paid to the Directors by the Company were for services as Non-Executive Directors.

Performance Graph*

The line graph below details TEMIT's share price total return against TEMIT's benchmark, the MSCI Emerging Markets Index total return.



* Figures rebased to 100 at 31 March 2006.
Source: Franklin Templeton

Directors' Remuneration Report (continued)

Relative Cost of Directors' Fees

The table below shows the proportion of the Company's income spent on Directors' fees compared to the dividends paid out by the Company:

	2016 £'000	2015 £'000	Difference %
Revenue profit for the year	21,804	29,853	(27.0)
Capital profit/(loss) for the year	(384,944)	149,664	–
Dividends	24,208[a]	26,313	(8.0)
Directors' Remuneration[b]	283	282	0.1

[a] Proposed dividend.
[b] Directors' Remuneration comprises Directors' fees of £258,000 and Employer National Insurance Contributions of £25,000 for the financial year 2016 (2015: £257,000 and £25,000 respectively).

Statement of Directors' Shareholdings

The Directors' interests (including any family interests) existing as at 31 March 2016 in the Company's shares are as follows:

(audited information)	31 March 2016	31 March 2015
Hamish N Buchan	15,000	15,000
Neil A Collins	7,000	7,000
Peter O Harrison	4,330	4,330
Beatrice Hollond	6,250	–
Paul Manduca	5,000	n/a
Peter A Smith (retired from the Board on 20 November 2015)	n/a	10,000

The Company has not received notifications of any changes in the above interests as at 2 June 2016.

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 8 June 2016.

Paul Manduca

8 June 2016

Report of the Audit Committee

As Chairman of the Audit Committee, I am pleased to present the Company's report of the Audit Committee to the shareholders. This report contains details of the Audit Committee's roles and responsibilities along with the effectiveness of the external audit process for the year ended 31 March 2016.

During the year, the Audit Committee considered the latest revisions to the UK Corporate Governance Code, including the requirement to include a viability statement in the Annual Report. The statement is set out on pages 16 and 17.

Role and Responsibilities of the Audit Committee

The Company has an Audit Committee, which plays an important role in the appraisal and supervision of key aspects of the Company's business. The Audit Committee's main objectives are to:

- Review and recommend to the Board the Annual and Half-Yearly Financial Statements of the Company;
- Review the appropriateness of the Company's accounting policies;
- Review the quality and content of the Auditor's Report;
- Review and challenge the accounting estimates;
- Review and challenge compliance with appropriate reporting standards and corporate governance requirements;
- Consider whether the Annual Report and Audited Accounts, taken as a whole, are fair, balanced and understandable;
- Monitor and review the effectiveness of the controls and risk management systems on which the Company is reliant;
- Oversee the relationship with the external auditor;
- Review and report on the external auditor's effectiveness and independence and the effectiveness of the audit process;
- Review the effectiveness of the internal audit function of Franklin Templeton; and
- Review other ad hoc items referred to the Audit Committee that have come to the Board's attention.

The Committee meets at least three times a year. Further details of matters covered and attendance at the Audit Committee Meetings are given in the Directors' Report, pages 54 and 56. The Company's external auditor also attends the Committee, at least twice a year, and reports on the quality of the Company's accounting procedures and their findings in relation to the Company's statutory accounts.

The Audit Committee Chairman will attend the Company's AGM and will be prepared to respond to questions which may be raised by shareholders on matters within the Audit Committee's responsibilities.

The terms of reference of the Audit Committee reflect the recommendations of the UK Corporate Governance Code. A copy of the terms of reference of the Audit Committee is available to shareholders on the TEMIT website (www.temit.co.uk) or upon request via Client Dealer Services at Franklin Templeton using the contact details provided on the inside back cover of this report.

Composition of the Audit Committee

The Audit Committee currently comprises Peter Harrison (Chairman), Hamish Buchan, Neil Collins and Beatrice Hollond.

Report of the Audit Committee (continued)

The Board considers that the members of the Audit Committee have sufficient and relevant recent experience in order for it to perform its functions effectively. The Directors' biographies are given on pages 49 to 50 of the Annual Report.

Annual Report and Financial Statements

The primary role of the Audit Committee is to review the appropriateness of the Annual and Half-Yearly Financial Statements with both the Manager and the external auditor.

To assist the Committee with their review, the Committee receives reports and representations from the Manager and the external auditor.

During the year, the Committee considered that the significant issues in relation to the Financial Statements included:

Portfolio Valuation

The Board receives regular portfolio reports, liquidity information and presentations from the Manager and the Investment Manager. The Manager employs global pricing policy procedures consistent with current regulations as disclosed in the accounting policies on page 88.

Other issues considered were:

Misappropriation of Assets

The Company has appointed an independent custodian (JPMorgan Chase Bank) to hold its assets. The Manager reconciles the investment portfolio to the custodian records on a regular basis.

Going Concern

The Committee considers the nature of the portfolio, the investment objective, income and expenditure, the principle risks of the Company and the continuation vote, and assesses whether it is appropriate to prepare Financial Statements on a going concern basis, and makes its recommendations to the Board.

Recognition of Investment Income

The Committee receives quarterly income forecast reports which detail the income received and the estimated income due to be received in the financial year.

Compliance with Section 1158

The Company has been accepted as an approved investment trust by HM Revenue and Customs for accounting periods commencing on or after 1 April 2012, subject to continuing to meet the eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of The Investment Trust (Approved Company) (Tax) Regulations 2011. The Directors are satisfied that the Company intends to direct its affairs to ensure its continued approval as an investment trust.

Conclusion

As a result of the work undertaken, the Committee has concluded that the Annual Report for the year ended 31 March 2016, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 77.

Internal Control

The Company does not have an internal audit function of its own because it has no employees. The Company relies on the internal audit department of Franklin Templeton to report any material failings or weaknesses.

The Board monitors the risk management and system of internal controls on an ongoing basis and the Company also engages Franklin Templeton's internal audit function to carry out a review of specific areas that the Audit Committee deems necessary.

The Audit Committee meets representatives of the Manager and Investment Manager, including their internal auditors, risk manager and their compliance officer, who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Manager and Investment Manager operate. The meeting held with the internal auditors is conducted on a private basis, with no other representation from the Manager or the Investment Manager.

The Committee reviewed the Company risk map. The risk map explained the key risks identified by the Company in detail, assessing the likelihood of the risk materialising and the impact this would have on the Company. It also identified the key operational procedures and oversight by the Manager and the Board.

During the year, the Audit Committee additionally reviewed the following significant items:

Counterparty Credit Oversight

The review considered the risk that the Company's counterparties default on payment or delivery of portfolio and cash transactions. This included a review of the primary and mitigating controls implemented by the Manager and Investment Manager.

Global Custody Review

This annual review evaluated JPMorgan Chase Bank's global custody and sub-custody network.

Key Service Providers

This review assessed the value and quality of services provided to the Company by third parties.

Report of the Audit Committee (continued)

Auditor Assessment and Independence

TEMIT's external auditor, Deloitte LLP, has been the Company's auditor since 27 August 2009. The Audit Committee reviewed the services provided by the auditor. The previous audit tender was conducted within the last ten years, therefore the Company is compliant with the latest corporate governance provisions relating to auditor tenure. In addition, Deloitte rotated the audit partner responsible for the Company audit in 2013. It is expected that an audit tender will be held by 2019 to coincide with the 10 year anniversary of Deloitte's appointment.

To assess the effectiveness of the external audit process, the auditor is asked, on an annual basis, to set out the steps that they have taken to ensure objectivity and independence. The auditor's performance, behaviour and effectiveness during the exercise of its duties are monitored during the year by the Audit Committee. The Committee also receives an annual independent Audit Quality Review from the Financial Reporting Council which monitors audit quality of the major audit firms in the UK.

The Committee also reviewed Deloitte's independence policies and procedures including quality assurance procedures and concluded they were satisfactory.

Performance of any non-audit services must be approved in advance by the Committee and in consideration of the recommendations of the Accounting Practices Board. All costs for non-audit services are considered to be appropriate relative to fees paid for audit services. An engagement letter is issued for all non-audit work and subsequently reviewed by the Committee to ensure that the independence and objectivity of the auditor is safeguarded.

During the year, Deloitte were also engaged to perform a review of the Half-Yearly Report.

The Committee therefore confirms that the non-audit work undertaken by the auditor satisfies and does not compromise the tests of the auditor's independence, objectivity, effectiveness, resources and qualification.

The fees in the year were as follows:

	2016	2015
Audit Services	£29,500	£28,750
Non Audit Services:		
Half-Yearly Review	£4,950	£4,850

TEMIT is able to rely on the Financial Reporting Act (Dual-listed Issuers) Exemption Notice, issued on 27 March 2013 which exempts it from requirements in the New Zealand Financial Reporting Act 1993. This exemption recognises that companies with a primary listing in the United Kingdom prepare Financial Statements and are audited in accordance with UK requirements. This allows TEMIT to be exempted from the New Zealand requirement that firms be audited by a New Zealand unlimited liability entity.

Based on their review, the Committee recommends that Deloitte LLP is re-appointed as the Company's auditor.

Peter Harrison
Audit Committee Chairman
8 June 2016

Statement of Directors' Responsibilities

In Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Details of the Directors and members of the committees are reported on pages 53 and 54.

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

Independent Auditor's Report

to the Members of Templeton Emerging Markets Investment Trust Plc

Opinion on Financial Statements of Templeton Emerging Markets Investment Trust Plc	**In our opinion the Financial Statements:** • **give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the year then ended;** • **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and** • **have been prepared in accordance with the requirements of the Companies Act 2006.** The Financial Statements comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, the Accounting Policies, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.
Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Company	As required by the Listing Rules we have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within accounting policy (a) of the Financial Statements and the Directors' statement on the longer-term viability of the Company contained on pages 16 to 17. We have nothing material to add or draw attention to in relation to: • the Directors' confirmation on page 17 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures on pages 95 to 100 that describe those risks and explain how they are being managed or mitigated; • the Directors' statement in accounting policy (a) of the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements; • the Directors' explanation on page 17 as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.
Independence	We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.
Our assessment of risks of material misstatement	The assessed risks of material misstatement described are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
Valuation and ownership of investments For the year ended 31 March 2016 the investments of the Company £1,482m (2015: £1,941m) make up 95% (2015: 95%) of total net assets £1,562m (2015: £2,045m). Please see Accounting Policy (f) and note 5. Investments listed on recognised exchanges are valued at the closing bid price at the year end. There is a risk that investments may not be valued correctly or may not represent the property of the Company.	We have performed the following procedures to address this risk: • critically assessed the design and implementation of the controls over valuation and ownership of investments; • agreed 100% of the bid prices of quoted investments on the investment ledger at year end to closing bid prices published by an independent pricing source; • agreed 100% of the Company's investment portfolio at the year end to confirmation received directly from the custodian and depositary; and • evaluated a report prepared by the Manager on the design and operation of controls at the custodian.
Revenue recognition, completeness and cut off For the year ended 31 March 2016 income from investments is £44.7m (2015: £58.8m). Please see note 1. The Company invests in Emerging Markets where there is a risk that not all dividend information is captured in a timely manner and, as a result, revenue maybe incomplete or recognised in the incorrect period.	We have performed the following procedures to address this risk: • critically assessed the design and implementation of controls relating to revenue recognition at the Manager; • tested cut off around the balance sheet date by testing post year-end receipts; and • selected a sample of investments, obtained ex dividend dates and rates for dividends declared during the year and agreed the amounts to the income received report and Bank Statement.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 74 to 76.
These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality	We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Company to be £15.6m (2015: £20.4m), which is 1% (2015: 1%) of net assets. Net assets has been chosen as a benchmark as it is considered the most relevant benchmark for investors. We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £312,000 (2015: £409,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.
An overview of the scope of our audit	Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. As part of our audit we evaluated the design and implementation of relevant controls in place at the Manager who prepares the Financial Statements of the Company.

Independent Auditor's Report (continued)

Opinion on other matters prescribed by the Companies Act 2006	In our opinion: • the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and • the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.
Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records	Under the Companies Act 2006 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit; or • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the Financial Statements are not in agreement with the accounting records and returns. We have nothing to report in respect of these matters.
Directors' remuneration	Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.
Corporate Governance Statement	Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.
Our duty to read other information in the Annual Report	Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: • materially inconsistent with the information in the audited Financial Statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of Directors and auditor	As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews. This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.
Scope of the audit of the Financial Statements	An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Andrew Partridge CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
Edinburgh, United Kingdom
8 June 2016

Financial Statements

Income Statement

For the Year Ended 31 March 2016

	Note	Year ended 31 March 2016 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2015 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 on page 95.

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**

Accounting Policies

(a) Basis of preparation

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and where appropriate, International Accounting Standards ("IAS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union. The Financial Statements have also been prepared in accordance with the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in November 2014.

Adoption of new and revised Accounting Standards

The following amendments and new IFRSs were adopted for the year ended 31 March 2016:

- Annual Improvement Cycle 2011-2013;
- Annual Improvement Cycle 2010-2012; and
- Amendments to IAS 27: Separate Financial Statements.

The new standards adopted have not had an effect on the measurement or disclosure of amounts recognised within the Financial Statements of the Company.

At the date of authorisation of these Financial Statements, the following standards and interpretations which have not been applied in these Financial Statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

International Accounting Standards	Effective date for accounting periods beginning on or after
Annual Improvement Cycle 2012-2014	1 January 2016
IAS 1: Disclosure Initiative	1 January 2016
IAS 27: Separate Financial Statements (amendments)	1 January 2016
IFRS 10, IFRS 12 and IAS 28: Investment Entities (amendments)	1 January 2016
IAS 12: Accounting for Uncertainties in Income Taxes	1 January 2017
IFRS 9: Financial Instruments – Classification and Measurement (revised)	1 January 2018
IFRS 15: Revenue from Contracts with Customers	1 January 2018

The Directors do not expect that the adoption of the standards listed above will have a material or any impact on the Financial Statements of the Company in future periods.

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

The Directors consider that the Company has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Therefore a going concern basis has been adopted in preparing the Company's Financial Statements. The going concern statement is set out on page 69.

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

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

(b) Presentation of income statement

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

(c) Revenue

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

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

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

(d) Expenses

Transaction costs arising on the purchase of investments are included in the capital section of the Income Statement. All other operating expenses are accounted for on an accruals basis and are charged through the revenue section of the Income Statement except as follows:

(i) expenses relating to the disposal of an investment are deducted from the sale proceeds. Details of transaction costs on purchases and sales of investments are disclosed in Note 5.

(ii) expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated.

(e) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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

Accounting Policies (continued)

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

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

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

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

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Directors and other key management personnel. Accordingly, upon initial recognition, all of the Company's non-current asset investments are designated as being "at fair value through profit or loss". They are included initially at fair value, which is taken to be their cost excluding expenses incidental to the acquisition.

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

The fair value of financial instruments at the Balance Sheet date is, ordinarily, based on the latest quoted bid price at, or before, the US market close (without deduction for any of the estimated future selling costs), if the instrument is held in active markets. This represents a Level 1 classification under s48A of IAS 39.

In limited circumstances where the Company deems it appropriate (e.g. where significant events have occurred at the Balance Sheet date between the latest quoted bid price in markets which close before the US, and the US market close, resulting in a valuation which is not deemed to be active), the close of market bid price for relevant securities may be adjusted using valuation techniques to achieve a fair value, thus representing a Level 2 type classification. Note 12 provides further details on the classification of assets as at the Balance Sheet date.

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

(g) Foreign currencies

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

(h) Cash and cash equivalents

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

(i) Reserves

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

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

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

Capital Reserve – gains and losses on realisation of investments, changes in fair value of investments which are readily convertible to cash, without accepting adverse terms, realised exchange differences of a capital nature, changes in the fair value of investments that are not readily convertible to cash, without accepting adverse terms, and the amounts by which other assets and liabilities valued at fair value differ from their book value are dealt within this reserve.

Purchases of the Company's own shares for cancellation are also funded from this reserve. The Company's Articles of Association preclude it from making any distribution of capital profits.

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

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

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**

Notes to the Financial Statements (continued)

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 Allotted, issued & fully paid		2015 Allotted, issued & fully paid	
	£'000	Number	£'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 2016 pence	2015 pence	Net asset value Attributable 2016 £'000	2015 £'000
Shares	524.2	641.2	1,562,265	2,045,031

10 Dividend

	2016 Rate (pence)	2016 £'000	2015 Rate (pence)	2015 £'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 on page 10 of 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.

Notes to the Financial Statements (continued)

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	
Financial Assets and Liabilities	Revenue Return £'000	Capital Return £'000	Revenue Return £'000	Capital Return £'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

Notes to the Financial Statements (continued)

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).

Notes to the Financial Statements (continued)

Valuation hierarchy fair value through profit and loss

£000	31 March 2016 Level 1	Level 2	Level 3	Total	31 March 2015 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:

	31 March 2016		31 March 2015	
Name	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.

Investor Information

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Templeton Emerging Markets Investment Trust Public Limited Company (the "Company") will be held at Stationers' Hall, Ave Maria Lane, London EC4M 7DD on 15 July 2016 at 12 noon to transact the following business:

To consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 12 will be proposed as ordinary resolutions and resolutions 13 to 16 will be proposed as special resolutions.

Ordinary Business:

1. To receive and adopt the Directors' and Auditor's Reports and financial statements for the year ended 31 March 2016.
2. To approve the Directors' Remuneration Report for the year ended 31 March 2016.
3. To declare a dividend of 8.25 pence per share for the year ended 31 March 2016.
4. To elect Paul Manduca as a Director.
5. To re-elect Christopher D Brady as a Director.
6. To re-elect Hamish N Buchan as a Director.
7. To re-elect Peter O Harrison as a Director.
8. To re-elect Beatrice Hollond as a Director.
9. To elect Simon Jeffreys as a Director.
10. To re-elect Gregory E Johnson as a Director.
11. To re-appoint Deloitte LLP as auditor of the Company, to act until the conclusion of the next general meeting of the Company at which audited accounts are laid before the members.
12. To authorise the Directors to determine the auditor's remuneration.

Special Business

13. That, in substitution for any existing authority, the Directors be generally and unconditionally authorised to allot equity securities (as defined in Section 560 of the Companies Act 2006 (the "Act")) pursuant to Section 551 of the Act, up to an aggregate nominal amount of £3,667,923 (being an amount equal to 5% of the existing issued share capital of the Company as at 2 June 2016, being the latest practicable date before the date of this notice), provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Annual General Meeting of the Company to be held in 2017 save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
14. That, in substitution for any existing authority, subject to the passing of resolution 13, the Directors be given the general power to allot equity securities (as defined by Section 560 of the Act) for cash pursuant to the authority conferred by resolution 13, as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £3,667,923(being an amount equal to 5% of the existing issued share capital of the Company as at 2 June 2016, being the latest practicable date before the date of this notice). The power granted by this

Notice of Meeting (continued)

resolution will expire on conclusion of the Annual General Meeting of the Company to be held in 2017 (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

15. That, in substitution for any existing authority, the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of shares of 25 pence each in the capital of the Company ("shares") provided that:
    (i) the maximum number of shares hereby authorised to be purchased shall not exceed 14.99 per cent of the shares in issue on 15 July 2016, or 43,985,737 shares, whichever is lower;
    (ii) the minimum price which may be paid for a share shall be 25 pence;
    (iii) the maximum price which may be paid for a share shall not be more than the higher of: a) an amount equal to 105 per cent of the average of the closing mid-market price of shares (as derived from the daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and b) the higher of the last independent trade price and the highest current independent bid price on the London State Exchange; and
    (iv) unless renewed, the authority hereby conferred shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2017, save that the Company may, and prior to such expiry, enter into a contract to purchase shares which will or may be completed wholly or partly after such expiry.
16. That a General Meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

By Order of the Board
Paul Manduca

8 June 2016

Please ensure that you read the notes to this Notice on pages 103 and 104.

Notes:

1. THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent financial adviser authorised under the Financial Services and Markets Act 2000.
2. If you have sold or transferred all of your shares in Templeton Emerging Markets Investment Trust Public Limited Company, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.
3. The Company specifies that only those members registered on the Company's register of members at 6.00pm on 13 July 2016 shall be entitled to attend and vote at the Annual General Meeting (the "Meeting").
4. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies to attend, to speak and vote thereat instead of him. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting in person.
5. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares.
   A member may not appoint more than one proxy to exercise rights attached to one share. Please contact the Company's registrar Equiniti, at Aspect House, Lancing, West Sussex BN99 6DA to appoint more than one proxy.
6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
7. A proxy form is enclosed. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
8. A proxy form must be returned to the Company's registrar, Equiniti, Aspect House, Lancing, West Sussex BN99 6DA to arrive not later than 12 noon on 13 July 2016. New Zealand registered shareholders must return a proxy form to Computershare, Private Bag 92119, Auckland 1142, New Zealand to arrive not later than 4.00pm on 12 July 2016 (New Zealand time).
9. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
10. As at 2 June 2016, the Company's issued share capital was 293,433,869 shares of 25 pence each. Each share carries the right to vote at an Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 2 June 2016 is 293,433,869.
11. Copies of the letters of appointment of the Directors of the Company are available for inspection at the Company's registered office at 5 Morrison Street, Edinburgh, EH3 8BH, and at the Meeting (for 15 minutes prior to the Meeting and during the Meeting).
12. Electronic proxy appointment for CREST members (for UK only). CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
    In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by the issuer's agent (RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Notice of Meeting (continued)

13. Electronic proxy appointment for non-CREST members (for UK only). Shareholders who prefer to register the appointment of their proxy electronically via the Internet can do so through the Equiniti website at www.sharevote.co.uk where full instructions on the procedure are given. The personal Voting ID, Task ID and Shareholder Reference Number printed in the voting pack will be required to use this electronic proxy appointment system.
    Alternatively, shareholders who have already registered with Equiniti's on-line portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk and clicking on the link to vote. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 12 noon on 13 July 2016. Please note that any electronic communication found to contain a computer virus will not be accepted.
14. Electronic proxy appointment for New Zealand registered shareholders. New Zealand registered investors who prefer to register the appointment of their proxy electronically via the Internet can do so through the Computershare website at www.investorvote.co.nz, and enter the Control Number 108567, where full instructions on the procedure are given. Your CSN (Common Shareholder Number) and postal code will be required to use this electronic proxy appointment system. A proxy appointment made electronically will not be valid if sent to any address other than that provided or if received after 4.00pm (New Zealand time) on 12 July 2016. Please note that any electronic communication found to contain a computer virus will not be accepted. New Zealand registered investors cannot appoint more than one proxy when registering the appointment of their proxy electronically.
15. A member of the Company may make a request in accordance with Section 527 of the Companies Act 2006 to have a statement published on the Company's website setting out an audit concern.
    This allows a member or members having a right to vote at the Meeting and holding at least 5% of total voting rights of the Company, or at least 100 members having a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital, to make a request so that the Company must publish on its website a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting. Where the Company is required to publish such a statement on its website: (i) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request; (ii) it must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website; and (iii) the statement may be dealt with as part of the business of the Meeting.
    A member wishing to request publication of such a statement on the Company's website must send the request to the Company in hard copy form to the Company Secretary or by email to enquiries@franklintempleton.co.uk. The request must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported and be received by the Company at least one week before the Meeting. Please note that any electronic communication found to contain a computer virus will not be accepted.
16. Pursuant to Section 319A of the Companies Act 2006, the Company must provide an answer to any question which is put by a member attending the Meeting relating to the business being considered, except if a response would not be in the interest of the Company or for the good order of the meeting or if to do so would involve the disclosure of confidential information. The Company may however elect to provide an answer to a question, within a reasonable period of days after the conclusion of the Meeting.
17. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website, www.temit.co.uk.
18. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

Key Dates

The Company's twenty-seventh Annual General Meeting will be held on Friday 15 July 2016. Notice of this meeting is given on pages 101 to 104.

Significant events in the Company's year are expected normally to occur as follows:

July 2016

Annual General Meeting held. Dividend paid.

November 2016

Half-Yearly results announced.

Half-Yearly Report for the period to 30 September 2016 published.

Investor Communications

The Board and Manager aim to keep shareholders informed and release the following information onto the Company's website:

Daily

- daily net asset value

Monthly

- factsheet
- monthly commentary

Ad hoc

- emerging market updates

General Information

BOARD OF DIRECTORS

Paul Manduca* (Chairman) (appointed 1 August 2015)
Peter A Smith* (retired 20 November 2015)
Christopher D Brady*
Hamish N Buchan*
Neil Collins*
Peter O Harrison*
Beatrice Hollond*
Gregory E Johnson
*Independent non-executive

REGISTERED OFFICE

5 Morrison Street
EDINBURGH
EH3 8BH
UK
(Registered No. SC118022)

MANAGER AND COMPANY SECRETARY

Franklin Templeton International Services S.à r.l.
8a rue Albert Borschette
L-1246
LUXEMBOURG

FINANCIAL ADVISER AND STOCKBROKER

Winterflood Securities Limited
The Atrium Building
Cannon Bridge House
25 Dowgate Hill
LONDON
EC4R 2GA
UK

SOLICITOR

CMS Cameron McKenna LLP
Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2EN
UK

AUDITOR

Deloitte LLP
Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2DB
UK

GLOBAL CUSTODIAN

JPMorgan Chase Bank
25 Bank Street
LONDON
E14 5JP
UK

DEPOSITARY

J.P. Morgan Europe Limited
25 Bank Street
LONDON
E14 5JP
UK

REGISTRAR – UK

Equiniti Limited
Aspect House
Spencer Road
Lancing
WEST SUSSEX
BN99 6DA
UK

REGISTRAR – NEW ZEALAND

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
AUCKLAND 0622
NEW ZEALAND

Shareholder Information

Contact Details

Franklin Templeton Investments

Client Dealer Services

P.O. Box 24064
Edinburgh
EH3 1EX
Freephone 0800 305 306
Phone +44 (0) 20 7079 8690
Fax +44 (0) 02 7073 8701
Email: enquiries@franklintempleton.co.uk
Website: www.temit.co.uk
www.franklintempleton.co.uk

Principal Registrar
www.equiniti.com

Shareholders' Helpdesk
Phone 0371 384 2505

Lines open 8.30am to 5.30pm,
Monday to Friday.

Overseas Shareholders' Helpdesk
Phone +44 121 415 7047

Computershare Investor Services Limited
Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz
Website: www.investorcentre.com/nz

How to Invest

There are two ways of purchasing shares in TEMIT:

1. Through the Equiniti Investment Account or other investment platform:
   – invest a regular monthly or quarterly amount – minimum £50 monthly or £150 quarterly.
   – make occasional lump sum investments – no minimum applicable
2. Directly in the stock market through a stockbroker.

For more information contact your financial adviser or call us free on 0800 305 306. Alternatively, you can visit the website at: www.temit.co.uk

Other Sources of Information
Please consult the Financial Times for further pricing information on TEMIT or the Company's website (www.temit.co.uk).

Stock Exchange Codes and Net Asset Value Publication
The Stock Exchange Code for TEMIT's listed securities is TEM. The Net Asset Value per share is published in the Financial Times.

Frequency of Net Asset Value Publication
The NAV is released every business day through the London and New Zealand Stock Exchanges.

Notes

FRANKLIN TEMPLETON
INVESTMENTS

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