Templeton Emerging Markets Investment Trust

Your future is **emerging**

FRANKLIN TEMPLETON

# Templeton Emerging Markets Investment Trust plc

## Half Yearly Report to 30 September 2023

# Contents

# Company Overview

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

TEMIT has a diversified portfolio of around 80 high quality companies, actively selected for their long-term growth potential and sustainable earnings, and with due regard to Environmental, Social and Governance ("ESG") attributes. TEMIT's research-driven investment approach and strong long-term performance has helped it to grow to be the largest emerging markets investment trust in the UK, with net assets of £1.9 billion as at 30 September 2023. From its launch to 30 September 2023, TEMIT's net asset value ("NAV") total return was +3,832.7% compared to the benchmark total return of +1,698.1%.

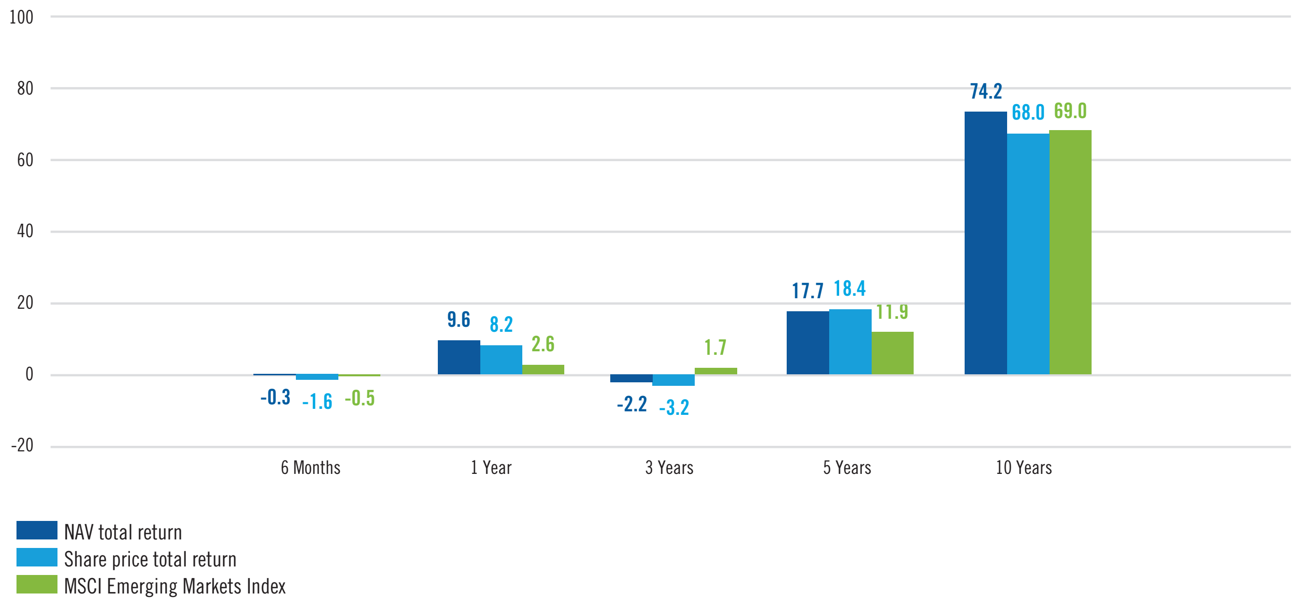
The Company is governed by a Board of Directors who are committed to ensuring that shareholders' best interests, considering the wider community of stakeholders, are at the forefront of all decisions. Under the guidance of the Chairman, the Board of Directors is responsible for the overall strategy of the Company and monitoring its performance.

## TEMIT at a glance

### For the six months to 30 September 2023

| Net asset value total return (cum-income)[a] | Share price total return[a] | MSCI Emerging Markets Index total return[a][b] | Interim dividend for the financial year 2024 |
|---|---|---|---|
| -0.3% | -1.6% | -0.5% | 2.00p |
| (2022: -8.3%) | (2022: -8.5%) | (2022: -7.4%) | (Interim dividend for the financial year 2023: 2.00p) |

## Cumulative total return to 30 September 2023 (%)[a]




[a] A glossary of alternative performance measures is included on pages 36 and 37.

[b] Source: MSCI. The Company's benchmark is the MSCI Emerging Markets Index, with net dividends reinvested.

# Chairman's Statement

## Market overview and investment performance

Over the six months to 30 September 2023, TEMIT produced a small negative total return of -0.3%[a] which was marginally better than the benchmark index's return of -0.5%[a]. In aggregate, emerging markets as measured by the index have been less volatile than they were in our last financial year but have not shown any meaningful progress, moving ahead for short periods only to fall back again, particularly towards the end of the six-month period.

## Revenue and dividend

Net revenue earnings for the six months to 30 September 2023 amounted to 3.34 pence per share. It is too early to predict earnings for the full financial year but, noting that TEMIT usually earns the majority of its revenue in the first six months of its financial year, an unchanged interim dividend of 2.00 pence per share will be paid on 26 January 2024.

## Share rating

The Board continues to encourage and support our managers in their active programme of promoting TEMIT's shares to existing and potential investors via a variety of traditional and online channels. We have long held the view that marketing and promotion is an area to which a company should commit over the long term. The Board was therefore very pleased to be the inaugural recipient of the AIC's Consistent Communications Award. The award panel recognised that TEMIT "has delivered a comprehensive strategy including advertising, PR and social media to win over current and potential shareholders."

The discount remained under pressure during the period under review and we were regularly active in buying back shares. A total of 23.9 million shares were bought back at an average discount of 13.9%. This increased the NAV per share by 0.3% for continuing shareholders.

## The Board

We recently announced that Angus Macpherson had joined the Board as a non-executive Director of the Company, with effect from 6 October 2023. Angus is chief executive of Noble and Company (UK) Limited, an independent boutique Scottish corporate finance business. He was based in Singapore and Hong Kong between 1995 and 2004, latterly as head of capital markets and financing for Merrill Lynch in Asia. He is currently Chairman of Pacific Horizon Investment Trust, Henderson Diversified Income and a director of Schroder Japan Trust and Hampden & Co. As a consequence of his appointment he intends to step down from the Chair of Pacific Horizon as soon as a suitable successor can be appointed.

The Board's intention is that Angus will take on the role of Chairman of the Company on 1 January 2024. In the meantime, I will work closely with him to ensure an effective handover of the role. As this will be my last formal report, I would like to thank shareholders for their support and particularly those shareholders who I have spoken to for their invaluable insights. I would also like to thank the team at Franklin Templeton and all of the suppliers to TEMIT for their considerable efforts over the last eight and a half years.

[a] A glossary of alternative performance measures is included on pages 36 and 37.

# Chairman’s Statement (continued)

## Annual General Meeting

The Board was pleased to welcome shareholders to the AGM in July. All resolutions at the AGM were duly carried by a large majority and I would like to thank shareholders for their continuing support. I recognise that some shareholders are unable to attend meetings in person and if you have any questions, please send these by email to temitcosec@franklintempleton.com or via www.temit.co.uk./investor/contact-us.

## Continuation vote and the Conditional Tender Offer

At next year’s AGM, TEMIT will hold its five yearly continuation vote. The 31 March 2024 financial year-end will also be the end of the five-year measurement period for our Conditional Tender Offer, under which the Board has undertaken to arrange a tender offer for up to 25% of the Company’s shares if the NAV total return underperforms that of the benchmark index over the five-year period. For the four years and six months to the end of September, the NAV total return was +14.0%, some 4.2 percentage points higher than that of the comparator benchmark.

## Outlook

The geopolitical and macroeconomic outlook remains difficult and investors are clearly facing a number of headwinds. Managing investments for the long term relies on an ability to see beyond the issues posed by wars in Ukraine and Gaza, along with high inflation, and to focus on the long-term trends. Notwithstanding the immediate challenges, with their extensive resources on the ground and around the world, our managers are well equipped to deal with this environment as they continue to focus on some of the world’s most interesting and dynamic companies.

The prospects for emerging markets remain compelling, with relatively high levels of economic growth, young populations and increasing wealth. As I step down from the Board I look to the future with optimism and I know that I leave the Company in very capable hands.

**Paul Manduca**
**Chairman**
7 December 2023

# Interim Management Report

## Principal risks

The Company invests predominantly in the stock markets of emerging markets. The principal categories of risks facing the Company, determined by the Board and described in detail in the Strategic Report within the Annual Report and Audited Accounts, are:

- Market;
- Geopolitical;
- Technology;
- Portfolio concentration;
- Sustainability and climate change;
- Foreign currency;
- Discount;
- Operational and custody;
- Key personnel; and
- Regulatory.

The Board has provided the Investment Manager with guidelines and limits for the management of principal risks. The Board and Investment Manager are aware that the economic challenges continue to be the key issue affecting investment markets around the world, as well as the tensions between the United States and China over trade and the Taiwan Strait. The ongoing Israel-Hamas conflict also adds to existing geopolitical uncertainties, as do the continuing ramifications of the Russian invasion of Ukraine. While pandemic risk is no longer considered a top risk the Board remains mindful of the possibility of a future pandemic and its potential impacts on the Company. There have been no further changes to the principal and emerging risks reported in the Annual Report and, in the Board's view, these risks are equally applicable to the remaining six months of the financial year as they were to the six months under review.

## Related party transactions

There were no transactions with related parties during the period other than the fees paid to the Directors and the AIFM.

## 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 consideration of the Company's objective, the nature of the portfolio, net current assets, expenditure forecasts, the principal and emerging risks and uncertainties described within the Annual Report, the Directors are satisfied that, assuming that there will be a successful continuation vote at the 2024 AGM, the Company has adequate resources to continue to operate as a going concern for the period to 31 March 2025, which is at least 12 months from the date of approval of these Financial Statements, and are satisfied that the going concern basis is appropriate in preparing the Financial Statements.

## Statement of Directors' Responsibilities

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

Each of the Directors, who are listed on page 34, confirms that to the best of their knowledge:

(a) the condensed set of Financial Statements, for the period ended 30 September 2023, have been prepared in accordance with the UK adopted International Accounting Standard (IAS) 34 "Interim Financial Reporting"; and

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

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

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

The Half Yearly Report was approved by the Board on 7 December 2023 and the above Statement of Directors' Responsibilities was signed on its behalf by

**Paul Manduca**
**Chairman**
7 December 2023

# Investment Manager's Report

## Review of performance

Emerging markets declined over the six months under review. The period started positively, expectations of a turnaround for the technology sector and signs of receding inflation in several countries were optimistic developments, but this was somewhat affected by China's slow demand recovery and uncertainty over US interest rates. A risk-off environment sparked by the US Federal Reserve's forecast of higher-for-longer interest rate policy through 2024 affected market sentiment towards the end of the period. The MSCI Emerging Markets Index returned -0.5% in the 6-month period under review, whilst TEMIT delivered a net asset value total return of -0.3% (all figures are total return measured in sterling). Full details of TEMIT's performance can be found on page 1.

By region, Latin America saw an improvement in its general macroeconomic environment. Equities in the EMEA region also rose. Volatility in energy prices drove a mixed result for Middle Eastern equities, which were also weighed down by a higher-for-longer interest rate environment in the US. Emerging Asia declined. Stocks in China were amongst detractors as a slower-than-expected recovery weighed. The technology-heavy countries of South Korea and Taiwan grappled with slumping exports due to a slower recovery of the semiconductor industry than investors had expected. However, an improving long-term outlook for semiconductor stocks helped to limit losses for both countries. India logged gains on improving macroeconomic indicators and robust corporate earnings.

**China** was TEMIT's largest market exposure, although the portfolio remained underweight relative to the benchmark. Chinese equities fell by more than 10% in sterling terms over the six-month period. Concerns about the country's slow consumption recovery and geopolitical tensions between China and the West impacted investor sentiment. Its property sector woes, plagued by liquidity worries and lack of demand, also continued into the reporting period, with the weakness spreading to consumption-related stocks over worries about the impact of weak property prices on consumer sentiment. These overshadowed early signals of China's recovery from the release of better-than-expected inflationary, credit and manufacturing data after some stimulus packages. We do still see some upside in China; in particular the internet sector, to which the portfolio has sizeable exposure, has adjusted to the new operating environment as China eased its regulatory crackdown on the sector.

TEMIT's second-largest market position was in **South Korea**, where the portfolio was overweight versus the benchmark. South Korean equities declined by more than 1% during the reporting period, as the technology-heavy market continued to struggle throughout the year on weakening demand for technology products, including consumer electronics. However, an improving outlook for semiconductor stocks, partially from increasing interest and ensuing optimism around artificial intelligence ("AI") limited losses. South Korea is less exposed to geopolitical risks as compared to China, and the country is home to several companies which are expected to benefit from the secular trends of digitalisation and decarbonisation, such as technology-related companies, and firms in the value chain of electric vehicle ("EV") production.

The **Taiwanese** market also fell marginally, ending the reporting period with a loss of more than 1%. The technology-heavy and export-oriented country experienced a lower demand for its technology exports, which we view to be a cyclical occurrence, but a demand uplift from AI benefitted Taiwanese equities. TEMIT's allocation is slightly lower than the benchmark, with the portfolio's exposure to the country largely attributable to the island's semiconductor industry and TEMIT's largest portfolio holding which is Taiwan Semiconductor Manufacturing Company ("TSMC"). Besides being an essential component of electronic devices used in various industries spanning health care, military systems and clean energy, the emergence of AI will drive further demand for TSMC's advanced chips. We maintain a positive long-term view on Taiwan's semiconductor industry.

**India** was TEMIT's fourth largest exposure at the end of September 2023. Indian equities rose by 17% over the six-month period, benefitting from a moderating inflationary environment, improving macroeconomic indicators and strong corporate earnings. India has two growth drivers: strong domestic consumption and infrastructure investments. Whilst higher energy prices remain a risk to India's near-term outlook, the diversification of its power sources should eventually ease pressure from imported energy and inflation in the long term. We also believe that there are still pockets of reasonable and compelling valuations, and there is still room for Indian equities to post further gains based on improving earnings.

Equities in **Brazil** experienced some volatility in the beginning of the period, but recovered strongly and ended the reporting period with double-digit gains. Brazilian equities reacted favourably to improvements in its macroeconomic environment, inflation reached a new 12-month low whilst a stronger-than-expected GDP gave rise to an upward forecast of its full-year GDP. The approval of its new fiscal framework and the subsequent commencement of its rate-easing cycle overcame some negativity from concerns on changes to its taxation regulations, which could potentially impact corporate earnings.

## Investment strategy, portfolio changes and performance attribution

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

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

We continue to utilise our research-based, active approach to help us to find companies which have high standards of corporate governance, respect their shareholder base, and understand the local intricacies that may determine consumer trends and habits. Utilising our large team of analysts, we aim to maintain close contact with the board and senior management of existing and potential investments and believe in engaging constructively with our investee companies.

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

Our well-resourced, locally based teams remain a key competitive advantage and it has certainly been helpful being on the ground in the benchmark heavyweights of China and India. This local presence allows us to understand business models, competitive dynamics, and supply chain issues. We have also managed to get insights into regulatory conversations and management capabilities which are factored into our analysis. We view our locally based teams, which are armed with vast knowledge of a country's macroeconomic issues and views on-the-ground, as vital sources of input into the investment process.

In the portfolio, we remain positioned in long-term themes including consumption premiumisation, digitalisation, health care and technology. We focus on companies reflecting our philosophy of owning good quality businesses, with long-term repeatable earnings power and share prices at a discount to intrinsic worth. We see high levels of leverage as a risk and continue to avoid companies with weak balance sheets. We continue to embed governance and sustainability factors into our fundamental bottom-up research and remain active owners across our holdings. This involves integrating Environmental, Social and Governance ("ESG") factors into our stock thesis, engaging with investee companies on material ESG issues and actively voting on behalf of our investors.

# Investment Manager's Report (continued)

## Performance attribution analysis %

| Six months to 30 September | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Net asset value total return[a] | (0.3) | (8.3) | (7.5) | 31.3 | 6.3 |
| Expenses incurred[b] | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Gross total return[a] | 0.2 | (7.8) | (7.0) | 31.8 | 6.8 |
| Benchmark total return[a] | (0.5) | (7.4) | (1.0) | 24.4 | 2.2 |
| **Excess return[a]** | **0.7** | **(0.4)** | **(6.0)** | **7.4** | **4.6** |
| Stock selection | 0.1 | 2.9 | (4.3) | 2.5 | 2.6 |
| Sector allocation | 0.4 | (2.2) | (1.4) | 4.0 | 1.6 |
| Currency | (0.1) | (1.1) | (0.5) | 0.5 | 0.4 |
| Share buyback impact | 0.3 | 0.1 | 0.0 | 0.3 | 0.2 |
| Residual return[a] | 0.0 | (0.1) | 0.2 | 0.1 | (0.2) |
| **Total contribution** | **0.7** | **(0.4)** | **(6.0)** | **7.4** | **4.6** |

Source: FactSet and Franklin Templeton.

(a) A glossary of alternative performance measures is included on pages 36 and 37.

(b) Represents expenses incurred for the six months to 30 September 2023. Details of the annualised ongoing charges ratio are included in the glossary of alternative performance measures on pages 36 and 37.

## Top 10 contributors to relative performance by security (%)[a]

| Top contributors | Country | Sector | Share price total return | Contribution to portfolio relative to MSCI Emerging Markets Index |
|---|---|---|---|---|
| Petroleo Brasileiro | Brazil | Energy | 86.2 | 1.1 |
| POSCO[b] | South Korea | Materials | 66.5 | 0.6 |
| Brilliance China Automotive[c] | China/Hong Kong | Consumer Discretionary | 50.3 | 0.5 |
| Zomato | India | Consumer Discretionary | 99.1 | 0.5 |
| ICICI Bank | India | Financials | 9.5 | 0.5 |
| Yandex[b][c] | Russia | Communication Services | — | 0.4 |
| Itaú Unibanco | Brazil | Financials | 13.5 | 0.2 |
| One 97 Communications[c] | India | Financials | 34.8 | 0.2 |
| Samsung Life Insurance | South Korea | Financials | 9.4 | 0.2 |
| Cognizant Technology Solutions[c][d] | United States | Information Technology | 13.4 | 0.2 |

(a) For the period 31 March 2023 to 30 September 2023.

(b) Security not held by TEMIT as at 30 September 2023.

(c) Security not included in the MSCI Emerging Markets Index as at 30 September 2023.

(d) This security, listed on a stock exchange in a developed market, has significant exposure to operations from emerging markets.

Finishing higher over the six-month period were shares of **Petroleo Brasileiro ("Petrobras"),** a Brazilian energy company engaged in the exploration, production, and distribution of oil and gas which was a strong contributor. Its share price remained resilient throughout the period. The company announced a new shareholder return policy and raised gasoline and diesel prices, which alleviated some concerns regarding capital allocation and pricing policy. An increase in oil prices towards the end of the quarter also supported its share price.

**POSCO,** a South Korea-based steel product manufacturer with a diversified line of steel products (including cold and hot rolled products) was also a strong contributor. Its shares rallied in the later part of the period on optimism around its battery materials business, where the company has materially raised its longer-term targets. Whilst POSCO is one of the most efficient and cost competitive steel makers globally, we observed that POSCO's strong stock performance rose to a level above our assessment of its intrinsic value and therefore sold our remaining holding in the period.

**Brilliance China Automotive** is a Chinese automotive manufacturer noted for its association with German luxury car maker BMW. The company announced a special dividend in the second quarter of 2023, which was a key driver of returns.

## Top 10 detractors to relative performance by security (%)[(a)]

| Top detractors | Country | Sector | Share price total return | Contribution to portfolio relative to MSCI Emerging Markets Index |
|---|---|---|---|---|
| Guangzhou Tinci Materials Technology | China/Hong Kong | Materials | (37.9) | (0.8) |
| Prosus[(b)] | China/Hong Kong | Consumer Discretionary | (16.6) | (0.5) |
| Alibaba | China/Hong Kong | Consumer Discretionary | (13.6) | (0.4) |
| Samsung SDI | South Korea | Information Technology | (32.0) | (0.4) |
| Daqo New Energy | China/Hong Kong | Information Technology | (34.7) | (0.3) |
| China Resources Cement | China/Hong Kong | Materials | (45.9) | (0.3) |
| Genpact[(b)(c)] | United States | Industrials | (20.2) | (0.3) |
| Uni-President China | China/Hong Kong | Consumer Staples | (25.7) | (0.3) |
| TSMC | Taiwan | Information Technology | (5.1) | (0.2) |
| Quanta Computer[(d)] | Taiwan | Information Technology | 175.7 | (0.2) |

(a) For the period 31 March 2023 to 30 September 2023.

(b) Security not included in the MSCI Emerging Markets Index as at 30 September 2023.

(c) This security, listed on a stock exchange in a developed market, has significant exposure to operations from emerging markets.

(d) Security not held by TEMIT as at 30 September 2023.

**Guangzhou Tinci Materials Technology** is a China-based producer of electrolytes for EV batteries. Slower growth in EV demand as well as higher competition driven by an increase in industry capacity for electrolytes and declining lithium prices have impacted the company's near-term performance. We remain positive about the company's prospects as the robust demand for batteries needed for EVs and energy storage—two of the fastest growing parts of the global economy—should allow it to deliver strong earnings over the medium term. The company is vertically integrated, and we believe it is cost competitive.

An off-benchmark holding in **Prosus**, a leading global investment company and the largest shareholder of Tencent, a Chinese technology company, was a key detractor. Its share price tracked Tencent's, which declined in the period alongside broader Chinese equities despite reporting resilient results. Concerns over China's weak economic recovery also weighed on Tencent. However, an announcement that Prosus will remove the cross-holding structure with technology company Naspers (not a portfolio holding) managed to limit losses.

Another portfolio holding that detracted was **Alibaba**, a Chinese e-commerce company providing brands and merchants the infrastructure to acquire and sell to customers online. Its share price had been volatile over the period, erasing gains from March from its organisational revamp. Its share price ended lower on concerns of slower demand recovery, China's weak economic recovery and uncertainty around the potential impact of a complete spin-off of its cloud business. However, there were several uplifts to the stock price within the period from better-than-expected quarterly results and policy support from the Chinese government. We remain positive on the strength of its e-commerce ecosystem and its ability to generate strong cash flows. The business has adjusted to the new environment in China, and we expect the e-commerce businesses of Alibaba to deliver steady growth.

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

| Top contributors | MSCI Emerging Markets Index sector total return | Contribution to portfolio relative to MSCI Emerging Markets Index | Top detractors | MSCI Emerging Markets Index sector total return | Contribution to portfolio relative to MSCI Emerging Markets Index |
|---|---|---|---|---|---|
| Communication Services | (11.0) | 0.8 | Information Technology | (0.5) | (0.8) |
| Financials | 5.6 | 0.5 | Consumer Staples | (3.1) | (0.2) |
| Energy | 21.3 | 0.5 | Industrials | (0.1) | (0.2) |
| Health Care | (2.0) | 0.3 | Consumer Discretionary | (4.4) | (0.2) |
| | | | Materials | (6.4) | (0.2) |

[a] For the period 31 March 2023 to 30 September 2023.

Favourable stock selection in the **communication services, financials and energy** sectors added to TEMIT's performance relative to the benchmark index in the period under review. Within the communication services sector, an underweight allocation to Tencent, and an overweight allocation to NetEase, one of the largest online games companies in China, helped to support returns. The strong performance in the financials sector was led by an overweight holding in India-based ICICI Bank, and Brazil-based Itaú Unibanco (a Brazilian retail-focused bank providing a broad range of services such as cards, loans and insurance). Our off-benchmark holding in One 97 Communications, a payment solutions and financial services provider in India, also supported results within the financials sector. Petrobras was a key contributor in the energy sector.

In contrast, stock selection in the **information technology, consumer staples and industrials** sectors detracted relatively. Within the information technology sector, the portfolio's positions in Samsung SDI (a South Korea-based leading manufacturer of lithium-ion batteries), Daqo New Energy (a China-based polysilicon manufacturer) and TSMC weighed on performance. The detraction in the consumer staples sector was led by China-based instant noodle and beverage manufacturer Uni-President China. In the industrials sector, Genpact, a US-listed technology services company with significant exposure to India, pressured returns.

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

| Top contributors | MSCI Emerging Markets Index country total return | Contribution to portfolio relative to MSCI Emerging Markets Index | Top detractors | MSCI Emerging Markets Index country total return | Contribution to portfolio relative to MSCI Emerging Markets Index |
|---|---|---|---|---|---|
| Brazil | 18.1 | 1.1 | China/Hong Kong | (10.2) | (0.6) |
| South Korea | (1.1) | 0.7 | India | 17.1 | (0.5) |
| Russia[b][c] | — | 0.4 | Taiwan | (1.1) | (0.4) |
| South Africa | (6.8) | 0.1 | Turkey[d] | 20.3 | (0.1) |
| Chile | (4.7) | 0.1 | Saudi Arabia[d] | 3.0 | (0.1) |

[a] For the period 31 March 2023 to 30 September 2023.

[b] All companies held by TEMIT in this country are fair valued at zero as at 30 September 2023.

[c] No companies included in the MSCI Emerging Markets Index in this country as at 30 September 2023.

[d] No companies held by TEMIT in this country as at 30 September 2023.

By markets, **Brazil, South Korea, and South Africa** were amongst contributors. Besides Petrobras, several holdings in Brazil such as Itaú Unibanco and Banco Bradesco helped relative returns. Brazilian equities benefitted from a broad recovery, partially from positive sentiment from its new fiscal framework. South Korea's contribution was led by POSCO, whilst South Africa's performance was due to an underweight allocation.

**Russia** also contributed to relative returns. All Russian securities have been valued at zero since 4 March 2022. However, during the first six months of the financial year, an opportunity arose to dispose of TEMIT's holding in Yandex (Russia's largest search engine, which also offers a wide range of other online services in areas such as e-commerce) via an over-the-counter trade, which led to Russia being a top contributor to relative performance. The two remaining Russian securities, LUKOIL and Sberbank of Russia, continue to be fair valued at zero at the period end.

Due to stock selection, **China** was the top detractor at a country level. Several holdings in China such as Guangzhou Tinci Materials Technology and Daqo New Energy pressured relative returns. **India** was the second-largest detractor, as both stock selection and an underweight allocation to the country dragged returns. **Taiwan** also detracted, largely due to stock selection—TSMC led detractions in Taiwan.

## Largest holdings

The largest portfolio holding is **TSMC**. The share price suffered in the last few quarters due to demand weakness of some of its end customers. Better-than-expected sales from AI-induced demand propped the share price up at the beginning of the third quarter of 2023, but momentum declined after the release of second-quarter results. A downward revision to its revenue forecast for 2023 and a cautious near-term outlook weighed on the stock. News that TSMC asked its major suppliers to delay high-end chipmaking equipment deliveries also pressured the share price. Driven by structural growth in demand for computing and its technology leadership, we remain confident in the resilience of the TSMC business model.

The second largest portfolio holding is **ICICI Bank**, which rose on the back of positive results for several quarters. The bank delivered strong profit growth driven by loan growth, expansion in net interest income and continued low credit costs. An uptick in the broader Indian equity market also helped. The bank remains well positioned with its healthy capital adequacy ratios and strong franchise.

Global semiconductor manufacturer **Samsung Electronics** was the third-largest holding in the portfolio. Samsung Electronics also manufactures a wide range of consumer and industrial electronics and equipment. Its share price has seen some recovery after declining in 2022 on optimism around bottoming of the memory cycle supported by supply cuts. An improvement in the outlook for semiconductor stocks due to robust AI-driven demand for advanced chips also fuelled the upward momentum of the stock.

# Investment Manager's Report (continued)

## Portfolio changes by sector

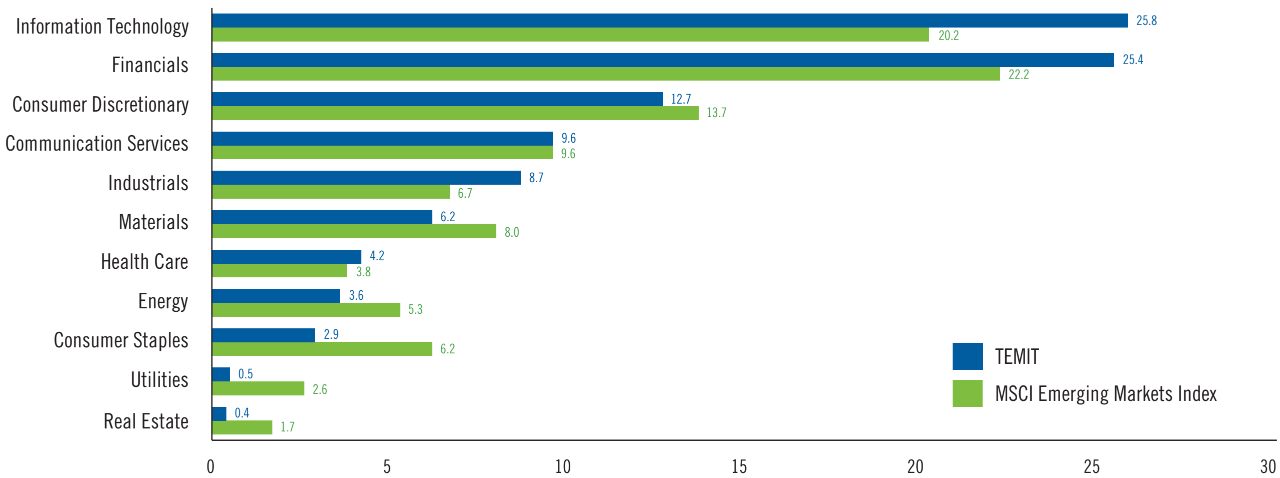
| Sector | 31 March 2023 market value £m | Purchases £m | Sales £m | Market movement £m | 30 September 2023 market value £m | Total return in sterling: TEMIT % | Total return in sterling: MSCI Emerging Markets Index % |
|---|---|---|---|---|---|---|---|
| Information Technology[(a)] | 517 | 70 | (65) | (28) | 494 | (3.7) | (0.5) |
| Financials[(a)] | 484 | 92 | (116) | 25 | 485 | 7.3 | 5.6 |
| Consumer Discretionary[(a)] | 272 | 17 | (23) | (24) | 242 | (5.5) | (4.4) |
| Communication Services | 198 | 7 | (12) | (10) | 183 | (4.5) | (11.0) |
| Industrials[(a)] | 153 | 42 | (24) | (5) | 166 | (2.4) | (0.1) |
| Materials | 169 | 20 | (58) | (13) | 118 | (10.0) | (6.4) |
| Health Care | 60 | 18 | – | 2 | 80 | 5.4 | (2.0) |
| Energy | 49 | – | – | 20 | 69 | 67.4 | 21.3 |
| Consumer Staples | 73 | 2 | (7) | (12) | 56 | (12.2) | (3.1) |
| Utilities | 9 | – | (1) | 2 | 10 | 13.8 | 3.0 |
| Real Estate | 9 | – | – | (2) | 7 | (15.8) | (4.1) |
| **Total investments** | **1,993** | **268** | **(306)** | **(45)** | **1,910** | | |

(a) One 97 Communications and Genpact were previously included within Information Technology but have been reallocated to Financials and Industrials, respectively. Astra International was previously included within Consumer Discretionary and has been reallocated to Industrials. The reallocations have been performed as a result of a change in the Global Industry Classification Standard ("GICS") structure.

## Sector asset allocation

## As at 30 September 2023

### Sector weightings vs benchmark (%)



# Investment Manager's Report (continued)

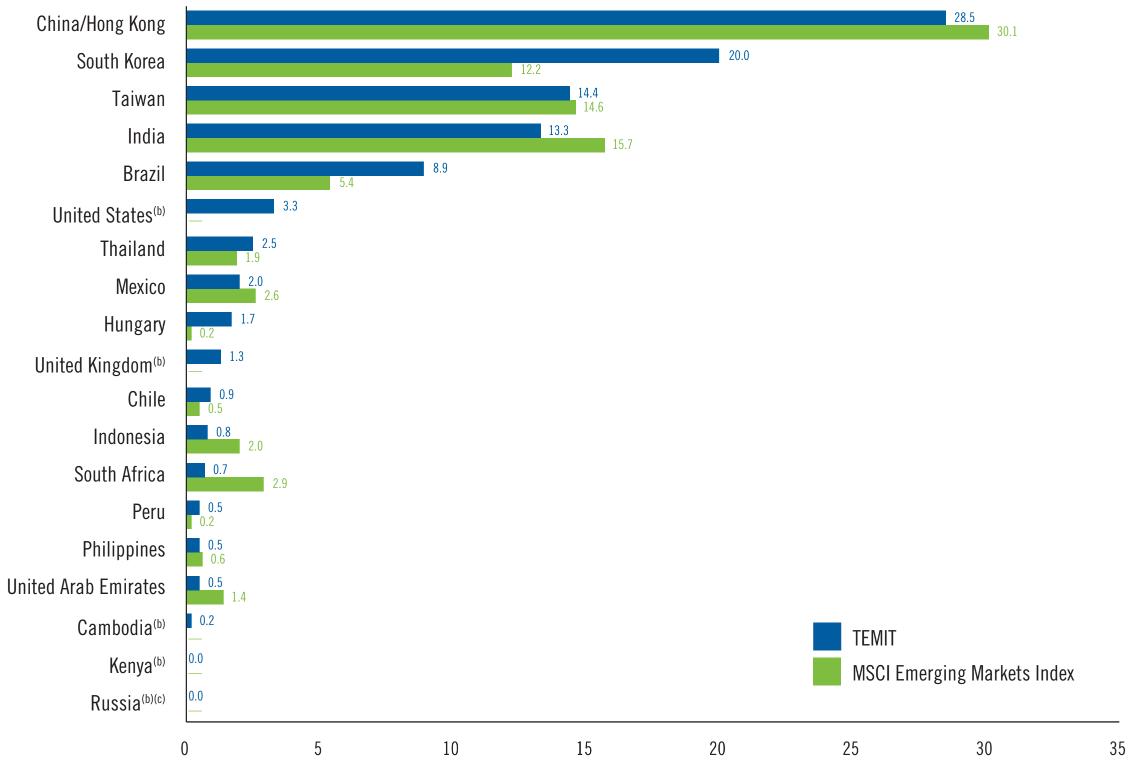
## Portfolio changes by country

| Country | 31 March 2023 market value £m | Purchases £m | Sales £m | Market movement £m | 30 September 2023 market value £m | Total return in sterling: TEMIT % | Total return in sterling: MSCI Emerging Markets Index % |
|---|---|---|---|---|---|---|---|
| China/Hong Kong | 616 | 89 | (68) | (93) | 544 | (12.7) | (10.2) |
| South Korea | 398 | 46 | (71) | 10 | 383 | 2.4 | (1.1) |
| Taiwan | 316 | 17 | (37) | (20) | 276 | (3.7) | (1.1) |
| India | 226 | 45 | (50) | 33 | 254 | 15.6 | 17.1 |
| Brazil | 155 | 6 | (17) | 26 | 170 | 27.1 | 18.1 |
| Other | 282 | 65 | (63) | (1) | 283 | – | – |
| **Total investments** | **1,993** | **268** | **(306)** | **(45)** | **1,910** | | |

## Geographic asset allocation

## As at 30 September 2023

### Country weightings vs benchmark (%)[(a)]




(a) Other countries included in the benchmark are Colombia, Czech Republic, Egypt, Greece, Kuwait, Malaysia, Poland, Qatar, Romania, Saudi Arabia and Turkey.

(b) Countries not included in the MSCI Emerging Markets Index.

(c) All companies held by TEMIT in this country are fair valued at zero.

# Investment Manager's Report (continued)

## Portfolio investments by fair value

## As at 30 September 2023

| Holding | Country | Sector | Trading[a] | Fair value £'000 | % of net assets |
|---|---|---|---|---|---|
| TSMC | Taiwan | Information Technology | PS | 197,753 | 10.2 |
| ICICI Bank | India | Financials | PS | 107,486 | 5.6 |
| Samsung Electronics | South Korea | Information Technology | PS | 107,078 | 5.5 |
| Alibaba[b] | China/Hong Kong | Consumer Discretionary | NT | 98,656 | 5.1 |
| NAVER | South Korea | Communication Services | IH | 62,957 | 3.3 |
| Petrobras[c] | Brazil | Energy | NT | 62,039 | 3.2 |
| Tencent | China/Hong Kong | Communication Services | NT | 59,544 | 3.1 |
| Prosus[d] | China/Hong Kong | Consumer Discretionary | IH | 52,341 | 2.7 |
| LG | South Korea | Industrials | PS | 50,828 | 2.6 |
| Samsung Life Insurance | South Korea | Financials | IH | 50,688 | 2.6 |
| **TOP 10 LARGEST INVESTMENTS** | | | | **849,370** | **43.9** |
| MediaTek | Taiwan | Information Technology | PS | 45,006 | 2.3 |
| Itaú Unibanco[c][e] | Brazil | Financials | PS | 37,731 | 1.9 |
| HDFC Bank | India | Financials | IH | 36,554 | 1.9 |
| Techtronic Industries | China/Hong Kong | Industrials | IH | 34,581 | 1.8 |
| Grupo Financiero Banorte | Mexico | Financials | NH | 34,537 | 1.8 |
| Banco Bradesco[c][e] | Brazil | Financials | PS | 34,445 | 1.8 |
| China Merchants Bank | China/Hong Kong | Financials | PS | 33,752 | 1.7 |
| Genpact[f] | United States | Industrials | IH | 33,597 | 1.7 |
| Baidu | China/Hong Kong | Communication Services | IH | 32,941 | 1.7 |
| WuXi Biologics | China/Hong Kong | Health Care | IH | 32,110 | 1.7 |
| **TOP 20 LARGEST INVESTMENTS** | | | | **1,204,624** | **62.2** |
| Samsung SDI | South Korea | Information Technology | IH | 31,470 | 1.6 |
| Cognizant Technology Solutions[f] | United States | Information Technology | PS | 30,367 | 1.6 |
| Vale | Brazil | Materials | NT | 29,662 | 1.5 |
| Infosys Technologies | India | Information Technology | IH | 25,853 | 1.3 |
| Guangzhou Tinci Materials Technology | China/Hong Kong | Materials | PS | 25,730 | 1.3 |
| Kasikornbank | Thailand | Financials | IH | 24,573 | 1.3 |
| Unilever[f] | United Kingdom | Consumer Staples | PS | 23,828 | 1.2 |
| Gedeon Richter | Hungary | Health Care | IH | 22,864 | 1.2 |
| Soulbrain | South Korea | Materials | PS | 22,832 | 1.2 |
| Brilliance China Automotive | China/Hong Kong | Consumer Discretionary | PS | 22,370 | 1.2 |
| **TOP 30 LARGEST INVESTMENTS** | | | | **1,464,173** | **75.6** |

# Investment Manager's Report (continued)

| Holding | Country | Sector | Trading[a] | Fair value £'000 | % of net assets |
|---|---|---|---|---|---|
| Ping An Insurance | China/Hong Kong | Financials | NT | 22,207 | 1.1 |
| NetEase | China/Hong Kong | Communication Services | PS | 19,738 | 1.0 |
| Hon Hai Precision Industry | Taiwan | Information Technology | IH | 19,517 | 1.0 |
| Doosan Bobcat | South Korea | Industrials | PS | 17,874 | 0.9 |
| Banco Santander Chile[e] | Chile | Financials | NT | 17,319 | 0.9 |
| One 97 Communications | India | Financials | NT | 16,859 | 0.9 |
| Meituan | China/Hong Kong | Consumer Discretionary | NT | 15,362 | 0.8 |
| Bajaj Holdings & Investments | India | Financials | PS | 15,192 | 0.8 |
| Federal Bank | India | Financials | NH | 15,010 | 0.8 |
| Uni-President China | China/Hong Kong | Consumer Staples | NT | 14,877 | 0.8 |
| **TOP 40 LARGEST INVESTMENTS** | | | | **1,638,128** | **84.6** |
| Astra International | Indonesia | Industrials | PS | 14,513 | 0.7 |
| Netcare | South Africa | Health Care | IH | 13,906 | 0.7 |
| Yageo | Taiwan | Information Technology | IH | 13,380 | 0.7 |
| Daqo New Energy[e] | China/Hong Kong | Information Technology | NT | 13,332 | 0.7 |
| Zomato | India | Consumer Discretionary | PS | 13,226 | 0.7 |
| ACC | India | Materials | NH | 12,635 | 0.7 |
| Fila | South Korea | Consumer Discretionary | PS | 12,497 | 0.7 |
| LegoChem Biosciences | South Korea | Health Care | IH | 11,350 | 0.6 |
| Emirates Central Cooling Systems | United Arab Emirates | Utilities | NT | 10,116 | 0.5 |
| Intercorp Financial Services | Peru | Financials | NT | 9,515 | 0.5 |
| **TOP 50 LARGEST INVESTMENTS** | | | | **1,762,598** | **91.1** |
| Thai Beverage | Thailand | Consumer Staples | IH | 9,015 | 0.5 |
| Ping An Bank | China/Hong Kong | Financials | NT | 9,004 | 0.5 |
| Wizz Air Holdings | Hungary | Industrials | NH | 8,984 | 0.5 |
| BDO Unibank | Philippines | Financials | NT | 8,534 | 0.4 |
| Haier Smart Home | China/Hong Kong | Consumer Discretionary | NH | 7,919 | 0.4 |
| H&H Group | China/Hong Kong | Consumer Staples | IH | 7,905 | 0.4 |
| Beijing Oriental Yuhong Waterproof Technology | China/Hong Kong | Materials | NT | 7,780 | 0.4 |
| Kiatnakin Phatra Bank | Thailand | Financials | NT | 6,833 | 0.4 |
| Star Petroleum Refining | Thailand | Energy | NT | 6,593 | 0.3 |
| Hindalco Industries | India | Materials | NH | 6,496 | 0.3 |
| **TOP 60 LARGEST INVESTMENTS** | | | | **1,841,661** | **95.2** |

# Investment Manager's Report (continued)

| Holding | Country | Sector | Trading[(a)] | Fair value £'000 | % of net assets |
|---|---|---|---|---|---|
| Tencent Music Entertainment[(e)] | China/Hong Kong | Communication Services | NT | 6,324 | 0.3 |
| China Resources Cement | China/Hong Kong | Materials | NT | 6,276 | 0.3 |
| LG Chem | South Korea | Materials | NT | 6,139 | 0.3 |
| TOTVS | Brazil | Information Technology | IH | 6,073 | 0.3 |
| COSCO SHIPPING Ports | China/Hong Kong | Industrials | PS | 5,521 | 0.3 |
| PB Fintech | India | Financials | PS | 4,745 | 0.2 |
| China Resources Land | China/Hong Kong | Real Estate | NT | 4,439 | 0.2 |
| NagaCorp | Cambodia | Consumer Discretionary | IH | 4,309 | 0.2 |
| L&F | South Korea | Information Technology | NH | 3,739 | 0.2 |
| Hankook Tire | South Korea | Consumer Discretionary | NT | 3,659 | 0.2 |
| **TOP 70 LARGEST INVESTMENTS** | | | | **1,892,885** | **97.7** |
| Nemak | Mexico | Consumer Discretionary | NT | 3,545 | 0.2 |
| Chervon Holdings | China/Hong Kong | Consumer Discretionary | IH | 3,139 | 0.2 |
| Greentown Service Group | China/Hong Kong | Real Estate | NT | 2,928 | 0.2 |
| BAIC Motor | China/Hong Kong | Consumer Discretionary | NT | 2,371 | 0.1 |
| Weifu High-Technology | China/Hong Kong | Consumer Discretionary | NT | 1,634 | 0.1 |
| KT Skylife | South Korea | Communication Services | NT | 1,584 | 0.1 |
| JD.com | China/Hong Kong | Consumer Discretionary | NT | 1,384 | 0.1 |
| East African Breweries | Kenya | Consumer Staples | NT | 552 | 0.0 |
| LUKOIL[(g)] | Russia | Energy | NT | 0.0 | 0.0 |
| Sberbank of Russia[(g)] | Russia | Financials | NT | 0.0 | 0.0 |
| **TOP 80 LARGEST INVESTMENTS** | | | | **1,910,022** | **98.7** |
| **TOTAL INVESTMENTS** | | | | **1,910,022** | **98.7** |
| **NET ASSETS** | | | | **25,544** | **1.3** |
| **TOTAL NET ASSETS** | | | | **1,935,566** | **100.0** |

(a) Trading activity during the year: (NH) New Holding, (IH) Increased Holding, (PS) Partial Sale and (NT) No Trading.

(b) TEMIT holds in this company shares listed on the Hong Kong stock exchange and American Depository Receipts listed on the New York stock exchange.

(c) Preferred shareholders are entitled to dividends before ordinary shareholders.

(d) This company is listed in the Netherlands. The classification of China/Hong Kong is due to most of its revenue coming from its holding in Tencent.

(e) US listed American Depository Receipt.

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

(g) This company is fair valued at zero as a result of its trading being suspended on international stock exchanges.

## Portfolio summary

### As at 30 September 2023

### All figures are a % of the net assets

| | Communication Services | Consumer Discretionary | Consumer Staples | Energy | Financials | Health Care | Industrials | Information Technology | Materials | Real Estate | Utilities | Total Equities | Net assets[a] | 30 September 2023 Total | 31 March 2023 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Brazil | – | – | – | 3.2 | 3.7 | – | – | 0.3 | 1.5 | – | – | **8.7** | – | **8.7** | **7.6** |
| Cambodia | – | 0.2 | – | – | – | – | – | – | – | – | – | **0.2** | – | **0.2** | **0.3** |
| Chile | – | – | – | – | 0.9 | – | – | – | – | – | – | **0.9** | – | **0.9** | **0.8** |
| China/Hong Kong | 6.1 | 10.7 | 1.2 | – | 3.3 | 1.7 | 2.1 | 0.7 | 2.0 | 0.4 | – | **28.2** | – | **28.2** | **30.3** |
| Hungary | – | – | – | – | – | 1.2 | 0.5 | – | – | – | – | **1.7** | – | **1.7** | **1.0** |
| India | – | 0.7 | – | – | 10.2 | – | – | 1.3 | 1.0 | – | – | **13.2** | – | **13.2** | **11.2** |
| Indonesia | – | – | – | – | – | – | 0.7 | – | – | – | – | **0.7** | – | **0.7** | **0.9** |
| Kenya | – | – | 0.0 | – | – | – | – | – | – | – | – | **0.0** | – | **0.0** | **0.1** |
| Mexico | – | 0.2 | – | – | 1.8 | – | – | – | – | – | – | **2.0** | – | **2.0** | **1.5** |
| Pakistan | – | – | – | – | – | – | – | – | – | – | – | **–** | – | **–** | **0.1** |
| Peru | – | – | – | – | 0.5 | – | – | – | – | – | – | **0.5** | – | **0.5** | **0.5** |
| Philippines | – | – | – | – | 0.4 | – | – | – | – | – | – | **0.4** | – | **0.4** | **0.4** |
| Russia[b] | – | – | – | 0.0 | 0.0 | – | – | – | – | – | – | **0.0** | – | **0.0** | **0.0** |
| South Africa | – | – | – | – | – | 0.7 | – | – | – | – | – | **0.7** | – | **0.7** | **0.6** |
| South Korea | 3.4 | 0.9 | – | – | 2.6 | 0.6 | 3.5 | 7.3 | 1.5 | – | – | **19.8** | – | **19.8** | **19.8** |
| Taiwan | – | – | – | – | – | – | – | 14.2 | – | – | – | **14.2** | – | **14.2** | **15.8** |
| Thailand | – | – | 0.5 | 0.3 | 1.7 | – | – | – | – | – | – | **2.5** | – | **2.5** | **2.4** |
| United Arab Emirates | – | – | – | – | – | – | – | – | – | – | 0.5 | **0.5** | – | **0.5** | **0.5** |
| United Kingdom | – | – | 1.2 | – | – | – | – | – | – | – | – | **1.2** | – | **1.2** | **1.6** |
| United States | – | – | – | – | – | – | 1.7 | 1.6 | – | – | – | **3.3** | – | **3.3** | **3.4** |
| Net assets[a] | – | – | – | – | – | – | – | – | – | – | – | **–** | **1.3** | **1.3** | **1.2** |
| **30 September 2023 Total** | **9.5** | **12.7** | **2.9** | **3.5** | **25.1** | **4.2** | **8.5** | **25.4** | **6.0** | **0.4** | **0.5** | **98.7** | **1.3** | **100.0** | **–** |
| **31 March 2023 Total[c]** | **9.8** | **13.3** | **3.6** | **2.4** | **23.8** | **3.0** | **7.7** | **25.8** | **8.5** | **0.4** | **0.5** | **98.8** | **1.2** | **–** | **100.0** |

[a] The Company's net assets are the total of net current assets plus non-current liabilities per the Statement of Financial Position on page 25.

[b] All companies held by TEMIT in this country are fair valued at zero.

[c] One 97 Communications and Genpact were previously included within Information Technology but have been reallocated to Financials and Industrials, respectively. Astra International was previously included within Consumer Discretionary and has been reallocated to Industrials. The reallocations have been performed as a result of a change in the GICS structure.

# Investment Manager's Report (continued)

| Market capitalisation breakdown (%) | Less than £1.5bn | £1.5bn to £5bn | £5bn to £25bn | Greater than £25bn | Net assets[a] |
|---|---|---|---|---|---|
| 30 September 2023 | 5.2 | 9.3 | 29.5 | 54.7 | 1.3 |
| 31 March 2023 | 5.1 | 11.2 | 22.9 | 59.6 | 1.2 |

| Split between markets[b] (%) | 30 September 2023 | 31 March 2023 |
|---|---|---|
| Emerging markets | 94.0 | 93.3 |
| Developed markets[c] | 4.5 | 5.0 |
| Frontier markets | 0.2 | 0.5 |
| Net assets[a] | 1.3 | 1.2 |

Source: FactSet Research System, Inc.

(a) The Company's net assets are the total of net current assets plus non-current liabilities per the Statement of Financial Position on page 25.

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

(c) Developed market exposure represented by companies listed in United Kingdom and United States which have significant exposure to operations from emerging markets.

## Environmental, Social and Governance

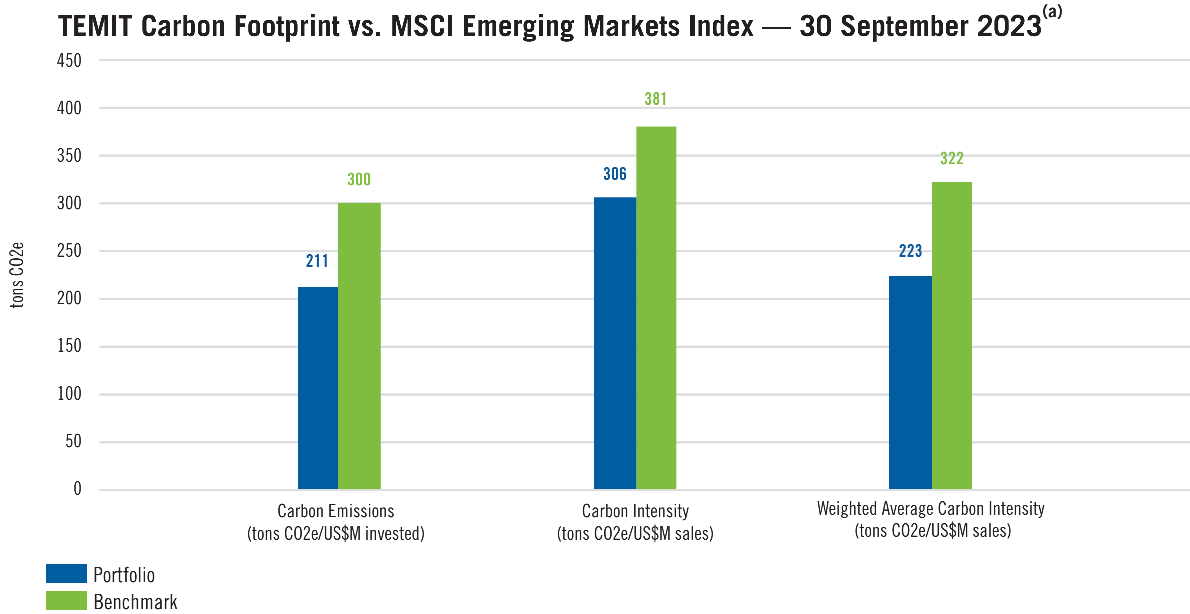
We continue to embed governance and sustainability factors into our fundamental bottom-up research and remain active owners across our holdings. This involves integrating ESG factors into our stock thesis, engaging with investee companies on material ESG issues and actively voting on behalf of our investors. In addition, we monitor the potential ESG characteristics that may be exhibited by our investee companies, including TEMIT's portfolio carbon footprint where our portfolio managers seek to understand the carbon risk profile. We provide below a short summary of our process over the six-month period under review.

### Integrating ESG factors

A case study example of integrating ESG factors is **Federal Bank**, whose shares were purchased during the six months under review. Federal Bank is a mid-sized regional private sector bank in India. The company has amongst the strongest liability franchises within mid-sized banks due to its strong presence in Kerala and aided by traction amongst the non-resident Kerala population working in the Middle East. Looking at the ESG practices of the company, we first highlight that despite it being a mid-sized bank, the company is board driven, and has a management team that is well respected. We noted no material past controversies and business practices focused on risk management and disciplined capital management. The company has board approved environment and social management systems ("ESMS") in place to incorporate environmental and social risk considerations into financing activities as part of its credit risk governance. Finally, the company has a stated framework around cybersecurity, compliant with external certifications/standards (e.g., ISO 27001 certificate for critical IT areas) and no reported instances of cybersecurity breaches over the past few years. We believe the company is well positioned to manage its exposure to material operational ESG issues.

# Investment Manager's Report (continued)

## Climate change




(a) Source: MSCI ESG data as at 4 October 2023, portfolio coverage 97% (90% reported, 7% estimated); MSCI Emerging Markets Index coverage 100% (87% reported, 13% estimated). Carbon emissions include scope 1 and 2.

Carbon Emissions – Measures the portfolio's normalised carbon footprint per $1 million invested.

Carbon Intensity – Measures the portfolio's efficiency in terms of the level of carbon emissions per dollar of sales generated by a company.

Weighted Average Carbon Intensity ("WACI") – Measures the portfolio's exposure to carbon related risk by apportioning the carbon intensity figure of each company by the portfolio weight.

Note we prefer to commentate around the WACI metric as it provides a measurement of the carbon intensity of businesses, normalises for company size and allows us to compare companies against each other, helping to determine the portfolio's exposure to potential carbon related risks.

The TEMIT Portfolio Carbon Emissions are 30% lower (31 March 2023: 23% lower) than the MSCI Emerging Markets benchmark, Carbon Intensity is 20% lower (31 March 2023: 10% lower) and Weighted Average Carbon Intensity is 31% lower (31 March 2023: 38% lower).The portfolio carbon exposure is concentrated amongst a small number of companies, with the top five companies in terms of carbon intensity representing 2.7% of the portfolio by value and accounting for 62.4% of the total portfolio WACI.

Over the six-month period, the portfolio's carbon footprint remained stable with some changes in both positioning as well as updates in emissions data for a few companies contributing to this. The purchase of ACC, an update by MSCI to estimated emissions data (previously not covered) for Emirates Central Cooling Systems and a change from estimated to reported emissions data for Daqo New Energy by MSCI, added to the portfolio WACI. The reduction in ending weight for China Resources Cement, and sale of POSCO helped offset some of the impact on the portfolio WACI.

As at 30 September 2023, **China Resources Cement** is the company with the largest carbon intensity, contributing 16.7% to the total portfolio WACI. We believe that the company is managing its emissions profile well and, looking forward, the company is seeking to improve its carbon emissions management further through the use of solar, carbon capture, usage and storage ("CCUS"), and alternative fuels. They have also set 2025 targets around their absolute carbon emissions and carbon intensity, with the long-term aim to achieve carbon neutrality by 2060. We are willing to invest in companies in carbon-intensive sectors, such as cement, steel and extractive industries. Our engagement with these companies focuses on their intention to decarbonise and any incremental improvements they are making to reach these goals. These views are integrated into our investment views.

**Active ownership**

As investors with a significant presence in emerging markets, our investment team’s active ownership efforts are a key part of the overall approach to stewardship. Over the six-month period, we have engaged with select investee companies on material governance and sustainability issues, as well as executing on our proxy voting policy on behalf of our shareholders. For example, in April 2023, we spoke to the CEO of **Gedeon Richter** regarding their capital allocation activities, new board structure, and how they expect to improve disclosure on specific areas within their remuneration policy such as key KPIs. The CEO was very transparent regarding the higher capital return in 2023, rationale behind first ever share buyback and their intentions. The company is in contact with key shareholders on best practice and we believe the company’s intentions to improve corporate governance are promising.

We also voted against a proposal to approve the remuneration report at **Unilever**. We voted against this proposal as the incoming CEO's salary has been set higher than his predecessor's and is significantly higher than his current salary and those at UK market peers. The company has not provided a compelling justification for this remuneration package. We continue to use our voting power as a signal to management on important issues raised through voting ballots. We believe that our engagement and proxy voting efforts are key in understanding our companies better and improving outcomes for shareholders as well as stakeholders more broadly.

We will be sharing a more detailed account of our stewardship practices in the next Annual Report and dedicated Stewardship Report.

## Outlook for emerging markets

Emerging markets have been volatile due to fears of higher interest rates lasting for longer. Long-term yields have now started to come off, which should be positive for the emerging markets asset class. A few emerging markets economics, such as Brazil, have already started to cut their interest rates. The onset of an easing cycle in selected countries tilts the balancing act of tackling inflation yet pursuing economic growth. The impact of a rate cut is positive for overall consumption as well as for financing costs for companies which should also spur investments.

Besides rate cuts, other long-term opportunities abound in emerging markets. The increasingly popular China+1 strategy, where global manufacturers establish an additional overseas production base in China plus one other country, stands to benefit India, Mexico and several other Association of Southeast Asian Nations (“ASEAN”) economies.

Another longstanding theme is the transition to a greener future. Asia is home to well-run companies in the electric vehicle and solar equipment segment. The structural theme of electrical vehicles has seen a short-term slowdown impacted by slower growth and concerns of oversupply. We believe that the long-term structural growth opportunities for these sectors remain intact supported by national commitments underpinning energy transition to a cleaner environment.

The recovery of demand in China has been tepid and low birth rates and difficulties in the property sector pose further long-term challenges to its growth trajectory. Whilst government policy has become more supportive, we are cognisant that more substantive policies and a rebound in consumer activity is a prerequisite for a recovery in Chinese equities. We remain watchful for such developments. China’s internet sector, which forms a large part of the index, has already adjusted to the new policy and demand environment. We expect future returns for the sector to be driven more by steady cash flow generation and corporate actions.

The semiconductor cycle has remained weak due to slower demand. With the emerging popularity of AI, there has been a demand uplift that primarily benefits companies within the value chain. In the portfolio, our holdings in TSMC and Samsung Electronics are direct beneficiaries of AI-driven demand. In India, information technology services have been impacted by a slowdown in discretionary spending. Nevertheless, cost takeout deals—deals aimed at saving costs—have been strong.

Amidst an uncertain macroeconomic environment, we continue to retain a bottom-up focus on research. We believe that the long-term fundamentals for emerging markets remain attractive despite near term headwinds, and that equities offer good potential for investors. We believe that breadth of opportunities, growth, innovation and stronger institutional resilience together create an attractive future for emerging markets.

**Chetan Sehgal**
**Lead Portfolio Manager**
7 December 2023

# Independent Review Report

## to the members of Templeton Emerging Markets Investment Trust plc

### Conclusion

We have been engaged by Templeton Emerging Markets Investment Trust plc ('the Company') to review the condensed set of Financial Statements in the Half Yearly Report for the six months ended 30 September 2023 which comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and related notes 1-9. We have read the other information contained in the Half Yearly Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of Financial Statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Financial Statements in the Half Yearly Report for the six months ended 30 September 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### Basis for Conclusion

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

As disclosed in note 1, the annual Financial Statements of the Company are prepared in accordance with UK adopted international accounting standards. The condensed set of Financial Statements included in this Half Yearly Report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

### Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

### Responsibilities of the Directors

The Directors are responsible for preparing the Half Yearly Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the Half Yearly Report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

# Independent Review Report (continued)

## Auditor's Responsibilities for the review of the financial information

In reviewing the Half Yearly Report, we are responsible for expressing to the Company a conclusion on the condensed set of Financial Statements in the Half Yearly Report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

## Use of our report

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

**Ernst & Young LLP**
London
7 December 2023

# Financial Statements
# Statement of Comprehensive Income

## For the six months to 30 September 2023

| | Note | For the six months to 30 September 2023 (unaudited) Revenue £'000 | Capital £'000 | Total £'000 | For the six months to 30 September 2022 (unaudited) Revenue £'000 | Capital £'000 | Total £'000 | Year ended 31 March 2023 (audited) Revenue £'000 | Capital £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net losses on investments and foreign exchange** | | | | | | | | | | |
| Net losses on investments at fair value | | – | (44,956) | (44,956) | – | (215,485) | (215,485) | – | (54,645) | (54,645) |
| Net losses on foreign exchange | | – | (649) | (649) | – | (69) | (69) | – | (442) | (442) |
| **Income** | | | | | | | | | | |
| Dividends | 2 | 42,180 | 6,560 | 48,740 | 55,693 | – | 55,693 | 77,463 | 8,431 | 85,894 |
| Other income | | 3,278 | – | 3,278 | 877 | – | 877 | 3,088 | – | 3,088 |
| | | **45,458** | **(39,045)** | **6,413** | **56,570** | **(215,554)** | **(158,984)** | **80,551** | **(46,656)** | **33,895** |
| **Expenses** | | | | | | | | | | |
| AIFM fee[a] | | (2,580) | (6,019) | (8,599) | (2,674) | (6,239) | (8,913) | (5,232) | (12,209) | (17,441) |
| Other expenses | | (821) | – | (821) | (985) | – | (985) | (1,979) | – | (1,979) |
| | | **(3,401)** | **(6,019)** | **(9,420)** | **(3,659)** | **(6,239)** | **(9,898)** | **(7,211)** | **(12,209)** | **(19,420)** |
| **Profit/(loss) before finance costs and taxation** | | **42,057** | **(45,064)** | **(3,007)** | **52,911** | **(221,793)** | **(168,882)** | **73,340** | **(58,865)** | **14,475** |
| Finance costs[a] | | (389) | (909) | (1,298) | (550) | (1,285) | (1,835) | (962) | (2,239) | (3,201) |
| **Profit/(loss) before taxation** | | **41,668** | **(45,973)** | **(4,305)** | **52,361** | **(223,078)** | **(170,717)** | **72,378** | **(61,104)** | **11,274** |
| Tax expense | 6 | (3,338) | (4,291) | (7,629) | (3,448) | (3,130) | (6,578) | (5,520) | (3,232) | (8,752) |
| **Profit/(loss) for the period** | | **38,330** | **(50,264)** | **(11,934)** | **48,913** | **(226,208)** | **(177,295)** | **66,858** | **(64,336)** | **2,522** |
| **Profit/(loss) attributable to equity holders of the Company** | | **38,330** | **(50,264)** | **(11,934)** | **48,913** | **(226,208)** | **(177,295)** | **66,858** | **(64,336)** | **2,522** |
| **Earnings per share** | 3 | **3.34p** | **(4.37)p** | **(1.03)p** | **4.16p** | **(19.25)p** | **(15.09)p** | **5.72p** | **(5.50)p** | **0.22p** |

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

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

The total column of this statement represents the profit and loss account of the Company.

The accompanying notes on pages 29 to 32 are an integral part of the Financial Statements.

# Statement of Financial Position

## As at 30 September 2023

| | Note | As at 30 September 2023 (unaudited) £'000 | As at 30 September 2022 (unaudited) £'000 | As at 31 March 2023 (audited) £'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Investments at fair value through profit or loss | | 1,910,022 | 1,860,514 | 1,992,775 |
| **Current assets** | | | | |
| Trade and other receivables | | 10,622 | 8,190 | 7,886 |
| Cash and cash equivalents | | 130,722 | 167,115 | 132,988 |
| **Total current assets** | | **141,344** | **175,305** | **140,874** |
| **Current liabilities** | | | | |
| Other payables | | (3,902) | (53,875) | (6,402) |
| **Total current liabilities** | | **(3,902)** | **(53,875)** | **(6,402)** |
| **Net current assets** | | **137,442** | **121,430** | **134,472** |
| **Non-current liabilities** | | | | |
| Capital gains tax provision | | (11,898) | (10,183) | (9,744) |
| Other payables falling due after more than one year | | (100,000) | (100,000) | (100,000) |
| **Total assets less liabilities** | | **1,935,566** | **1,871,761** | **2,017,503** |
| **Share capital and reserves** | | | | |
| Equity Share Capital | 4 | 61,955 | 63,515 | 63,148 |
| Capital Redemption Reserve | | 20,714 | 19,154 | 19,521 |
| Capital Reserve | | 1,286,949 | 1,221,595 | 1,372,654 |
| Special Distributable Reserve | | 433,546 | 433,546 | 433,546 |
| Revenue Reserve | | 132,402 | 133,951 | 128,634 |
| **Equity Shareholders' Funds** | | **1,935,566** | **1,871,761** | **2,017,503** |
| Net asset value pence per share[a] | | 170.5 | 160.5 | 174.1 |

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

# Statement of Changes in Equity

## For the six months to 30 September 2023 (unaudited)

| | Note | Equity Share Capital £'000 | Capital Redemption Reserve £'000 | Capital Reserve £'000 | Special Distributable Reserve £'000 | Revenue Reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 31 March 2022** | | **64,136** | **18,533** | **1,466,197** | **433,546** | **117,978** | **2,100,390** |
| (Loss)/profit for the period | | – | – | (226,208) | – | 48,913 | (177,295) |
| Equity dividends | 5 | – | – | – | – | (32,940) | (32,940) |
| Purchase and cancellation of own shares | 4 | (621) | 621 | (18,394) | – | – | (18,394) |
| **Balance at 30 September 2022** | | **63,515** | **19,154** | **1,221,595** | **433,546** | **133,951** | **1,871,761** |
| Profit for the period | | – | – | 161,872 | – | 17,945 | 179,817 |
| Equity dividends | 5 | – | – | – | – | (23,262) | (23,262) |
| Purchase and cancellation of own shares | 4 | (367) | 367 | (10,813) | – | – | (10,813) |
| **Balance at 31 March 2023** | | **63,148** | **19,521** | **1,372,654** | **433,546** | **128,634** | **2,017,503** |
| (Loss)/profit for the period | | – | – | (50,264) | – | 38,330 | (11,934) |
| Equity dividends | 5 | – | – | – | – | (34,562) | (34,562) |
| Purchase and cancellation of own shares | 4 | (1,193) | 1,193 | (35,441) | – | – | (35,441) |
| **Balance at 30 September 2023** | | **61,955** | **20,714** | **1,286,949** | **433,546** | **132,402** | **1,935,566** |

# Statement of Cash Flows

## For the six months to 30 September 2023

| | For the six months to 30 September 2023 (unaudited) £'000 | For the six months to 30 September 2022 (unaudited) £'000 | For the year to 31 March 2023 (audited) £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| (Loss)/profit before taxation | (4,305) | (170,717) | 11,274 |
| Adjustments to reconcile (loss)/profit before taxation to cash used in operations: | | | |
| Bank and deposit interest income recognised | (3,266) | (873) | (3,082) |
| Dividend income recognised | (48,740) | (55,693) | (85,894) |
| Finance costs | 1,298 | 1,835 | 3,201 |
| Net losses on investments at fair value | 44,956 | 215,485 | 54,645 |
| Net losses on foreign exchange | 649 | 69 | 442 |
| Decrease/(increase) in debtors | 13 | (52) | 12 |
| Decrease in creditors | (4) | (210) | (310) |
| **Cash used in operations** | **(9,399)** | **(10,156)** | **(19,712)** |
| Bank and deposit interest received | 3,266 | 873 | 3,082 |
| Dividends received | 49,274 | 59,855 | 86,727 |
| Bank overdraft interest paid | – | – | (2) |
| Tax paid | (5,457) | (3,244) | (5,971) |
| Net realised (losses)/gains on foreign currency cash and cash equivalents[a] | (355) | 548 | 179 |
| **Net cash inflow from operating activities[a]** | **37,329** | **47,876** | **64,303** |
| **Cash flows from investing activities** | | | |
| Purchases of non-current financial assets | (271,085) | (214,314) | (465,539) |
| Sales of non-current financial assets[a] | 302,151 | 262,009 | 548,504 |
| **Net cash inflow from investing activities[a]** | **31,066** | **47,695** | **82,965** |
| **Cash flows from financing activities** | | | |
| Equity dividends paid | (34,562) | (32,940) | (56,202) |
| Purchase and cancellation of own shares | (34,831) | (19,677) | (30,453) |
| Repayment of revolving credit facility | – | – | (50,000) |
| Interest and fees paid on bank loans | (1,276) | (1,687) | (3,457) |
| **Net cash outflow from financing activities** | **(70,669)** | **(54,304)** | **(140,112)** |
| **Net (decrease)/increase in cash[a]** | **(2,274)** | **41,267** | **7,156** |
| Cash at the start of the period | 132,988 | 125,855 | 125,855 |
| Net unrealised gains/(losses) on foreign currency cash and cash equivalents[a] | 8 | (7) | (23) |
| **Cash at the end of the period** | **130,722** | **167,115** | **132,988** |

[a] Net unrealised gains/(losses) on cash and cash equivalents have been shown separately as part of the reconciliation of cash and cash equivalents. Net realised losses arising from cash and cash equivalents have been allocated to the corresponding cash flow activities to which they relate. Comparative figures for the period ended 30 September 2022 have been updated for the consistency of the presentation in line with IAS 8 requirements.

# Statement of Cash Flows (continued)

## Reconciliation of liabilities arising from bank loans

| | Liabilities as at 31 March 2023 £'000 | Cash flows £'000 | Profit & Loss £'000 | Liabilities as at 30 September 2023 £'000 |
|---|---|---|---|---|
| Revolving credit facility | – | – | – | – |
| Interest and fees payable | – | (241) | 241 | – |
| Fixed term loan | 100,000 | – | – | 100,000 |
| Interest and fees payable | 343 | (1,035) | 1,057 | 365 |
| **Total liabilities from bank loans** | **100,343** | (1,276) | 1,298 | **100,365** |

| | Liabilities as at 31 March 2022 £'000 | Cash flows £'000 | Profit & Loss £'000 | Liabilities as at 30 September 2022 £'000 |
|---|---|---|---|---|
| Revolving credit facility | 50,000 | – | – | 50,000 |
| Interest and fees payable | 249 | (662) | 794 | 381 |
| Fixed term loan | 100,000 | – | – | 100,000 |
| Interest and fees payable | 352 | (1,025) | 1,041 | 368 |
| **Total liabilities from bank loans** | **150,601** | (1,687) | 1,835 | **150,749** |

| | Liabilities as at 31 March 2022 £'000 | Cash flows £'000 | Profit & Loss £'000 | Liabilities as at 31 March 2023 £'000 |
|---|---|---|---|---|
| Revolving credit facility | 50,000 | (50,000) | – | – |
| Interest and fees payable | 249 | (1,351) | 1,102 | – |
| Fixed term loan | 100,000 | – | – | 100,000 |
| Interest and fees payable | 352 | (2,106) | 2,097 | 343 |
| **Total liabilities from bank loans** | **150,601** | (53,457) | 3,199 | **100,343** |

# Notes to the Financial Statements

For the six months to 30 September 2023

## 1 Basis of preparation

The Half Yearly Report for the six months to 30 September 2023 has been prepared in accordance with the UK adopted International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The Company has adopted the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") and updated in July 2022 insofar as the SORP is compatible with UK adopted International Accounting Standards. The accounting policies applied in these half yearly Financial Statements are consistent with those applied in the Company's Financial Statements for the year ended 31 March 2023 and have been applied consistently to all periods presented in these interim Financial Statements.

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 30 September 2023 and 30 September 2022 has not been audited. The figures and financial information for the year ended 31 March 2023 are extracted from the published accounts and do not constitute the statutory accounts for that period. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors, which was unqualified and did not include a statement under sections 498(2) or 498(3) of the Companies Act 2006.

As at 30 September 2023, the Company had net current assets of £137,442,000 (31 March 2023: net current assets £134,472,000). The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the period to 31 March 2025, which is at least 12 months from the date of approval of these Financial Statements. Accordingly the Financial Statements have been prepared on a going concern basis.

## 2 Income

The Company received special dividends amounting to £7.7 million (30 September 2022: £1.6 million) of which £6.6 million was classified as capital, representing a second pay out of net proceeds from the disposal of a 25% equity interest in Brilliance China Automotive's joint venture with BMW, and £1.1 million was classified as revenue (30 September 2022: £nil and £1.6 million respectively).

## 3 Earnings per share

| | For the six months to 30 September 2023 £'000 | For the six months to 30 September 2022 £'000 | For the year to 31 March 2023 £'000 |
|---|---|---|---|
| Revenue profit | 38,330 | 48,913 | 66,858 |
| Capital loss | (50,264) | (226,208) | (64,336) |
| **Total** | **(11,934)** | **(177,295)** | **2,522** |
| Weighted average number of shares in issue | 1,149,158,447 | 1,175,330,868 | 1,169,095,903 |
| Revenue profit per share | 3.34p | 4.16p | 5.72p |
| Capital loss per share | (4.37)p | (19.25)p | (5.50)p |
| **Total (loss)/profit per share** | **(1.03)p** | **(15.09)p** | **0.22p** |

# Notes to the Financial Statements (continued)

## 4 Equity share capital

| Ordinary shares in issue | For the six months to 30 September 2023 £'000 | Number | For the six months to 30 September 2022 £'000 | Number | For the year to 31 March 2023 £'000 | Number |
|---|---|---|---|---|---|---|
| **Opening ordinary shares of 5 pence** | **57,957** | **1,159,138,372** | **58,945** | **1,178,896,985** | **58,945** | **1,178,896,985** |
| Purchase and cancellation of own shares | (1,193) | (23,862,295) | (621) | (12,413,292) | (988) | (19,758,613) |
| **Closing ordinary shares of 5 pence** | **56,764** | **1,135,276,077** | **58,324** | **1,166,483,693** | **57,957** | **1,159,138,372** |

| Ordinary shares held in treasury | For the six months to 30 September 2023 £'000 | Number | For the six months to 30 September 2022 £'000 | Number | For the year to 31 March 2023 £'000 | Number |
|---|---|---|---|---|---|---|
| **Opening ordinary shares of 5 pence** | **5,191** | **103,825,895** | **5,191** | **103,825,895** | **5,191** | **103,825,895** |
| **Closing ordinary shares of 5 pence** | **5,191** | **103,825,895** | **5,191** | **103,825,895** | **5,191** | **103,825,895** |
| **Total ordinary shares in issue and held in treasury at the end of the period** | **61,955** | **1,239,101,972** | **63,515** | **1,270,309,588** | **63,148** | **1,262,964,267** |

In the six months to 30 September 2023, 23,862,295 shares were bought back for cancellation for a total consideration of £35,441,000 (30 September 2022: 12,413,292 shares were bought back for cancellation for a total consideration of £18,394,000). All shares bought back in the period were cancelled, with none being placed in treasury (30 September 2022: no shares were placed into treasury).

## 5 Dividends

| | For the six months to 30 September 2023 Rate (pence) | £'000 | For the six months to 30 September 2022 Rate (pence) | £'000 | For the year to 31 March 2023 Rate (pence) | £'000 |
|---|---|---|---|---|---|---|
| **Declared and paid during the period:** | | | | | | |
| Dividend on shares: | | | | | | |
| Final dividends for the years ended 31 March 2023 and 31 March 2022 | 3.00 | 34,562 | 2.80 | 32,940 | 2.80 | 32,940 |
| Interim dividend for the six months ended 30 September 2022 | – | – | – | – | 2.00 | 23,262 |
| **Total** | **3.00** | **34,562** | **2.80** | **32,940** | **4.80** | **56,202** |

On 7 December 2023 the Board declared an interim dividend of 2.00 pence per share for the financial year 2024 (financial year 2023: 2.00 pence per share interim dividend). This dividend has not been accrued in the Financial Statements for the six months ended 30 September 2023 as dividends are recognised when the shareholders' right to receive the payment is established. For the 2024 interim dividend this would be the ex-dividend date of 14 December 2023.

## 6 Taxation

The total tax expense of £7.63 million (30 September 2022: £6.58 million) consists of a revenue tax expense of £3.34 million (30 September 2022: £3.45 million) and a capital tax expense of £4.29 million (30 September 2022: £3.13 million). The revenue tax expense relates to irrecoverable overseas tax on dividends. The capital tax expense consists of £2.22 million (30 September 2022: £0.91 million) expense arising from an increase in the provision for deferred tax on unrealised gains on holdings in India and a £2.07 million expense (30 September 2022: £2.22 million) arising from tax on realised gains on holdings in India.

# Notes to the Financial Statements (continued)

## 7 Costs of investment transactions

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

| | For the six months to 30 September 2023 £'000 | For the six months to 30 September 2022 £'000 | For the year to 31 March 2023 £'000 |
|---|---|---|---|
| Purchase expenses | 320 | 282 | 638 |
| Sales expenses | 657 | 528 | 1,068 |
| **Total** | **977** | **810** | **1,706** |

## 8 Fair value

Fair values are derived as follows:

– Where assets are denominated in a foreign currency, they are converted into the sterling amount using period end rates of exchange;

– Investments held by the Company on the basis set out in the annual accounting policies;

– Cash at the denominated currency of the account; and

– Other financial assets and liabilities at the carrying value which is a reasonable approximation of the fair value.

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

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

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

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

| | 30 September 2023 £'000 | 30 September 2022 £'000 | 31 March 2023 £'000 |
|---|---|---|---|
| Level 1 | 1,910,022 | 1,842,148 | 1,992,775 |
| Level 2 | – | – | – |
| Level 3 | –[(a)] | 18,366[(a)(b)] | –[(a)] |
| **Total** | **1,910,022** | **1,860,514** | **1,992,775** |

(a) As at 30 September 2023 Russian investments in LUKOIL and Sberbank of Russia continue to be fair valued at zero and classified as Level 3 as a result of trading being suspended on international stock exchanges in February 2022. These investments were transferred from Level 1 to Level 3 during the financial year ended 31 March 2022.

(b) As at 30 September 2022 the fair value of the Company's holding in Brilliance China Automotive was £18,366,000 classified as Level 3. The stock was fair valued using a beta model (which applied an index movement to observed trade prices) until 5 October 2022 when trading resumed and the stock was transferred from Level 3 to Level 1.

Given the current market conditions and the inability of the Company to access the local Moscow equity markets and the very limited access to the over-the-counter market, the Russian investments are valued based on a current liquidity discount of 100% to the last traded price for an exit price of zero.

The following table presents the movement in Level 3 investments for the period:

| | 30 September 2023 £000 | 30 September 2022 £000 | 31 March 2023 £000 |
|---|---|---|---|
| Opening balance | – | 20,803 | 20,803 |
| Transfers from Level 3 into Level 1 | – | – | (17,734) |
| Disposal proceeds – sale of Level 3 assets | (7,766)[a] | (617)[b] | (1,613)[b] |
| Net gains/(losses) on investments at fair value | 7,766 | (1,820) | (1,456) |
| **Level 3 closing balance** | **–** | **18,366** | **–** |

(a) Represents the sale of the holding in Yandex on 23 May 2023 for £7,766,000.

(b) Represents the sale of the holdings in Gazprom on 25 April 2022 for £617,000, and the sale of VK on 9 March 2023 for £996,000.

The fixed term loan is shown at amortised cost within the Statement of Financial Position. If the fixed term loan was shown at fair value, the impact would be:

| | 30 September 2023 £000 | 30 September 2022 £000 | 31 March 2023 £000 |
|---|---|---|---|
| Fixed term loan at amortised cost | 100,000 | 100,000 | 100,000 |
| Fixed term loan at fair value | 94,800 | 97,100 | 94,470 |
| **Increase in net assets** | **5,200** | **2,900** | **5,530** |

The fair value of the fixed term loan included in the table above is calculated by aggregating the expected future cash flows which are discounted at a rate comprising the sum of SONIA rate plus a spread. The fixed term loan at fair value is classed as Level 2.

## 9 Events after the reporting period

On 7 December 2023 the Board declared an interim dividend of 2.00 pence per share for the financial year 2024 (financial year 2023: 2.00 pence per share interim dividend). Please see Note 5 on page 30 for more information.

The Half Yearly Report for the six months to 30 September 2023 was approved by the Board on 7 December 2023. A copy of the report is available on our website www.temit.co.uk.

# General Information

### REGISTERED OFFICE

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### ALTERNATIVE INVESTMENT FUND MANAGER AND COMPANY SECRETARY

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### SOLICITOR

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### DEPOSITARY

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E14 5JP
UK

### AUDITOR

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E14 5EY
UK

# Shareholder Information

## Board of Directors

Paul Manduca (Chairman); Simon Jeffreys; David Graham; Angus Macpherson[a]; Magdalene Miller; Charlie Ricketts and Abigail Rotheroe. All Directors are independent and non-executive.

## How to invest

There are three main ways to invest in TEMIT:

1. Through an investment platform. A number of fund supermarkets or investment platforms allow you to buy, hold and sell shares in investment trusts such as TEMIT quickly and easily at a low cost. Many have no minimum investment requirements. There are a number of companies that offer these services and may also allow you to include TEMIT as an investment in an Individual Savings Account ("ISA") or Self-Invested Pension Plan ("SIPP"). Some of the most popular include Hargreaves Lansdown, Interactive Investor, Fidelity, Charles Stanley Direct and AJ Bell.

   Please note that this is not a complete list of ISA or SIPP providers and you should not consider this list to be a recommendation of the services which these providers offer.

   The Association of Investment Companies ("AIC") provides an independent analysis of platform costs and charges on their website in the 'Ready to Invest' section.
2. Directly through the stock market. You can invest directly in TEMIT by purchasing shares in the stock market through a stockbroker or authorised Financial Adviser.
3. Through Equiniti, the Registrar, which offers an online or telephone service where you can buy shares in TEMIT as part of an Investment Account or an ISA.

## Financial advice

We strongly recommend that you take independent financial advice before making any investment. If you have a financial adviser then they will advise you on the best way to invest in TEMIT. If you currently do not have a financial adviser, there are a number of resources online to help you. For investors based in the UK, websites such as www.unbiased.co.uk or www.vouchedfor.co.uk will provide you with details of financial advisers in your area.

## NAV publication and reference codes

The NAV is released every London Stock Exchange business day through the London and New Zealand stock exchanges. It is also published on our website: www.temit.co.uk and published in the Financial Times.

Codes:

| | |
|---|---|
| Ticker | TEM |
| ISIN | GB00BKPG0S09 |
| SEDOL | BKPG0S0 |

[a] Angus Macpherson was appointed on 6 October 2023.

# Shareholder Information (continued)

## Dividend Reinvestment Plan ("DRIP")

If you are a UK shareholder and your shares are held in your own name on the Company's share register, you can request that any dividend payments are used to purchase further shares in the Company. You can download and complete the relevant application forms through Equiniti's secure website www.shareview.co.uk/info.drip or you can contact Equiniti by phone on +44 (0)371 384 2505.

If you invest through a nominee or investment platform and wish to reinvest dividends you will need to contact them directly to find out what arrangements they offer.

## Financial calendar

| | |
|---|---|
| Interim Dividend Ex-Date | 14 December 2023 |
| Interim Dividend Record Date | 15 December 2023 |
| Interim Dividend Payment Date | 26 January 2024 |
| Year End | 31 March 2024 |
| Annual Report Published | June 2024 |
| AGM | 11 July 2024 |
| Half Year End | 30 September 2024 |

## Investor Communications

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

*Daily*

- Daily net asset value

*Monthly*

- Factsheet
- Investment Manager commentary
- Portfolio breakdowns
- Portfolio holdings
- Performance details

*Quarterly*

- Portfolio report released on quarter ends out-with financial reporting cycles

*Ad hoc*

- Emerging markets updates
- PRIIPS Key Information Document ("KID")[a]
- Stock exchange announcements

You can also download important documents such as the latest Investor Disclosure Document and Company Policies from our website www.temit.co.uk.

You can also subscribe to have the latest updates sent directly to your email account.

[a] Packaged Retail and Insurance-based Investment Products Regulation (the "PRIIPs Regulation") require that the AIFM prepare a Key Information Document ("KID") in respect of the Company. Investors should note that the basis for calculating potential returns, costs and risks are prescribed by the law and the Board is not responsible for the information contained in the KID. Investment returns stated in the KID may not be those expected of the Company and are not guaranteed.

# Glossary of Alternative Performance Measures

### Net asset value total return

A measure showing how the net asset value ("NAV") per share has performed over a period of time, considering both capital returns and dividends paid to shareholders in sterling terms. Total return measures allow shareholders to compare performance between investment trusts where the dividend yield may differ.

To calculate total return, it is assumed that dividends are reinvested into the assets of the Company at the prevailing NAV on the day that the shares first trade ex-dividend (see page 1). The NAVs include income for the current period ("cum-income") and the debt valued at fair value to be consistent with the daily NAV released to the stock exchange and with common market practice and the requirements of statistics agencies.

| NAV total return calculation | 2023 | 2022 |
|---|---|---|
| a) Opening (as at 31 March) (see table below) | 174.5 | 178.1 |
| b) Closing (as at 30 September) (see table below) | 171.0 | 160.7 |
| c) Dividends paid[(a)] | 3.0 | 2.8 |
| d) Effect of dividend reinvestment | 0.0 | (0.1) |
| e) Adjusted closing (b+c+d) | 174.0 | 163.4 |
| **NAV total return {(e-a)/a}** | **(0.3)%** | **(8.3)%** |

(a) Dividends assumed to be reinvested on ex-date. Dividend of 3.00p relating to financial year 2023 first traded ex-dividend on 22 June 2023 (2022: dividend of 2.80p related to financial year 2022 first traded ex-dividend on 30 June 2022).

The following table sets out the difference between NAV with debt at cost and NAV with debt at fair value:

| | 30 September 2023 £'000 | 30 September 2022 £'000 |
|---|---|---|
| a) Net assets per the Statement of Financial Position | 1,935,566 | 1,871,761 |
| b) Difference between debt at cost and debt at fair value (Note 8) | 5,200 | 2,900 |
| c) Number of ordinary shares in issue | 1,135,276,077 | 1,166,483,693 |
| **NAV pence per share with debt at fair value {(a+b)/c}** | **171.0** | **160.7** |

| | 31 March 2023 £'000 | 31 March 2022 £'000 |
|---|---|---|
| a) Net assets per the Statement of Financial Position | 2,017,503 | 2,100,390 |
| b) Difference between debt at cost and debt at fair value (Note 8) | 5,530 | (390) |
| c) Number of ordinary shares in issue | 1,159,138,372 | 1,178,896,985 |
| **NAV pence per share with debt at fair value {(a+b)/c}** | **174.5** | **178.1** |

### Share price total return

A measure showing how the share price has performed over a period of time, considering both capital returns and dividends paid to shareholders in sterling terms. Total return measures allow shareholders to compare performance between investment trusts where the dividend yield may differ.

To calculate total return, it is assumed that dividends are reinvested into the shares of the Company at the prevailing share price on the day that the shares first trade ex-dividend (see page 1).

| Share price total return calculation | 2023 | 2022 |
|---|---|---|
| a) Opening (as at 31 March) | 152.2 | 156.4 |
| b) Closing (as at 30 September) | 146.8 | 140.4 |
| c) Dividends paid[(a)] | 3.0 | 2.8 |
| d) Effect of dividend reinvestment | 0.0 | (0.1) |
| e) Adjusted closing (b+c+d) | 149.8 | 143.1 |
| **Share price total return {(e-a)/a}** | **(1.6)%** | **(8.5)%** |

(a) Dividends assumed to be reinvested on ex-date. Dividend of 3.00p relating to financial year 2023 first traded ex-dividend on 22 June 2023 (2022: dividend of 2.80p related to financial year 2022 first traded ex-dividend on 30 June 2022).

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

A measure showing the relationship between the share price and the NAV (cum-income), which is expressed as a percentage of the NAV per share. As at 30 September 2023 the Company's share price was 146.8 pence and the NAV per share was 170.5 pence, therefore the discount was (146.8 - 170.5)/170.5 = 13.9% (31 March 2023: 12.6%).

If the share price is lower than the NAV per share, the shares are said to be trading at a discount. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

### Gearing/net gearing

A term used to describe the process of borrowing money for investment purposes in the expectation that the returns on the investments purchased using the borrowings will exceed the costs of those borrowings. For example, a figure of 5% means that shareholders' funds are exposed to NAV returns by an additional 5%, positive or negative, as a result of borrowings.

| Net gearing calculation | 30 September 2023 £'000 | 31 March 2023 £'000 |
|---|---|---|
| a) Bank loan | 100,000 | 100,000 |
| b) Cash held | 130,722 | 132,988 |
| c) Net assets (excluding loan) | 2,035,566 | 2,117,503 |
| **Total gearing = {(a-b)/c}[a]** | **0.0%** | **0.0%** |

[a] A net gearing figure of 0% means that the cash held in the Company is equal to or higher than the total bank loan.

### Ongoing charges ratio

The OCR represents the annualised ongoing charges (excluding finance costs, transaction costs and taxation) divided by the average daily net asset values of the Company for the period and has been prepared in accordance with the AIC's recommended methodology. Ongoing charges reflect expenses likely to recur in the foreseeable future.

For periods where the AIFM fee changes during the year, the latest fee rate is used for the purposes of the OCR to accurately reflect the ongoing charges to the Company.

| Ongoing charges calculation | 30 September 2023 £'000 | 31 March 2023 £'000 |
|---|---|---|
| a) Total AIFM fee and other expenses | 18,840 | 19,420 |
| b) Average net assets | 1,971,716 | 1,991,068 |
| **Ongoing charges (a/b)** | **0.96%** | **0.98%** |

### Gross total return

Gross total return is net asset value total return before the deduction of expenses (see page 8).

### Excess return

The difference between the gross total return of TEMIT and the benchmark total return (see page 8).

### Residual return

A measure representing the difference between the actual excess return and the excess return explained by the attribution model. This amount results from several factors, most significantly the difference between the actual trade price of securities included in actual performance and the end of day price used by the benchmark indices and hence to calculate attribution (see page 8).

### Benchmark return

The Company's benchmark is the MSCI Emerging Markets Index.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not track this index and, consequently, there may be material divergence between the Company's performance and that of the benchmark.

Although not an alternative performance measure, total return of the benchmark is calculated on a closing market value to closing market value basis, assuming that all dividends received were reinvested into the shares of the relevant companies at the time at which the shares were quoted ex-dividend (see page 1). Returns are converted by the index provider into sterling at prevailing exchange rates.

Benchmark performance source: MSCI.

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