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TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

ANNUAL REPORT AND AUDITED ACCOUNTS

31 MARCH 2014

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COMPANY SUMMARY

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

When TEMIT was launched 25 years ago in June 1989, it was one of the first dedicated emerging markets funds in the UK to offer access to some of the fastest growing economies around the world – countries like China and Brazil. Today, 25 years later, TEMIT continues to invest in these markets. However, it now has many more investment opportunities to assess as an increasing number of economies fall into the emerging or frontier market classifications and the number of dynamic companies open to investment continues to expand. Emerging market companies are often under-researched and, as a result, often mispriced by the stock market, providing investors with attractive investment opportunities. However, most individuals do not have the time, money or experience to find these opportunities. TEMIT shareholders receive the benefit of experienced investment professionals who are able to commit a wealth of resource, expertise and local understanding to uncover opportunities that their research indicates offers the best value emerging market investments around the world. TEMIT's research-driven investment approach and strong performance has helped it to grow to be the largest emerging market investment trust in the UK, with assets under management of £1.9 billion as at 31 March 2014.

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

Stated Investment Objective
The Company seeks long-term capital appreciation through investment in companies operating in emerging markets or whose stocks are listed on the stock markets of such countries.

This may include companies which have a significant amount of their revenues in emerging markets but are listed on stock exchanges in developed countries.

Company and Investment Management
TEMIT has eight Directors on its Board who, with one exception, are fully independent from the Investment Manager, ensuring that shareholders' best interests are at the forefront of all decisions. Under the guidance of the Chairman, the Board of Directors are responsible for the overall strategy of the Company and for monitoring its performance.

The Board has appointed Templeton Asset Management Ltd. ("TAML" or the "Investment Manager") as the Investment Manager of the Company.

TAML is one of the pioneers of emerging market investing, with more than 20 years of investment experience and a significant presence in emerging markets across the world. This well-resourced group with offices in 18 countries and whose employees speak more than 27 languages, has built up a comprehensive understanding of the markets in which it operates. TAML's analysts are responsible for researching emerging markets and deciding which companies, in their opinion, offer the strongest risk/reward opportunities for TEMIT investors over the long-term. They are required to make regular formal reports to the Board on their portfolio management and performance.

TAML is part of Franklin Resources, Inc. (operating as Franklin Templeton Investments), a group which had US$886.9 billion in assets under management on 31 March 2014.

Share Capital
At 31 March 2014 the Company's share capital consisted of 323,349,892 shares of 25 pence. During the year the Company bought back 4,525,000 shares.

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

How to Invest
There are two ways of purchasing shares in TEMIT:

1. Through the Templeton Investment Plan:
   - invest a regular monthly or quarterly amount – minimum £50 monthly or £150 quarterly.
   - make occasional lump sum investments – initial minimum £250, minimum subsequent investments £50.
2. Directly in the stock market through a stockbroker.

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

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

STRATEGIC REPORT

FINANCIAL SUMMARY

2013-2014

This is the first time that the Annual Report has been written under the newly introduced "narrative reporting" framework in the UK, which includes a new requirement to provide a Strategic Report. The Strategic Report is designed to replace and enhance reporting previously included within the Business Review section of the Directors' Report. The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed in their duty to promote the success of the Company for shareholders' collective benefit by bringing together into one place all the information about the Company's strategy, the risks it faces, how it is performing and the direction in which it is heading.

	Ref	Year ended 31 March 2014	Year ended 31 March 2013	Change %
Net Assets and Shareholders' Funds (£ million)		1,913.6	2,302.7	-16.9
Net Asset Value (pence per share)		591.8	702.3	-15.7
Net Asset Total Return	a	-14.6%	11.1%	
Highest Net Asset Value (pence per share)		716.8	743.2	
Lowest Net Asset Value (pence per share)		553.1	556.2	
Benchmark				
MSCI Emerging Markets Index Total Return		-9.9%	7.7%	
Share Price (pence per share)		527.0	640.5	-17.7
Share Price Total Return		-16.8%	10.0%	
Highest Share Price (pence per share)		651.5	678.0	
Lowest Share Price (pence per share)		493.5	505.0	
Dividend (pence per share)	b	7.25	6.25	16.0
Revenue Earnings (pence per share)	c	9.14	8.45	8.2
Capital Earnings (pence per share)	c	-114.65	62.67	-282.9
Total Earnings (pence per share)	c	-105.51	71.12	-248.4
Share Price Discount to Net Asset Value at end of the year		10.9%	8.8%	
Average Share Price Discount to Net Asset Value over the year		9.6%	8.3%	
Ongoing Charges Ratio	d	1.30%	1.30%	

Source: Franklin Templeton Investments and FactSet.

[a] Return based on NAV.

[b] A dividend of 7.25 pence per share for the year ended 31 March 2014 has been proposed.

[c] The Revenue, Capital and Total earnings per share figure are based on the earnings per share row in the Income Statement on page 64 and Note 4 of the Notes to the Financial Statements.

[d] As at 31 March 2014 the OCR was 1.30%. From 1 July 2014 Franklin Templeton has agreed a reduction of 0.10% per annum in its fees.

TEN YEAR RECORD

2004-2014

Year ended	Total Net Assets and Shareholders' Funds (£m)	NAV (pence)	Share Price (pence)	Discount (%)	Revenue Earnings per share – undiluted (pence)	Dividend per share (pence)	Ongoing Charges Ratio[f] (%)
30 Apr 2004	778.5	171.0	144.0	15.8	2.89	2.25	1.48
30 Apr 2005[a]	1,066.0	198.9	167.3	15.9	3.42	2.67	1.50
30 Apr 2006	1,866.2	348.2	310.3	10.9	3.65	2.76	1.41
30 Apr 2007	1,925.5	359.2	327.3	8.9	4.16	3.13	1.32
30 Apr 2008	2,291.4	484.8	438.0	9.6	4.07	3.50	1.33
30 Apr 2009	1,208.3[b]	365.7	340.5	6.9	7.69	3.75[d]	1.34
31 Mar 2010[c]	2,046.4	620.3	577.0	7.0	2.88	3.75	1.29
31 Mar 2011	2,368.4	718.0	660.0	8.1	6.14	4.25	1.31
31 Mar 2012	2,098.6	636.3	588.5	7.5	7.91	5.75	1.31
31 Mar 2013	2,302.7	702.3	640.5	8.2	8.45	6.25[e]	1.30
31 Mar 2014	1,913.6	591.8	527.0	10.9	9.14	7.25	1.30

TEN YEAR GROWTH RECORD

(rebased to 100.0 at 30 April 2004)

2004-2014

Year ended	NAV	NAV total return[g]	Share Price	Share price total return[g]	MSCI Emerging Markets Index total return[g]	Revenue Earnings per share – undiluted	Dividend per share
30 Apr 2004	100.0	100.0	100.0	100.0	100.0	100.0	100.0
30 Apr 2005[a]	116.3	116.7	116.2	118.0	115.2	118.3	118.7
30 Apr 2006	203.6	206.6	215.5	221.7	197.1	126.3	122.7
30 Apr 2007	210.1	214.8	227.3	236.3	211.8	143.9	139.1
30 Apr 2008	283.5	291.7	304.2	319.1	268.8	140.8	155.6
30 Apr 2009[b]	213.9	221.4	236.5	250.3	205.8	266.1	166.7[c]
31 Mar 2010[d]	362.7	444.4	400.7	501.4	353.1	99.7	166.7
31 Mar 2011	419.9	517.0	458.3	577.4	396.9	212.5	188.9
31 Mar 2012	372.1	461.1	408.7	518.4	364.3	273.7	255.6
31 Mar 2013	410.7	512.4	444.8	570.4	392.2	292.4	277.8
31 Mar 2014	346.1	437.6	366.0	474.6	353.3	316.3	322.2[e]

[a] Prior to April 2005 the results have been prepared in accordance with UK GAAP. The results for the year ended 30 April 2005 and subsequent reporting periods have been prepared in accordance with IFRS. The main differences as a result of adopting IFRS are that investments are valued on a bid basis, as opposed to a mid basis, and only dividends paid during the year are reflected in the financial statements.

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

[c] Excludes the special dividend of 2.50p per share in 2009.

[d] 11 months to 31 March 2010.

[e] A dividend of 7.25 pence per share for the year ended 31 March 2014 has been proposed.

[f] From the year ending 31 March 2012, the Ongoing Charges Ratio (OCR) replaces the Total Expense Ratio. Prior year numbers have not been restated as the ratios are not materially different.

[g] Includes dividends re-invested.

CHAIRMAN'S STATEMENT

Key Points

- **NAV was 591.8 pence per share, a decrease of 14.6%* compared to the benchmark (MSCI Emerging Markets Index) which decreased by 9.9%*. On a five year basis the NAV has increased by 97.7%* while the benchmark has increased by 71.7%*.**
- **Share price was 527.0 pence per share, a decrease of 17.7%, giving a total return of -16.8%*. On a five year basis the share price has increased by 89.6%*.**
- **Revenue earnings per share of 9.14 pence, up 8.2%.**
- **Proposed dividend per share of 7.25 pence, an increase of 16.0%.**
- **Franklin Templeton fee reduced from 1.20% to 1.10% from 1 July 2014.**

* total return in sterling.

Overview and Investment Performance
The year to 31 March 2014 was difficult for emerging markets equities, as valuations were heavily impacted by macroeconomic and, in later months, geopolitical events. As has been the case since the credit crisis, international cash flows were a key driver of market values. The United States' quantitative easing program in prior years had led to large amounts of cash being available for investment which previously had the effect of driving up the value of emerging markets equities as international investors with excess cash sought attractive returns. During the year under review, discussion of "tapering" the US asset purchasing program led, particularly in the first quarter of our financial year (April to June 2013), to large amounts of money being withdrawn from emerging markets with an inevitable negative effect on share prices. Subsequently, announcements by the US Federal Reserve that it would delay tapering, coupled with reforms announced by the Chinese government, led to some recovery in prices later in 2013.

Tapering did, however, commence in January 2014 and this, combined with the political crisis in Ukraine, and continued political disruption in Thailand and Turkey led to further falls in prices.

A further factor affecting TEMIT's performance was the relative strength of sterling. In local currency terms, the constituents of the MSCI Emerging Markets Index made a small gain over the year, but when translated into sterling, the Index fell by 9.9% on a total return basis.

It is disappointing to report that our net asset value underperformed our benchmark during the year under review. The Investment Manager's report provides further information, which for the 12 months to 31 March 2014 is summarised in the table below:

	31 March 2014	*31 March 2013*	*Capital Return*	*Total Return*
Net asset value (cum income)	591.8	702.3	–16.0%	–14.6%
Share price	527.0	640.5	–17.7%	–16.8%
MSCI Emerging Markets Index (£)	–	–	–12.5%	–9.9%

Indices above are shown on a total return basis in sterling. Sources: Franklin Templeton Investments and FactSet.

On 27 May, the latest date for which information was available, the NAV per share had risen by 3.4% to 612.1 pence and the share price by 5.3% to 555.0 pence.

TEMIT holds a continuation vote every five years. Over the last five financial years, the NAV total return has outperformed in three years and underperformed in two, including the current year. However, we have experienced periods of relative under performance before and the five year returns in the table below show that the net asset value on a total return basis has almost doubled over those five years and has produced superior returns. Further, this year TEMIT celebrates its silver jubilee and it is very gratifying to examine

CHAIRMAN'S STATEMENT

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the long-term numbers. The benchmark index has done well, producing an almost tenfold return, but TEMIT's NAV total return is up over twenty times.

	5 Years since 31 March 2009 (annualised)	*Since Launch in 1989 (annualised)*
Net asset value (cum income)	+97.7% (14.6%)	+2,145.4% (13.4%)
Share price	+89.6% (13.7%)	+1,916.0% (12.9%)
MSCI Emerging Markets Index (£)	+71.7% (11.4%)	+948.7% (10.0%)

Indices above are shown on a total return basis in sterling.
Sources: Franklin Templeton Investments and FactSet.

TEMIT has performed very well over the long-term. The Investment Manager has consistently taken the view that, in volatile markets, it is important to "see through the noise" and focus on the longer term potential of companies. The Investment Manager continually monitors and reassesses our investments but a key feature of the approach to investment is a relatively low level of portfolio turnover, which this year was 15.5%.

Into the foreseeable future, economic growth in emerging markets is forecast to be at a significantly higher rate than that in developed markets and it is this overall theme which the Investment Manager seeks to capture by focussing on investing in companies with the potential to benefit from such growth. In particular, a rapidly growing middle class in developing economies, with increasing demand for commodities and consumer goods, underlie the case for investing in TEMIT's portfolio of companies.

Investment income and the dividend

Income received from our investment portfolio has continued to grow and I am pleased to report a further increase in revenue earnings per share. The Income Statement on page 64 shows total dividend income earned of £61.6 million in the year to 31 March 2014. This represents an increase of 3.5% over the prior year. This translates into net earnings of 9.14 pence per share, an increase of 8.2% over the prior year.

This year your Board is pleased to propose a further increase in the dividend to 7.25 pence per share, an increase of 16.0% on last year.

Shareholders should bear in mind that the Company's primary objective is capital growth and income distribution is not a prime investment objective. The flow of dividends from emerging market companies is not always consistent and the increases in dividend income seen in recent years may not be repeated in the future.

Discount and Share Buy Backs

During the year shares traded at discounts between 7.4% and 12.3% of NAV with an average of 9.6% and at the end of the year the discount stood at 10.9%. As explained above, demand for emerging markets shares has weakened and, inevitably, this has had an effect on the Company's rating. During the financial year under review the Company bought back 4,525,000 shares, at a total cost of £24.9 million and at an average discount of 9.8% resulting in a small benefit of £2.7 million to continuing shareholders.

Your Board continually monitors the share price discount to net asset value and exercises its right to buy back shares when the Board considers that it is in shareholders' interests to do so. Several shareholders questioned the need for, and effect of, share buybacks at last year's Annual General Meeting ("AGM") and we have set out a further explanation in the Directors' Report on page 40.

Franklin Templeton Fees

Your Board is pleased that Franklin Templeton has proposed a reduction in its fees, from 1.20% to 1.10% per annum with effect from 1 July 2014. Your Board will continue to monitor any further developments in the market as regards both structure and quantum of charges, but believe that this lower level of fee, together with the liquidity of the Company's shares and the relatively stable discount, maintains the overall attractiveness of TEMIT as an emerging markets investment.

Regulation

Many shareholders may be aware that the European Union's Alternative Investment Fund Managers Directive ("AIFMD") came into force on 22 July 2013 and that companies such as TEMIT have a transition period until 22 July 2014, to comply with the Directive. The main thrust of the Directive is one of protecting investors from undue or unexpected risk.

Implementation of the Directive has necessitated a number of changes to our formal investment management and administration agreements with Franklin Templeton and will require the appointment of J.P. Morgan Europe Limited as our depositary. The new contracts will be put into place ahead of the Company's AGM and will mean that the Company will be in compliance with the relevant AIFMD requirements. We have taken the opportunity to refresh, clarify and modernise certain sections of the contract, so shareholders should note that, while AIFMD requires substantial changes to legal agreements, the same individuals in terms of investment managers, company secretary and administration will continue to provide these services.

In addition to some increased protection afforded to investors from depositary oversight, the Directive places additional responsibilities on the Alternative Investment Fund Manager regarding risk management and delegation oversight. Further details of the new arrangements are set out in the Directors' Report on page 44.

Asset allocation and gearing

The general policy of the Company is to be fully invested. As at 31 March 2014, 96.9% of TEMIT's net assets were invested in equities (31 March 2013: 98.8%). The Investment Managers normally run the portfolio with only a small cash balance and the unusually high level of cash at the year-end was due to some assets having been sold and the resultant cash held pending reinvestment.

Your Board regularly reviews its policy on gearing and we continue to take a cautious stance. This caution is borne out by the periods of volatility which are a feature of emerging equity markets and are generally unpredictable in both timing and extent. Our policy, therefore, remains that in exceptional circumstances, and for short periods, TEMIT may borrow up to 10% of its net assets. Borrowing facilities were not used during the three years to 31 March 2014.

The Board

Sir Peter Burt will retire at this year's AGM after 10 years as a Director. Peter has brought his considerable experience to bear in his role as a Director and, on behalf of my fellow Directors and the team at Franklin Templeton, I would like to thank him for his strong insights, advice and support over the last 10 years.

Following Sir Peter's retirement, the Nomination and Remuneration Committee proposes that Neil Collins will assume the role of Senior Independent Director and Chairman of the Nomination and Remuneration Committee. Hamish Buchan will also join the Nomination and Remuneration Committee.

Beatrice Hollond was appointed as a Director on 1 April 2014. Beatrice has had a long career in the investment industry, working initially with Morgan Grenfell Asset Management as a UK equity analyst and with Credit Suisse Asset Management for 16 years where her final role was as a Managing Director in their Global Fixed Income business. Her deep experience in portfolio and investment management and her knowledge of the investment company sector will be invaluable to TEMIT.

In line with the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012, all Directors are required to retire each year. With the exception of Sir Peter Burt who will retire, each member of the Board will stand for election. As part of the annual Board evaluation review, the Remuneration and Nomination Committee considered the skills and contribution of all the Directors and this year recommends their election in each case. Details of each of the Directors can be found starting on page 37.

Investor communications

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

Scottish referendum

Your Company is incorporated in Scotland and the current Scottish Government will hold a referendum on independence from the United Kingdom on 18 September 2014. We will continue to monitor developments and, in particular, any change to current tax, regulation and

CHAIRMAN'S STATEMENT

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company law which either an independent Scotland, or a Scotland with greater autonomy within the United Kingdom, may pursue and take any appropriate steps to protect shareholders' interests. The Board has noted that some Scottish companies have taken precautionary steps to facilitate a migration to England. At this stage, it is not clear whether the taxation and regulatory regime would be better or worse for shareholders than that in Scotland and, therefore, because all the commentators suggest there will be a lengthy period of transition if there were to be a Yes vote, we have elected not to incur unnecessary expense at this time.

Outlook

TEMIT will continue to be managed in a way which is consistent with its established long-term, patient approach and with substantially all of its assets invested in emerging markets equities. The focus remains on companies which are expected to be best able to ride out the short-term political and economic storms and benefit from the effects of strongly growing economies and the growing spending power of increasingly wealthy populations.

AGM and Continuation Vote

I would like to take this opportunity to invite all shareholders to attend the AGM to be held at Stationers' Hall, Ave Maria Lane, London EC4M 7DD at 12 noon on Friday 18 July 2014 where there will be an opportunity to meet the Board and the Investment Manager and hear the latest news on your Company, its investments and the markets, as well as taking part in the formal annual meeting of the Company. More details of this meeting can be found on page 82 of this report.

This year's AGM is particularly important as we are holding a Continuation vote. Given the strong long-term performance record of TEMIT and the Board's and Investment Manager's view that emerging markets are likely to produce superior returns over the long-term, I and my fellow directors urge you to vote in favour of Continuation.

Peter Smith
13 June 2014

STRATEGY AND BUSINESS MODEL

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

Company Strategy
Our strategy is that TEMIT:

- Delivers superior long-term investment **performance** compared to our benchmark index and peers;
- Maintains **liquidity** in its shares to support buyers and sellers;
- Provides relative **stability** in the discount to net asset value;
- Through periodic Continuation votes, **affirms the shareholder mandate**; and
- Through **regular communication** keeps investors up to date with progress of the Company as well as seeking feedback and comment from investors.

Delivering the Strategy
Performance
At the heart of this strategy is the appointment and retention of highly regarded investment management professionals, who will identify value and achieve superior growth for shareholders. The Investment Manager, Templeton Asset Management Limited under the leadership of Mark Mobius, continues to apply the same core investment principles established by Sir John Templeton to achieve long-term capital appreciation for shareholders. These principles include:

- Hunting for Bargains: Using a bottom-up approach, they search for stocks selling at prices which they believe are low relative to the appraisal of their long-term value and potential.
- Searching Worldwide: They believe that value is more easily found by searching globally, rather than limiting themselves to one country. Diversification is a basic principle of investing and it is wise to diversify among countries, as well as across industries and types of securities.
- Investing for the Long-Term: When a stock is purchased, the Investment Manager always evaluates the company's potential for earnings and growth over the long-term and continually re-examines that conviction over time. Realising short-term returns by trading in and out of investments may well cause the Company to miss out on more important long-term growth.

Liquidity
The Company is listed on the London and New Zealand Stock Exchanges. The Company has engaged Winterflood as Financial Adviser and Stockbroker who actively work as market makers for investors wishing to buy and sell shares in the Company. They also continually monitor the market for our shares and advise as appropriate.

Stability
The Board has powers to buy back the Company's shares as a discount control mechanism when it is in the best interests of the Company's shareholders. On a daily basis, the Board ensures that the share price discount to NAV is actively monitored and controlled. Discount management is reviewed regularly by the Board to ensure that it remains effective in the light of prevailing market conditions. This is discussed in more detail in the Directors' Report on page 40.

Affirmation of Shareholder Mandate
In accordance with the Company's Articles of Association, the Board must seek shareholders' approval for TEMIT to continue as an investment trust every five years. This allows shareholders the opportunity to decide on the long-term future of the Company.

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

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

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

STRATEGIC REPORT
CONTINUED

STRATEGY AND BUSINESS MODEL
CONTINUED

Business Model
The Company has no employees and all of its Directors are non-executive. The Company delegates its day-to-day activities to third parties. The Company has appointed Templeton Asset Management Ltd. ("TAML") as Investment Manager and Franklin Templeton Investment Management Limited ("FTIML") as Company Secretary and Administrator.

TAML was appointed Investment Manager of the Company in 1994. More information on TAML can be found on page 17 of the report. FTIML is responsible for providing company secretarial, administrative, accounting and marketing services to the Company. FTIML is authorised and regulated by the Financial Conduct Authority.

As noted in the Chairman's statement, the Company must comply with the Alternative Investment Fund Managers Directive by 22 July 2014 and the Board has decided to appoint Franklin Templeton International Services S.à r.l. ("FTIS"), a Luxembourg domiciled company as the Alternative Investment Fund Manager and J.P. Morgan Europe Limited as depositary from 1 July 2014. FTIS is authorised and regulated by the Commission de Surveillance du Secteur Financier ("CSSF").

The Board conducts regular reviews of the Company's primary service providers as discussed on page 44 to ensure that the services provided are of the quality expected by TEMIT, that they do not take undue risks and represent value for money. The Directors also ensure that the Company's primary service providers have adopted an appropriate framework of controls, monitoring and reporting to enable the Directors to evaluate these risks.

The Board regularly assesses and reviews with the Investment Manager a wide range of risk exposures that may impact the Company. Further analysis of these risks are described on pages 11 to 13. The Board monitors risk on a quarterly basis as part of the Board meetings including benchmark and performance attribution, risk analysis, contributors and detractors to performance, major overweight and underweights and portfolio information including purchases and sales. This culminates in a full risk and internal controls review every September at the Audit Committee meeting. Due to the nature of the Company's business, investment risk is a key focus and is reviewed on an ongoing basis as part of every investment decision of the Investment Manager. Further information on this process is detailed on pages 11 to 12.

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

Key Performance Indicators
The Board consider the following as the key performance indicators for the Company:

- the long and short-term return in net asset value per share compared to its benchmark;
- the movement in share price and discount; and
- the Ongoing Charges Ratio.

Performance
In the year to 31 March 2014, the Company's net asset value per share produced a total return (dividend reinvested) of –14.6%. This underperformed the Company's benchmark, the MSCI Emerging Markets Index, which returned –9.9%. Over 5 years the comparable returns for TEMIT are 97.7% (14.6% per annum compounded) and 71.7% (11.4% per annum compounded) for the MSCI Emerging Markets Index.

The graphs on page 4 show the total return of TEMIT's NAV and share price relative to the MSCI Emerging Markets Index and the relative annual total return of TEMIT's NAV and share price against the MSCI Emerging Markets Index over the last 10 years.

The Chairman's Statement on pages 5 to 8 and the Investment Manager's Report on pages 21 to 30 include a review of the main developments during the year and the investment outlook.

Share Capital and Discount
The Board has powers to buy back the Company's shares as a discount control mechanism when it is in the best interests of the Company's shareholders. The Board was authorised at the Company's Annual General Meeting ("AGM") on 12 July 2013 to buy back up to 49,126,111 shares (or 14.99% of the Company's issued share capital on that date, whichever was lower). The present authority expires on the conclusion of the AGM on 18 July 2014.

The Directors are seeking to renew this authority at the 2014 AGM, as further detailed in the Directors' Report on page 53.

The share price of TEMIT decreased by 17.7% to 527.0 pence as at 31 March 2014. Over the year, the Company's share price discount to NAV has been in the range of 7.4% to 12.3%. As at 31 March 2014, the discount had widened to 10.9% from 8.8% as at 31 March 2013.

Share Price Discount to NAV

During the year 4,525,000 shares were repurchased, representing 1.38% of the issued share capital as at 31 March 2013, at a cost to the Company of £24.9 million. These shares were cancelled which resulted in an uplift of 0.14% to the net asset value per share. They were bought back at discounts ranging from 7.9% to 11.5% and at prices ranging from 494.0 pence to 657.0 pence.

In the period from 1 April to 27 May 2014, 848,000 shares were bought back and cancelled by the Company.

Ongoing Charges Ratio
The Ongoing Charges Ratio ("OCR") represents the annualised ongoing charges of the Company divided by the average daily net asset values of the Company for the year. The OCR remained at 1.30% for the year end 31 March 2014 (1.30%: 31 March 2013).

From 1 July 2014 the Board has agreed with Franklin Templeton Investments a 0.10% reduction in fees.

Costs associated with the purchase and sale of investments are taken to capital and are not included in the OCR. Transaction costs totalled £930,000 for the year to 31 March 2014 (2013: £254,000).

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

Investment and Concentration risk
Where possible, investment will generally be made directly in the stock markets of emerging countries. Where the Investment Manager considers it appropriate, for example to gain access to markets closed to foreign portfolio investors, investment may be made in emerging markets through Collective Investment Schemes, although such investment is not likely to be substantial. As at 31 March 2014 the Company had no such investments. In addition, investment in companies listed on more developed countries' stock exchanges may also be made where those companies have a significant source of their revenue from emerging countries.

It is intended that the Company will normally be invested in equity investments. However, the Investment Manager may invest in equity-related investments (such as convertibles) where there are believed to be advantages to so doing. The portfolio may frequently be over-weight or under-weight against the MSCI Emerging Markets Index and may be concentrated into a more limited number of sectors, geographical areas or countries. This is consistent with the stated investment approach of long-term value investing. The Investment Manager evaluates investment opportunities with updated financial ratios on a daily basis, and, where opportunities are identified, adjusts the portfolio to seek optimal exposures to stocks which are assessed to be the best value in global emerging markets.

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

Emerging markets can also be subject to greater price volatility and more rapid and severe re-rating than developed markets.

The general policy of the Board is to be fully invested. However, in response to market conditions, the Investment

STRATEGIC REPORT
CONTINUED

STRATEGY AND BUSINESS MODEL
CONTINUED

Manager may hold funds temporarily in cash or other appropriate assets.

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

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

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

Operational and custody risk
Like many other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent upon the control systems of the Investment Manager and the Company's service providers. The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depend on the effective operation of these systems. These are regularly tested and monitored and an internal control report, which includes an assessment of risks together with an overview of procedures to mitigate such risks, is prepared by the Secretary and Administrator and reviewed by the Audit Committee annually. The global custodian (JPMorgan Chase Bank) produces a bi-annual SSAE 16/ISAE 3402 report which is reviewed by its auditor and gives assurances regarding the effective operation of controls.

As part of the annual risk and controls review, the Audit Committee reviewed the global custody risk assessment for TEMIT. This concluded that, while there are inherent custody risks in investing in emerging markets, the custody network employed by TEMIT has appropriate controls in place to mitigate those risks, and that these controls are consistent with recommended industry practices and standards.

Key personnel
The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of the Investment Manager and its ability to attract and retain suitable staff. The Investment Manager has endeavoured to ensure that the principal members of their management teams are suitably incentivised, but the retention of such staff cannot be guaranteed.

Diversity
The Board supports the principle of boardroom diversity. The selection policy of the Board is to appoint the best qualified person for the job, by considering factors such as diversity of thought, experience and qualification. Further details of the selection policy for the Board can be found on page 46.

Regulatory risk
The Company operates in an increasingly complex regulatory environment and faces a number of regulatory risks.

A breach of s1158 of the Corporation Tax Act 2010 or the accompanying Investment Trust (Approved Company) (Tax) Regulations 2011 may potentially result in the Company being subject to corporation tax on chargeable gains on realised portfolio gains.

The Company is required to comply with the European Union's Alternative Investment Fund Managers Directive by 22 July 2014, as the Company is deemed to be an alternative investment fund within the scope of the Directive. The Directive aims to place alternative investment vehicles into a regulated framework, in order to monitor and regulate their activity, with a particular focus on risk management. The Company is currently engaged in ensuring that it will be compliant by the deadline, and is working jointly with the Investment Manager to achieve this.

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

The Board monitors risk on a quarterly basis as part of the Board meetings including benchmark and performance attribution, risk analysis, contributors and detractors to performance, major overweight and underweights and portfolio information including purchases and sales.

A more detailed explanation of the monitoring of risk and uncertainties is covered within the Report of the Audit Committee on page 57. Further information on the risks that TEMIT is subject to, including additional financial and valuation risks, are also detailed in Note 12 of the Notes to the Financial Statements.

Environmental, Social, and other matters

As an Investment Trust, TEMIT has no direct social, community or employee responsibilities. More information can be found in the Directors' Report on page 51.

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

Future Strategy

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

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

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

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

By order of the Board
Peter Smith
13 June 2014

PORTFOLIO HOLDINGS BY GEOGRAPHY

Geographical analysis (by country of incorporation)

As at 31 March 2014

Country	*Sector*	*Fair value*** *£'000*	*MSCI Index# weighting*	*% of issued share class*	*% of net assets*
AUSTRIA					
OMV‡	Energy	21,549	N/A	0.2	1.1
		21,549			**1.1**
BRAZIL					
Banco Bradesco, ADR*†(a)	Financials	78,671	N/A	0.5	4.1
Itau Unibanco, ADR*(a)	Financials	84,032	N/A	0.7	4.4
Petroleo Brasileiro, ADR*†(a)	Energy	28,099	N/A	0.1	1.5
Vale, ADR*†(a)	Materials	63,616	N/A	0.4	3.3
		254,418			**13.3**
HONG KONG/CHINA					
Aluminum Corp. of China, H(b)	Materials	21,013	–	2.6	1.0
Brilliance China Automotive	Consumer Discretionary	173,601	0.1	3.8	9.1
China International Marine Containers, B(c)	Industrials	17,760	–	0.9	1.0
China Petroleum and Chemical, H(b)	Energy	35,186	0.6	0.3	1.8
Dairy Farm	Consumer Staples	74,096	N/A	0.9	3.9
Guangzhou Automobile Group, H(b)	Consumer Discretionary	48,945	0.1	3.5	2.6
PetroChina, H(b)	Energy	51,087	0.6	0.4	2.7
Victory City International	Consumer Discretionary	10,193	N/A	6.7	0.5
VTech	Information Technology	64,181	N/A	3.3	3.4
		496,062			**26.0**
INDIA					
Infosys Technologies	Information Technology	23,549	0.7	0.1	1.2
National Aluminium	Materials	6,981	N/A	0.7	0.4
Oil & Natural Gas	Energy	33,275	0.1	0.1	1.7
Peninsula Land	Financials	4,995	N/A	5.6	0.3
Sesa Sterlite Ω	Materials	39,431	0.1	0.7	2.1
Tata Consultancy Services	Information Technology	119,354	0.4	0.3	6.2
		227,585			**11.9**

* US Listed Securities.

** Fair value represents the bid value of a security as required by International Financial Reporting Standards (IFRS).

‡ These companies have significant exposure to operations in emerging markets.

† pfd: preferred shares.

\# N/A: These stocks are not held by the MSCI Emerging Markets Index.

Ω Sesa Goa Ltd. changed name to Sesa Sterlite Ltd. on 18 September 2013.

(a) American Depository Receipt.

(b) Shares eligible for foreign investment on Chinese stock exchange.

(c) Shares eligible for foreign investment on Hong Kong stock exchange.

Country	*Sector*	*Fair value*** *£'000*	*MSCI Index*# *weighting*	*% of issued share class*	*% of net assets*
INDONESIA					
Astra International	Consumer Discretionary	77,248	0.3	0.5	4.0
Bank Central Asia	Financials	18,112	0.3	0.1	1.0
Bank Danamon Indonesia	Financials	30,884	–	1.4	1.6
		126,244			**6.6**
JORDAN					
Arab Potash	Materials	1,091	N/A	0.1	0.1
		1,091			**0.1**
MEXICO					
Wal-Mart de Mexico	Consumer Staples	35,180	0.3	0.1	1.8
		35,180			**1.8**
PAKISTAN					
MCB Bank	Financials	59,893	N/A	3.5	3.1
Oil & Gas Development	Energy	25,623	N/A	0.4	1.4
		85,516			**4.5**
PERU					
Buenaventura ADR*(a)	Materials	44,881	0.1	2.2	2.3
		44,881			**2.3**
RUSSIA					
Gazprom, ADR*(a)	Energy	41,631	N/A	0.0	2.2
Norilsk Nickel	Materials	7,339	0.2	0.0	0.4
Norilsk Nickel, ADR*(a)	Materials	25,743	N/A	1.4	1.3
OAO TMK	Energy	8,458	N/A	0.2	0.4
		83,171			**4.3**

* US Listed Securities.

** Fair value represents the bid value of a security as required by International Financial Reporting Standards (IFRS).

\# N/A: These stocks are not held by the MSCI Emerging Markets Index.

(a) American Depository Receipt.

PORTFOLIO HOLDINGS BY GEOGRAPHY
CONTINUED

Country	*Sector*	*Fair value** £'000*	*MSCI Index# weighting*	*% of issued share class*	*% of net assets*
SOUTH AFRICA					
Anglo American	Materials	29,328	N/A	0.1	1.5
Impala Platinum	Materials	22,232	0.2	0.5	1.2
		51,560			2.7
SOUTH KOREA					
Hyundai Development	Industrials	44,506	–	3.5	2.3
SK Innovation	Energy	42,822	0.2	0.7	2.3
		87,328			4.6
THAILAND					
Kasikornbank	Financials	56,541	0.2	0.7	2.9
Kiatnakin Bank	Financials	17,663	N/A	2.7	0.9
Land and Houses	Financials	16,938	N/A	0.9	0.9
PTT Exploration and Production	Energy	33,588	N/A	0.3	1.8
PTT	Energy	28,910	N/A	0.2	1.5
Siam Cement	Materials	3,251	0.1	0.0	0.2
Siam Commercial Bank	Financials	74,349	N/A	0.8	3.9
Univanich Palm Oil	Consumer Staples	9,340	N/A	5.0	0.5
		240,580			12.6
TURKEY					
Akbank	Financials	56,630	0.2	0.7	3.0
Tupras-Turkiye Petrol	Energy	37,949	0.1	1.2	1.9
		94,579			4.9
UNITED KINGDOM					
Unilever†	Consumer Staples	3,810	N/A	0.0	0.2
		3,810			0.2
TOTAL INVESTMENTS		1,853,554			96.9
OTHER NET ASSETS		60,011			3.1
TOTAL NET ASSETS		1,913,565			100.0

** Fair value represents the bid value of a security as required by International Financial Reporting Standards (IFRS).
† These companies have significant exposure to operations in emerging markets.
# N/A: These stocks are not held by the MSCI Emerging Markets Index.

THE INVESTMENT MANAGER
31 MARCH 2014

INVESTMENT MANAGER

The Directors engage Templeton Asset Management Ltd. ("TAML") as the Investment Manager of the Company. TAML, a subsidiary of Franklin Resources, is one of the world's largest asset management companies. TAML is a pioneer of emerging market investment, having created one of the first dedicated emerging market mutual funds more than 25 years ago. As of 31 March 2014, the Templeton Emerging Markets Team managed US$43.8 billion in emerging markets assets for retail, institutional and professional investors across the globe.

The Templeton Emerging Markets Team, headed by Dr. Mark Mobius, is one of the largest of its kind. It includes 52 dedicated emerging markets portfolio managers, analysts and product specialists. Their on-the-ground presence in 18 countries, and years of relevant industry experience, greatly assists their understanding of the companies researched for inclusion in the TEMIT portfolio. Many of the senior members of the TEMIT team, such as Allan Lam, Chetan Sehgal and Carlos Hardenberg have worked alongside Mark Mobius for many years.

THE INVESTMENT MANAGER
CONTINUED

MARK MOBIUS, PH.D.
Executive Chairman

Dr. Mobius has spent more than 40 years working in emerging markets all over the world. He joined Franklin Templeton in 1987 as the president of Templeton Emerging Markets Fund, Inc. In 1999, he was appointed joint chairman of the Global Corporate Governance Forum Investor Responsibility Taskforce of the World Bank and Organization for Economic Cooperation and Development.

ALLAN LAM, CPA
Senior Executive Vice President & Senior Managing Director

Allan Lam joined Franklin Templeton in 1987. Mr. Lam manages investment portfolios dedicated to global emerging markets and Asia (ex Japan). He has research responsibilities for companies in the real estate and the oil & gas sector, and also specialises in analysing companies listed in the Philippines. Mr. Lam worked for a number of years in the accounting field with Deloitte Touche Tohmatsu CPA and KPMG Peat Marwick CPA. His knowledge of accounting practices became an important tool for his equity analysis.

CHETAN SEHGAL, CFA
Executive Vice President & Managing Director

Chetan Sehgal joined Franklin Templeton in 1995. His main research responsibilities include the Indian and Israeli markets and the software and IT services industries. Prior to joining Franklin Templeton, Mr. Sehgal was a senior ratings analyst for the Credit Rating Information Services of India, Ltd. Mr. Sehgal earned a B.E. mechanical (honours) from the University of Bombay and a post-graduate diploma in management from the Indian Institute of Management in Bangalore, where he specialized in finance and business policy and graduated as an institute scholar. Mr. Sehgal is a Chartered Financial Analyst (CFA) Charterholder.

CARLOS HARDENBERG
Senior Vice President & Senior Executive Director

Carlos Hardenberg is a senior vice president, senior executive director, primarily responsible for the Turkish market and coverage of the central and eastern European, Middle East and North Africa regions. Prior to joining Franklin Templeton in 2002, Mr. Hardenberg was an analyst in the Corporate Finance Department for Bear Stearns International in London. He entered the financial services industry in 2000.
Mr. Hardenberg holds a M.Sc., with distinction, in investment management from London City University Business School (UK) and a B.Sc., with honours, in business studies from the University of Buckingham (UK).

INVESTMENT MANAGER'S PROCESS
31 MARCH 2014

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

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

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

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

The Investment Manager follows a rigorous five step process:

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

RISK MANAGEMENT
31 MARCH 2014

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

Risk management is led first and foremost by experienced portfolio managers. It is integrated within each step of our fundamental, research-driven process, and includes regular interaction with our independent Portfolio Analysis and Investment Risk (PAIR) team. The PAIR team consists of over 90 investment risk and performance professionals located in 15 different countries around the world. PAIR's mission is to integrate investment risk insight and information into each step of the investment process. This is accomplished via regular meetings with the Emerging Markets investment team:

Weekly engagement in the weekly call, and weekly performance & risk summary sent out to TAML

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

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

Risk Management

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

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

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

PORTFOLIO MANAGERS

Our approach

Dedicated Risk Management Specialists
- Provides robust analytics and critical, unbiased insight
- Locally positioned to work consultatively with portfolio teams around the globe

Oversight Committees
Focuses on most complex risk factors:
- Counterparty Risk • Pricing and Liquidity
- Complex Securities • Global Products

Tools and Platforms
Centrally supported, best-in-class platforms for:
- Data Analytics and Modelling
- Portfolio Compliance
- Trade Monitoring and Execution

INVESTMENT MANAGER'S REPORT
31 MARCH 2014

MARKET OVERVIEW

Emerging market equities experienced significant volatility in the 12 month period under review. The period began with a sharp decrease due to a number of factors including concerns that the US would reduce ("taper") its quantitative easing program, an increase in bond market volatility and fears about the stability of China's banking sector all of which prompted profit taking in emerging market stocks, bonds and currencies. **India**, **Indonesia** and **Turkey**, among others, were perceived to be higher risk due to factors such as slowing growth, current account deficits and lack of reform.

Emerging markets subsequently recovered some of their loss as the US Federal Reserve Board (the "Fed") delayed reducing its asset purchase program, and the Chinese government announced social, economic and financial reforms. However, emerging markets again experienced heightened volatility later in the period as investors grew concerned about the Fed's decision to reduce its monthly asset purchases from January 2014, **China's** slowing economic growth, sharp devaluations of several emerging market currencies, and political unrest in **Thailand**, **Turkey** and the Ukraine. Further pressuring emerging market stocks was the effect of tightening liquidity by the People's Bank of China, to curb lending by banks and non-banking institutions; although the Bank did provide temporarily increased liquidity at times. The central banks of several emerging market countries, including **Brazil**, **India**, **South Africa** and **Turkey**, raised interest rates in response to rising inflation and weakening currencies. Despite mixed economic data globally and geopolitical risk in the Ukraine, emerging market stocks rallied in the last two months of TEMIT's accounting year as many investors believed that the recent sell-off provided buying opportunities.

For the 12 months ended March 31, 2014, emerging market stocks, as measured by the MSCI Emerging Markets Index, posted a decline of 9.9% in sterling terms on a total return basis, mainly due to weakness in emerging market currencies. The Index returned a positive 3.8% return in local currency terms, but this was more than offset by the relative strength of sterling, our base currency.

Speculation of policy tightening to address an overheating property market, worries about volatility in interbank lending markets, and signs that economic growth momentum was easing exerted pressure on **China's** equity markets. The announcement of major reform proposals following the government's November plenary session, however, provided some relief. For some time, market sentiment was driven by speculation about possible defaults in some shadow banking vehicles and reports of weaker than expected macroeconomic data, including sluggish industrial survey data. In addition to the implementation of reform in the petrochemical sector, the People's Bank of China doubled the trading band of the renminbi, as efforts to accelerate financial reforms continued. While the Chinese market produced a negative return over the accounting year, good stock selection led to this country being the best relative contributor to TEMIT's performance over the period.

TEMIT Portfolio Total Return	+1.7%
MSCI China Total Return	–6.6%
Relative Contribution	+2.4%

Total return in sterling.

Brazil lost ground, due to market unease about the potential reduction of US quantitative easing, some uncertainty about the direction of government economic policies and a depreciation in the real. Civil disturbances and populist government measures implemented earlier in the period added to the sense of nervousness. Brazilian commodity shares also struggled to overcome a weak global commodity market. The Central Bank raised interest rates to support the real. In the final months of the reporting period however, equity prices increased on better than expected fourth quarter gross domestic product data, improving commodity prices and signs of a more prudent fiscal policy boosting overall sentiment in Brazil.

TEMIT Portfolio Total Return	–22.7%
MSCI Brazil Total Return	–20.5%
Relative Contribution	–0.5%

Total return in sterling.

Thailand's subdued local economic data and concerns about the possible impact of any "tapering" of US quantitative easing prompted foreign selling of the Thai market and the baht. An interest rate cut by the Bank of Thailand earlier in the period had limited impact as investors worried that a period of very benign economic conditions might be ending. In September, the US Federal reserve shelved its tapering proposals, prompting a strong rally in Thailand and other markets. A political crisis, however, led foreign selling of the Thai equity market as well as the Thai baht to resume. Declines were concentrated among domestic businesses and those with substantial foreign shareholdings. Some export businesses and companies influenced by global economic conditions held up better as benefits from currency weakness earlier in the year began to flow through to operating results. Economic data mirrored the market, with export related statistics firming, whereas domestic confidence appeared to wane as political uncertainty impacted sentiment. The market revived in February and March as the global situation improved and some easing of political tensions brought investors back into the market in spite of somewhat subdued economic data and mixed corporate results.

TEMIT Portfolio Total Return	–25.4%
MSCI Thailand Total Return	–23.8%
Relative Contribution	–2.0%

Total return in sterling.

Despite a weak start, the **Indian** market was also among the strongest performers in the portfolio. Issues such as currency weakness, worries about financing the country's current account deficit and unease that approaching elections were driving fiscally unwise populist measures sent the market sharply lower. However, the appointment of a new governor of the Reserve Bank of India was warmly received by investors. Policy actions such as raising interest rates proved effective, leading the rupee to stablise and equity prices to rebound. Sentiment in India also increased due to strong corporate results, a satisfactory interim budget, a narrowing current account deficit and local elections that suggested a change of government at the general election scheduled for May 2014. Expectations of a more business friendly government driving a programme of economic stabilisation could, in our opinion, continue to support growth in Indian equities going forward.

TEMIT Portfolio Total Return	+5.2%
MSCI India Total Return	–2.8%
Relative Contribution	+1.4%

Total return in sterling.

Indonesia was notably weak in the period with concerns about its balance of payments causing an exodus of foreign investors that sent the market and currency sharply lower and prompted significant monetary tightening measures. In the first quarter of 2014 however, stock prices moved higher as a positive trade balance and news of strengthening foreign currency reserves relieved pressure on the rupiah. With fears of interest rate rises receding, an improving economic background and attractive valuations brought foreign investors back into the market. This improved confidence sent both equities and the rupiah higher, reducing declines recorded in the earlier part of the period.

TEMIT Portfolio Total Return	–31.5%
MSCI Indonesia Total Return	–25.1%
Relative Contribution	–1.5%

Total return in sterling.

Political instability and US "tapering" concerns and its impact on the country's substantial current account deficit led to poor performance by **Turkey's** equity market. Turkish equities however rallied in March 2014 on the victory of Prime Minister Recep Tayyip Erdogan's Justice and Development party in the municipal elections.

TEMIT Portfolio Total Return	–39.3%
MSCI Turkey Total Return	–35.1%
Relative Contribution	–1.6%

Total return in sterling.

Elsewhere, **Pakistan** was a further contributor to performance, as general elections resulted in a decisive mandate for veteran opposition leader Nawaz Sharif, leading stocks to rally. An improving economic outlook, support from the International Monetary Fund (IMF) and new government reforms drove investor confidence.

TEMIT Portfolio Total Return	+35.1%
Pakistan is not in the Benchmark index	–
Relative Contribution	+0.8%

Total return in sterling.

Russia, accounting for a relatively small proportion of the portfolio, struggled in the period due to weak commodity prices, sustained pressure on the ruble and weaker GDP growth. The Central Bank of Russia also raised interest rates to curb inflationary pressures and to stabilise the ruble, which reached a record low against the US dollar in March 2014. In the first quarter of 2014, the Russian market fell on precautionary selling in response to the crisis in the Ukraine.

TEMIT Portfolio Total Return	−10.9%
MSCI Russia Total Return	−18.4%
Relative Contribution	+0.6%

Total return in sterling.

Among other markets, **South Korea**, **South Africa** and **Hong Kong**, outperformed many of their emerging market counterparts despite recording declines, during the reporting period

PERFORMANCE ATTRIBUTION ANALYSIS

Performance Attributions %

Year to 31 March 2014	%
Total Return (Net)[1]	-14.6
Expenses[2]	1.3
Total Return (Gross)[3]	-13.3
Benchmark Total Return[4]	-9.9
Excess Return[5]	-3.4
Sector Allocation	-0.5
Stock Selection	-4.6
Currency	1.4
Residual[6]	0.3
Total Portfolio Manager Contribution	-3.4

Notes

[1] *Total Return (Net) is the NAV return inclusive of dividends reinvested.*

[2] *Expenses incurred by the fund for the year to 31 March 2014.*

[3] *Gross return is Total Return (Net) plus Expenses. Gross of fee performance is preferable for attribution and other value-added reporting as it evaluates the contribution of the manager.*

[4] *MSCI Emerging Markets (Total Return) Index, inclusive of gross dividends reinvested. Indices are comparable to gross returns as they include no expenses.*

[5] *Excess return is the difference between the gross return of the portfolio and the return of the benchmark.*

[6] *The "Residual" represents the difference between the actual excess return and the excess return explained by the attribution model. This amount results from several factors, most significantly the difference between the actual trade price of securities included in actual performance and the end of day price used to calculate the attribution.*

Above numbers may not add up exactly due to rounding.

Source: FactSet and Franklin Templeton Investments.

TEMIT's portfolio is managed with a strategy which is built on the belief that superior investment returns can be achieved by investing in companies which the Investment Manager believes are undervalued by the market, fundamentally strong and growing. Our stock selection is based on companies, not market indices and so both TEMIT's portfolio and its performance are likely to vary significantly from the index. As described further under "Outlook" below, our analysis and selection of companies has led us to two key themes: the growth of the middle class and increasing demand for commodities over the long-term.

At the company level, the top three contributors to relative performance were overweight positions in **Brilliance China Automotive, Tata Consultancy Services** and **MCB Bank**.

Brilliance China Automotive (9.1% of the portfolio) is a major automobile manufacturer in China with a joint venture with German luxury car maker BMW for the production and sale of BMW 3-series and 5-series vehicles in China. The company started manufacturing the X1 in 2012 and is expected to launch the 5-series hybrid, front-wheel drive 2-series and new generation of X1 and 5-series in the coming years. The company also plans to expand total capacity from the current 300,000 units to 600,000 units by 2016.The company has consistently delivered strong growth and earnings, and remains a beneficiary of the robust growth in China's luxury automobile market, driven by China's growing middle class. We believe that Brilliance China's capacity expansion plans coupled with its strong brand recognition and execution could allow the company to continue enjoying growing demand and increasing market share.

Share Price Total Return	+19.8%
Relative contribution to portfolio	+3.1%

Total return in sterling.

INVESTMENT MANAGER'S REPORT
CONTINUED

One of India's largest and oldest IT consulting companies, **Tata Consultancy Services (6.2%)** continues to be a beneficiary of global IT outsourcing. Additionally, weakness in the rupee during the year was potentially advantageous for the company whose costs are mainly in rupees, while its revenues arise primarily in foreign currency. Strength in the Indian market as a whole further supported the company's share price performance. We believe that IT outsourcing is a growing business, and Tata is well placed to benefit from this growth due to its extensive global exposure and comprehensive range of services.

Share Price Total Return	+13.3%
Relative contribution to portfolio	+1.3%

Total return in sterling.

In addition to being one of the five largest banks in Pakistan in terms of assets and of deposits, **MCB Bank (3.1%)** is the most profitable due to deriving 90% of its funding from low cost deposits (Current and Savings Accounts which are traditionally paid 0%) and mandatory minimum interest rates on lending. MCB is therefore able to earn higher margins than those generally achieved by the larger banks in Pakistan. MCB Bank benefited from positive investor sentiment in the country following the victory of opposition leader Nawaz Sharif as prime minister. The new government is much more open to attempts by MCB Bank and others to expand overseas or acquire domestic players to consolidate the sector. The bank has surplus equity capital available, which puts it in a good position for potential expansion. We believe that higher lending rates/investment yields and loan growth coupled with the low cost of credit for the bank could boost earnings going forward. The bank's superior asset quality, improving local business confidence and international expansion, as well as increased focus on branchless and Islamic banking, could further support the bank's performance.

Share Price Total Return	+38.7%
Relative contribution to portfolio	+0.8%

Total return in sterling.

In terms of individual companies, TEMIT's positions in **Akbank, Buenaventura** and **Bank Danamon Indonesia** were among the largest detractors. All three stocks ended the reporting period with double-digit declines.

Tapering of the US quantitative easing programme and its impact on the country's substantial current account deficit, along with a corruption investigation implicating figures close to the government, prompted a sell-off in the Turkish market. Banks including **Akbank (3.0%)**, one of Turkey's largest privately owned banks, came under particular pressure, especially after the chief executive of a leading competitor bank was arrested. We are of the opinion however that Akbank is well positioned to benefit from growing demand for financial and banking services in Turkey. The bank's prudent and experienced management, high asset quality, and strong equity and deposit base lead us to maintain a positive view. Moreover, the bank's valuation remains attractive at current levels.

Share Price Total Return	–43.9%
Relative contribution to portfolio	–1.6%

Total return in sterling.

With gold and silver prices falling during the year, the share price of **Buenaventura (2.3%)** fell sharply. Indications of rising costs and lower production output also had an impact. A low-cost producer and one of the 10 largest gold mining companies globally, we believe that the company should be able to withstand short-term pressure on commodity prices. Buenaventura's extensive exploration portfolio, strong balance sheet, good profit margins and undemanding valuations also increase the company's attractiveness and we took advantage of the weak share price to increase our investment.

Share Price Total Return	–55.3%
Relative contribution to portfolio	–1.0%

Total return in sterling.

Bank Danamon Indonesia (1.6%) is a commercial bank operating in the Indonesian market. We believe that it will benefit from economic growth and rising demand for financial products from the growing Indonesian middle class. The share price was affected by general weakness in the local market due to fears that US "tapering" could lead to further deterioration in Indonesia's current account position. This was exacerbated by news that a bid for the bank from the Singaporean lender DBS had been abandoned. However, we believe that this bank remains well positioned to benefit from Indonesia's growing economy and under-penetrated banking sector. The share price enjoyed gains in the final quarter of the reporting period, offsetting some of the year's earlier declines, as improving economic data flow and optimism that elections would produce a reformist government, boosted investor sentiment sending both equity prices and the rupiah ahead.

Share Price Total Return	–46.5%
Relative contribution to portfolio	–1.0%

Total return in sterling.

PORTFOLIO CHANGES & INVESTMENT STRATEGIES

New Holding

Security	*Country*	*Amount (£m)*
Oil & Gas Development	Pakistan	27
Unilever	United Kingdom	4

Increased Holding

Security	*Country*	*Amount (£m)*
Buenaventura, ADR	Peru	48
Impala Platinum	South Africa	12
Infosys Technologies	India	11
Vale, ADR	Brazil	10
Gazprom, ADR	Russia	9
Oil & Natural Gas	India	7
Anglo American	South Africa	4
Astra International	Indonesia	3
OAO TMK	Russia	3
Norilsk Nickel, ADR	Russia	2
Polnord*	Poland	1

Partial Sale

Security	*Country*	*Amount (£m)*
National Aluminium	India	(1)
Tata Consultancy Services	India	(8)
Bank Central Asia	Indonesia	(43)
Brilliance China Automotive	Hong Kong/ China	(80)

Total Sale

Security	*Country*	*Amount (£m)*
Faysal Bank	Pakistan	(4)
Polnord*	Poland	(6)
MOL Hungarian Oil and Gas	Hungary	(18)
Polski Koncern Naftowy Orlen	Poland	(33)

**Holdings in Polnold were increased early in the year and fully sold off at the end of the year.*

During the reporting period, TEMIT added two new companies to the portfolio: **Oil & Gas Development (OGDC)** in Pakistan and **Unilever**, a UK-listed company which derives a substantial portion of its revenues from emerging markets.

Pakistan's dominant oil and gas exploration and production company, **OGDC** is also the largest listed company in the country. The company accounts for approximately 60% and 30%, of Pakistan's oil and gas production, respectively. All of the company's fields are on-shore and well established, resulting in a low cost structure when compared to peers elsewhere. An extensive and established gas transmission pipeline also provides a ready market for OGDC's gas. Gas is currently the main source of energy in Pakistan, accounting for about 50% of the country's energy needs, as the government continues to promote its use given its indigenous nature and relatively lower cost. Conditions for an International Monetary Fund loan to Pakistan included a requirement for cash to be raised from sales of state holdings in major companies. Anticipation of a substantial share sale led investors to take profits in the company providing an attractive entry point for TEMIT. Trading at attractive valuations, with high profit margins and return on equity, OGDC is well positioned to benefit from the growing energy needs of the country and reform of regulation of the oil and gas industry.

Unilever is a global consumer products company with operations in foods, refreshments, home care and personal care. Some of the company's leading brands are Knorr, Hellman's, Lipton, Magnum, Surf, Dove, Lux, Axe and Pond's. Emerging markets account for approximately 40% of Unilever's total turnover. The company has also made some meaningful acquisitions in the personal care sector in recent years, while disposing of some assets in

INVESTMENT MANAGER'S REPORT
CONTINUED

the foods division. Reasons supporting our positive view on the company include its large exposure to emerging markets, which has been driving growth in sales and earnings, ownership of top brands with dominant market shares in various businesses, and established network and partnerships with distributors in markets where logistics can be difficult.

An evaluation of existing holdings in the portfolio led to additional purchases in ten companies as price falls during the period provided TEMIT with an opportunity to increase positions in companies that remained attractive. Purchases were made in four key sectors: materials, consumer staples, energy, and information technology.

Companies in the energy and materials sectors generally fell in the past year as weaker commodity prices and concerns of slowing demand in emerging markets, especially China, led investors to shy away from these sectors, leading to indiscriminate selling across the board. We are of the opinion, however, that many companies are now undervalued and could be strong beneficiaries of improving developments in the global economy. Furthermore, and taking a longer view, energy reforms in markets such as China, India, Pakistan and other countries could further support earnings growth in these companies.

Additions in the materials sector included **Buenaventura**, **Impala Platinum**, a leading global platinum producer, **Vale**, one of the world's largest iron ore producers, **Anglo American**, one of the largest diversified mining companies in the world, and **Norilsk Nickel**, the world's largest producer of nickel and palladium and one of the largest producers of platinum.

Gazprom, the largest producer of gas in the world by reserves and production, **Oil & Natural Gas**, India's dominant player in the Indian upstream sector, with leading market shares in the country's oil and gas production, and **OAO TMK**, a global leading manufacturer of value-added pipe products for the oil and gas industry, were purchases in the energy industry.

We increased our investments in **Infosys Technologies** in the IT sector, and **Astra International** in consumer staples.

Infosys Technologies is among India's leading IT consulting companies and enjoys a strong market position with relationships with major global companies such as British Telecom, Visa International, Goldman Sachs, Levi Strauss, Reebok, Apple, Amazon and Gap. The company has a strong track record of repeat business and has been investing in IT platforms and products businesses which would drive productivity over the long-term. Infosys also benefits from India's competitive advantage in software and favourable regulations. Economic recovery in the US and Europe is expected to result in a growth in business. While the departure of some senior employees raised concerns, the return of the former chairman as executive chairman bolstered confidence. We believe that IT outsourcing is an attractive and growing industry and that the company is a well placed to benefit from this growth.

Astra International is a diversified Indonesian conglomerate, with four main businesses: automotive, financial services, heavy equipment and agribusiness. Its automotive business, which accounts for about half of its earnings, can be further broken down into motorcycles, cars and auto parts. Astra is also the principal distributor for Toyota, Daihatsu, Isuzu, BMW and Peugeot cars as well as Nissan trucks in Indonesia. The company provides diversified exposure to the growing Indonesian economy. Moreover, we expect a rapidly growing middle-upper income population with stronger purchasing power to continue to drive growth in the automotive industry.

Sales were concentrated in the consumer discretionary and financials sectors to raise funds for more attractive investment opportunities.

TEMIT trimmed its holdings in **Brilliance China Automotive** and in **Tata Consultancy Services** in order to take profits and reduce concentration in these stocks. These two companies remain TEMIT's top two holdings, signalling our continued confidence in them. Holdings in Indian alumina manufacturer, **National Aluminium**, and Indonesia's **Bank Central Asia** were also reduced.

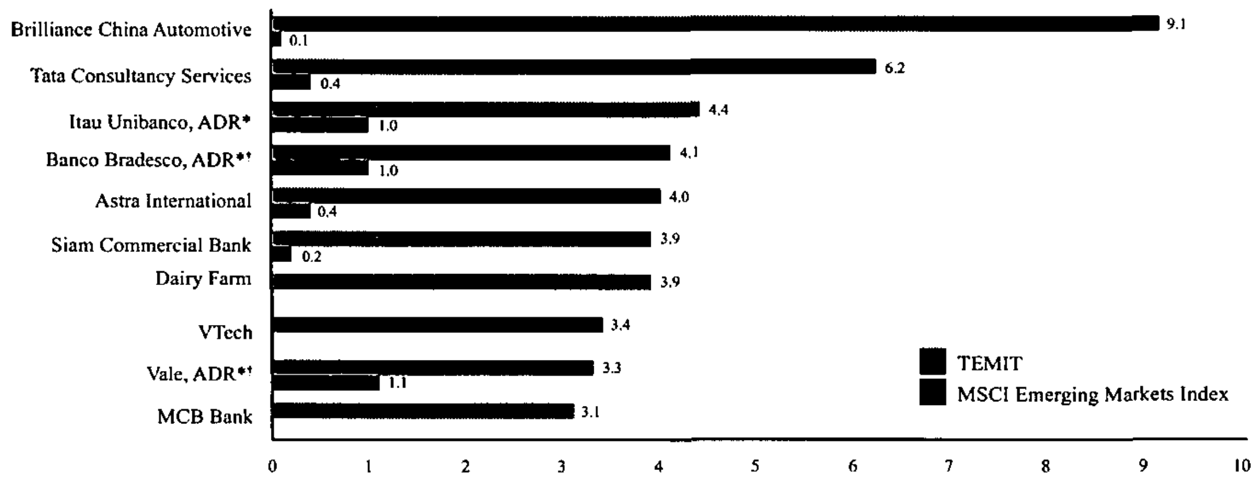
Positions in two energy companies, **MOL Hungarian Oil and Gas** and **Polski Koncern Naftowy Orlen**, were sold at a profit, allowing TEMIT to realise gains, along with full disposals of **Faysal Bank** in Pakistan and **Polnord** in Poland which were sold at a loss.

TOP SECURITY CONTRIBUTORS AND DETRACTORS TO RELATIVE PERFORMANCE (%)*

Top Contributors	*Contribution to Relative Performance*	*Share Price Total Return*	*Top Detractors*	*Contribution to Relative Performance*	*Share Price Total Return*
Brilliance China Automotive	3.1	19.8	Akbank	(1.6)	(43.9)
Tata Consultancy Services	1.3	13.3	Tencent Holdings.^	(1.0)	99.9
MCB Bank'	0.8	38.7	Buenaventura	(1.0)	(55.3)
Hyundai Development	0.5	15.8	Bank Danamon Indonesia	(1.0)	(46.5)
Guangzhou Automobile Group, H	0.4	13.7	Dairy Farm.'	(0.9)	(24.9)

* *For the period 31 March 2013 to 31 March 2014.*
^ *Company not held by TEMIT.*
' *Company not held by the MSCI Emerging Markets Index.*

TOP 10 PORTFOLIO WEIGHTS (%)*



**As at 31 March 2014.*

INVESTMENT MANAGER'S REPORT
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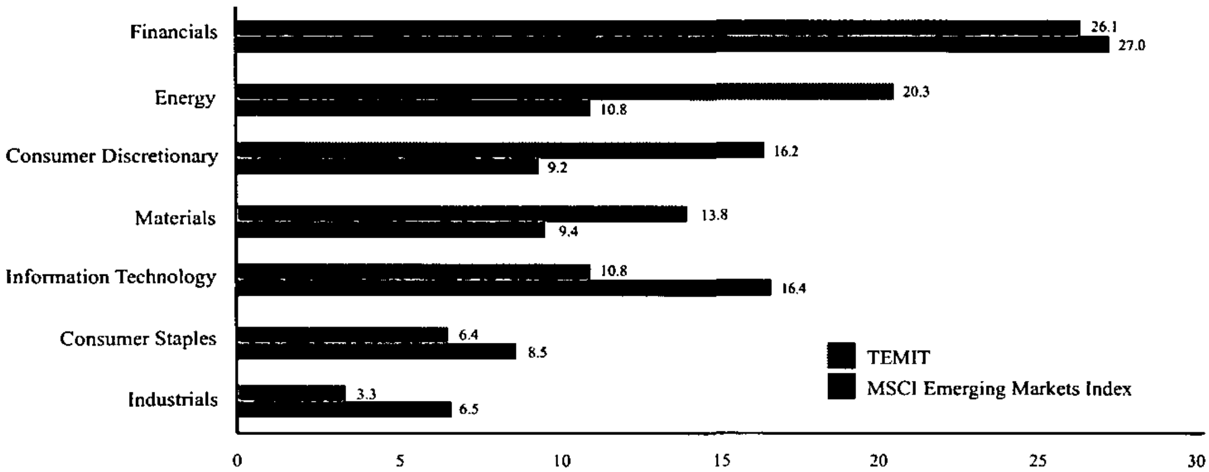
TOP SECTOR CONTRIBUTORS AND DETRACTORS TO RELATIVE PERFORMANCE (%)*

Top Contributors	*Contribution to Relative Performance*	*MSCI Emerging Markets Index Total Sector Return*	*Factors affecting performance*	*Top Detractors*	*Contribution to Relative Performance*	*MSCI Emerging Markets Index Total Sector Return*	*Factors affecting performance*
Consumer Discretionary	1.9	2.6	Strong stock selection and overweight	Financials	(3.8)	(14.0)	Stock selection
Industrials	0.9	(8.8)	Strong stock selection	Energy	(1.2)	(17.2)	Stock selection and overweight
Telecommunication Services^	0.1	(10.8)	Sector not held by TEMIT	Consumer Staples	(0.9)	(15.2)	Stock selection
Utilities^	0.0	(10.9)	Sector not held by TEMIT	Information Technology	(0.7)	6.9	Underweight exposure
				Materials	(0.4)	(18.8)	Overweight exposure

* *For the period 31 March 2013 to 31 March 2014.*
^ *No companies held by TEMIT in these sectors.*

SECTOR WEIGHTINGS vs BENCHMARK (%)*



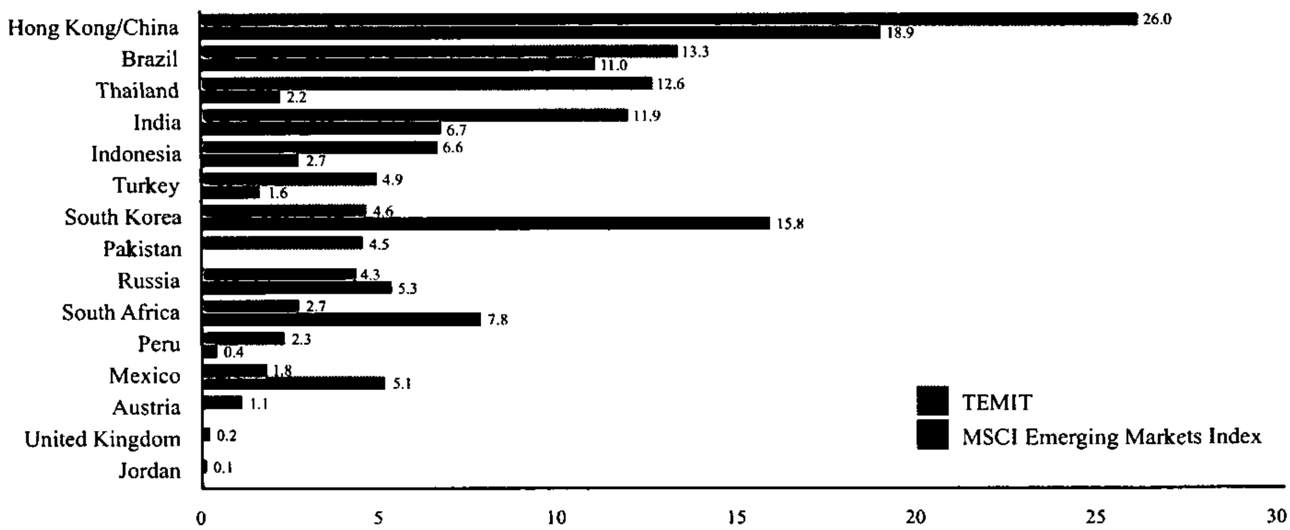
**As at 31 March 2014.*

TOP COUNTRY CONTRIBUTORS AND DETRACTORS TO RELATIVE PERFORMANCE (%)*

Top Contributors	*Contribution to Relative Performance*	*MSCI Emerging Markets Index Total Country Return*	*Factors affecting performance*	*Top Detractors*	*Contribution to Relative Performance*	*MSCI Emerging Markets Index Total Country Return*	*Factors affecting performance*
Hong Kong/China	2.4	(6.6)	Strong stock selection and overweight	Thailand	(2.0)	(23.8)	Overweight exposure
India	1.4	(2.8)	Strong stock selection and overweight	Turkey	(1.6)	(35.1)	Overweight exposure
Pakistan'	0.8	–	Overweight exposure	Indonesia	(1.5)	(25.1)	Stock selection and overweight
Russia	0.6	(18.4)	Strong stock selection	Taiwan^	(1.2)	1.3	Country not held by TEMIT
Chile^	0.5	(33.0)	Country not held by TEMIT	South Korea	(0.9)	(3.9)	Underweight exposure

** For the period 31 March 2013 to 31 March 2014.*
^ No companies held by TEMIT in these countries.
' Country not held by the MSCI Emerging Markets Index.

COUNTRY WEIGHTINGS vs BENCHMARK (%)*



**As at 31 March 2014.*

INVESTMENT MANAGER'S REPORT
CONTINUED

OUTLOOK

Emerging markets have been turbulent in recent months and it is acknowledged that, in the short-term, investors have made greater returns in developed markets. However, as we look to the future, we believe that our approach and the TEMIT portfolio should serve investors well.

As long-term investors, we aim to look through short-term market turbulence to identify long-term value in emerging market equities. We place little weight on transient news flow, unless we believe that developments could have long-term consequences. We focus on factors such as demographic changes, development in technology and infrastructure, and improvements in education that can boost the growth potential of emerging markets. Further, economic growth itself has an important secondary effect in creating a growing number of middle class consumers who can create domestic demand to augment growth from investment and exports. We continue to seek to invest in companies with strong management and transparent financial information. We also believe that countries that move to root out corruption, and protect investors can create conditions for stronger economic growth and improved corporate profitability.

In the short-term, political difficulties in Russia, Thailand and Turkey may dominate news media, while month by month analysis of Chinese economic data produces volatile swings in investor sentiment. However, the major economic restructuring underway in China, South Korea and Mexico, and the rising focus on reducing corruption in many countries and the emergence of market-friendly economic policies and investment across much of South and Southeast Asia, could all create opportunities over time.

Our high conviction, long-term approach to investing in emerging markets has contributed to outperformance over the last five years and in the 25 years since TEMIT was launched. Despite weakness in the last 12 months, we believe that emerging markets in general and our stock holdings in particular stand to benefit from attractively low valuations, improving global growth prospects, and we continue to maintain faith in our positioning. We believe that if shareholders vote for continuation they will be well rewarded over the long-term.

Mark Mobius, PhD

PORTFOLIO SUMMARY

PORTFOLIO DISTRIBUTION AS AT 31 MARCH 2014 AND 31 MARCH 2013

All figures are in %

	Austria	Brazil	Hong Kong/China	Hungary	India	Indonesia	Jordan	Mexico	Pakistan	Peru	Poland	Russia	South Africa	South Korea	Thailand	Turkey	United Kingdom	Other Net Assets	2014 Total	2013 Total
Consumer Discretionary	–	–	12.2	–	–	4.0	–	–	–	–	–	–	–	–	–	–	–	–	16.2	15.7
Consumer Staples	–	–	3.9	–	–	–	–	1.8	–	–	–	–	–	–	0.5	–	0.2	–	6.4	7.2
Energy	1.1	1.5	4.5	–	1.7	–	–	–	1.4	–	–	2.6	–	2.3	3.3	1.9	–	–	20.3	21.6
Financial	–	8.5	–	–	0.3	2.6	–	–	3.1	–	–	–	–	–	8.6	3.0	–	–	26.1	32.2
Industrials	–	–	1.0	–	–	–	–	–	–	–	–	–	–	2.3	–	–	–	–	3.3	2.4
Information Technology	–	–	3.4	–	7.4	–	–	–	–	–	–	–	–	–	–	–	–	–	10.8	8.3
Materials	–	3.3	1.0	–	2.5	–	0.1	–	–	2.3	–	1.7	2.7	–	0.2	–	–	–	13.8	11.4
Total Equities	1.1	13.3	26.0	–	11.9	6.6	0.1	1.8	4.5	2.3	–	4.3	2.7	4.6	12.6	4.9	0.2	–	96.9	98.8
Other Net Assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3.1	3.1	1.2
2014 Total	**1.1**	**13.3**	**26.0**	–	**11.9**	**6.6**	**0.1**	**1.8**	**4.5**	**2.3**	–	**4.3**	**2.7**	**4.6**	**12.6**	**4.9**	**0.2**	**3.1**	**100.0**	**100.0**
2013 Total	1.0	14.3	24.9	0.8	9.1	10.3	0.1	2.3	2.1	1.1	1.6	3.7	1.8	4.3	14.4	7.0	–	1.2	100.0	100.0

INVESTMENT CHANGES – GEOGRAPHICAL

						Movement in year	
Country	31 Mar 2013 Market Value £m's	Purchases £m's	Sales £m's	Market Movement £m's	31 Mar 2014 Market Value £m's	TEMIT %	MSCI Emerging Markets Index %
Hong Kong/China	574	–	(80)	2	496	0.4	(6.6)
Brazil	329	10	–	(85)	254	(25.1)	(20.5)
Thailand	338	–	–	(97)	241	(28.7)	(23.8)
India	210	11	(9)	16	228	7.5	(2.8)
Indonesia	235	3	(43)	(69)	126	(35.4)	(25.1)
Other	592	117	(61)	(139)	509	–	–
Other Net Assets	25	–	–	35	60	–	–
Total	2,303	141	(193)	(337)	1,914		

INVESTMENT CHANGES – SECTOR

						Movement in year	
Sector	31 Mar 2013 Market Value £m's	Purchases £m's	Sales £m's	Market Movement £m's	31 Mar 2014 Market Value £m's	TEMIT %	MSCI Emerging Markets Index %
Financials	742	–	(47)	(196)	499	(28.2)	(14.0)
Energy	497	46	(51)	(104)	388	(21.1)	(17.2)
Materials	361	76	(1)	(171)	265	(39.2)	(18.8)
Consumer Discretionary	262	3	(80)	125	310	67.6	2.6
Information Technology	192	11	(8)	12	207	6.2	6.9
Other	224	5	(6)	(38)	185	–	–
Other Net Assets	25	–	–	35	60	–	–
Total	2,303	141	(193)	(337)	1,914		

INVESTMENT MANAGER'S REPORT
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TEN LARGEST INVESTMENTS

IN ORDER OF PORTFOLIO MARKET VALUE AS AT 31 MARCH 2014

Brilliance China Automotive

Country	*% of net assets*	*Fair value £'000*
Hong Kong/China	9.1%	173,601

Brilliance China Automotive is a major automobile manufacturer in China with a joint venture with German luxury car maker BMW, which celebrated its tenth anniversary in 2013. Via this joint venture, China has now surpassed the United States as BMW's largest single market and the company plans to be able to produce 400,000 vehicles in the medium term as it also develops local engine assembly capacity. As at June 2013, the number of dealerships had increased to 380. The company has consistently delivered strong growth and earnings, and remains a beneficiary of the robust growth in China's luxury automobile market, driven by China's growing middle class. We believe that Brilliance China's capacity expansion plans coupled with its strong brand recognition and execution could allow the company to continue enjoying growing demand and increasing market share.

Web site: www.brillianceauto.com

Tata Consultancy Services

Country	*% of net assets*	*Fair value £'000*
India	6.2%	119,354

Tata Consultancy Services is one of India's largest and oldest IT consulting companies and it continues to benefit from global IT outsourcing. Additionally, weakness in the rupee during the year was potentially advantageous for the company whose costs are mainly in rupees, while its revenues arise primarily in foreign currency. Strength in the Indian market as a whole further supported the company's share price performance. We believe that IT outsourcing is a growing business, and Tata is well placed to benefit from this growth due to its extensive global exposure and comprehensive range of services.

Web site: www.tcs.com

Itau Unibanco

Country	*% of net assets*	*Fair value £'000*
Brazil	4.4%	84,032

Itau Unibanco is the largest Latin American bank and one of the largest banks in the world, with approximately 100,000 employees and operations in 20 countries throughout the Americas, Asia and Europe. It is a universal bank with a range of services and products serving a varied client profile – both individuals and companies of all sizes, from major transnational groups to local micro-entrepreneurs. In Brazil, Itau has nearly 5,000 full-service branches and 28,000 ATMs. For the tenth consecutive year, Itau was named Brazil's most valuable brand in 2013. In 2013, the bank's recurring net income increased by 12.8% and total assets by 9% over the previous year. The bank has invested heavily in technology for its retail operations. It claims a higher number of Facebook fans than any other bank in the world, at 6.5 million.

Web site: www.itau.com

Banco Bradesco

Country	*% of net assets*	*Fair value £'000*
Brazil	4.1%	78,671

Banco Bradesco is one of Brazil's largest private sector banks in terms of total assets. It provides a wide range of banking and financial products and services in Brazil and abroad to individuals, small to mid-sized companies and major local and international corporations and institutions. It has the most extensive private-sector branch and service network in Brazil, which permits it to reach a diverse customer base. As at December 2013 it served over 74 million customers, had over 4,600 branches and over 46,000 "Bradesco Expresso" units through partnerships with supermarkets, drugstores, department stores and other retail chains. Services and products encompass banking operations such as lending and deposit-taking, credit card issuance, consortiums, leasing, payment collection and processing, pension plans, asset management and brokerage services. It is the largest insurance company in Latin America.

Web site: www.bradesco.com.br

INVESTMENT MANAGER'S REPORT
CONTINUED

TEN LARGEST INVESTMENTS

CONTINUED

Astra International

Country	*% of net assets*	*Fair value £'000*
Indonesia	4.0%	77,248

Astra International is a diversified Indonesian conglomerate, with four main businesses: automotive, financial services, heavy equipment and agribusiness. Its automotive business, which accounts for about half of its earnings, can be further broken down into motorcycles, cars and auto parts. Astra is the principal distributor for Toyota, Daihatsu, Isuzu, BMW and Peugeot cars as well as Nissan trucks in Indonesia. The company provides diversified exposure to the growing Indonesian economy. We expect a rapidly growing middle-upper income population with stronger purchasing power to continue to drive the automotive industry growth.

Web site: www.astra.co.id

Siam Commercial Bank

Country	*% of net assets*	*Fair value £'000*
Thailand	3.9%	74,349

Siam Commercial Bank was Thailand's first indigenous bank, established in 1906 under Royal Charter. According to unconsolidated financial information filed with the Bank of Thailand, the Bank was Thailand's second largest commercial bank in terms of total assets, deposits and loans as at 31 December 2013. Its 2013 net profits of Baht 50.2 billion increased by 28% year on year and were a new record for the bank.

The Bank provides a full range of financial services, including corporate and personal lending, retail and wholesale banking, foreign currency operations, international trade financing, cash management, custodial services, credit and charge card services and investment banking services, through its extensive branch network.

Web site: www.scb.co.th

Dairy Farm

Country	% of net assets	Fair value £'000
Hong Kong/China	3.9%	74,096

Dairy Farm is a leading pan-Asian retailer which processes food, wholesales food and personal hygiene products in the Pacific region and in China. At the end of 2013, the Group had over 5,800 outlets; employed over 100,000 people and had total annual sales exceeding US$12 billion.

The company describes its mission as "bringing to Asian consumers the benefits of modern retailing" and its strategy as offering "consumers value-for-money through efficient, low-cost distribution of high-quality fresh foods as well as consumer and durable goods in our supermarkets, hypermarkets, health and beauty stores, convenience stores and home furnishings stores".

Web site: www.dairyfarmgroup.com

VTech

Country	% of net assets	Fair value £'000
Hong Kong/China	3.4%	64,181

VTech is the world's largest manufacturer of cordless telephones, and the largest supplier of electronic learning products from infancy to preschool in the US and Western Europe. It also provides highly sought-after contract manufacturing services. Founded in 1976, VTech's mission is to be the most cost effective designer and manufacturer of innovative, high quality consumer electronics products and to distribute them to markets worldwide in the most efficient manner. With headquarters in the Hong Kong Special Administrative Region and state-of-the-art manufacturing facilities in China, VTech currently has operations in 11 countries and regions and approximately 37,000 employees, including around 1,500 R&D professionals in R&D centres in Canada, Hong Kong and China. This network allows VTech to stay abreast of the latest technology and market trends throughout the world, while maintaining a highly competitive cost structure.

The Group invests significantly in R&D and launches numerous new products each year. VTech sells its products via a strong brand platform supported by an extensive distribution network of leading retailers in North America, Europe and Asia Pacific. Apart from the well-known VTech brand, the Group is licensed to design, manufacture and distribute AT&T branded wireline telephones and accessories in North America and China, as well as Telstra branded fixed-line telephones in Australia.

Web site: www.vtech.com

INVESTMENT MANAGER'S REPORT
CONTINUED

TEN LARGEST INVESTMENTS

CONTINUED

Vale

Country	*% of net assets*	*Fair value £'000*
Brazil	3.3%	63,616

Vale is one of the three largest metals and mining companies and one of the largest publicly traded companies in the world. It is the world's largest producer of iron ore and iron ore pellets, key raw materials for steelmaking, and the world's second largest producer of nickel, which is used to produce stainless steel and metal alloys employed in the production of aircraft, autos, mining and energy equipment, mobile phones, batteries, special batteries for hybrid electric vehicles and several other products.

The company also produces manganese, ferroalloys, thermal and coking coal, copper, cobalt, platinum group metals, and fertiliser nutrients, which are important raw materials for the global industrial and food production industries. Vale has a global presence, with locations in South America, North America, Europe, Africa, Asia and Oceania.

The share price appears to have declined disproportionately given the price of iron ore. Vale stands to gain from economic recovery in Europe, as well as continued weakness in the Brazilian real. Increased production with a focus on lowest cost mines may improve the competitiveness of iron ore exports.

Web site: www.vale.com

MCB Bank

Country	*% of net assets*	*Fair value £'000*
Pakistan	3.1%	59,893

MCB Bank is the most profitable bank in Pakistan, with 90% of its funding derived from low cost deposits. In 2013, MCB Bank benefited from positive investor sentiment in the country following the victory of opposition leader Nawaz Sharif as prime minister. The new government is much more open to attempts by MCB Bank and others to expand overseas or acquire domestic players to consolidate the sector. The bank has surplus equity capital available, which puts it in a good position for potential expansion. We are of the opinion that higher lending rates/investment yields and loan growth coupled with the low cost of credit for the bank could boost earnings going forward. The bank's superior asset quality, improving local business confidence and international expansion, as well as increased focus on branchless and Islamic banking, could further support the bank's performance.

Web site: www.mcb-bank.com

BOARD OF DIRECTORS

PETER A SMITH (CHAIRMAN)

Peter Smith was appointed a Director on 17 May 2004 and became Chairman of the Board and a member of the Nomination and Remuneration Committee on 12 December 2007. He was appointed Chairman of the Management Engagement Committee on 12 June 2012. He has been involved in emerging markets over many years. He is currently Chairman of Savills plc, the international real estate adviser, where a significant proportion of activity is in the Asia Pacific markets. He is a Non-Executive Director of Associated British Foods plc and of Paris Orleans SCA, both of which have extensive international investments and interests. At Coopers & Lybrand (now PricewaterhouseCoopers) he was responsible for the UK firm's financial services practice and the development of its Asian client base, and later was Chairman of Coopers & Lybrand International. He was Senior Partner of PricewaterhouseCoopers in the UK until 2000, having been Chairman of Coopers & Lybrand in the UK since 1994.

He was previously also a Non-Executive Director of Safeway plc and Chairman of RAC plc.

He is an independent Director. (Fees for the year £60,000; beneficial interest 10,000 shares).

CHRISTOPHER D BRADY

Christopher D. Brady was appointed to the Board on 12 December 2007 and the Management Engagement Committee on 12 June 2012. He is the founding partner and Chairman of The Chart Group. With over 30 years' experience in principal investing, corporate finance and capital markets, he focuses on identifying and building portfolio companies. Prior to Chart, he spent 14 years in the Corporate Finance and Capital Markets divisions of Lehman Brothers and Dillon Read. At those firms, he was involved in the creation and flotation of the Korea Fund (1982) and the Scudder New Asia Fund (1984) as a way to provide to individual investors access to closed and newly-emerging markets. Mr. Brady also advised the Japan Fund, the China World Fund and the China Dragon Fund. More recently, Mr. Brady's principal activities in the defence, security and intelligence areas take him, his companies and products to emerging markets in the Middle East, Africa and Southeast Asia. Mr. Brady is a Director of Remote Reality, Miami International Holdings, PacStar Communications, Genesis Today, ATAC, and of SCRA and Chart Acquisition Corp.

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

HAMISH N BUCHAN

Hamish Buchan was appointed to the Board and the Audit Committee on 26 June 2008 and the Management Engagement Committee on 12 June 2012. He is currently Chairman of Personal Assets Trust plc and a Director of The Scottish Investment Trust plc. Mr. Buchan has been involved with the investment company sector for over 40 years and for 30 years he was one of the leading UK Investment Trust sector analysts, working with Wood Mackenzie & Co and its successor owners. Since semi-retiring in 2000 he has kept his interest in the sector by taking on the role of Chairman or Director of 8 different investment trusts when, at the time of his involvement, the managers of each trust were all different and there was no overlap in any of the investment objectives. He also spent 9 years on the board of the Association of Investment Companies where he was Chairman for 2 years as well as Chairing the Statistics Committee throughout his term. In 2012 he was presented with Investment Week's award for "Outstanding Industry Contribution".

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

BOARD OF DIRECTORS
CONTINUED

SIR PETER BURT

Sir Peter Burt was appointed Director on 17 May 2004. He is the senior independent Director, a member of the Audit Committee and chairs the Nomination and Remuneration Committee. He was appointed to the Management Engagement Committee on 12 June 2012. Sir Peter is currently Chairman of Promethean PLC, Promethean Investments LLP and a Director of Cambria Automobiles PLC. Sir Peter was Group Chief Executive of Bank of Scotland until 2001 and until then he was on the Board of its subsidiaries, Bank West in Australia and Countrywide Bank in New Zealand. He was the first Chairman of ITV PLC until 2007 and on the Boards of Shell Transport and Trading PLC, Royal Dutch Shell PLC and of Sainsbury's Bank PLC.

He is an independent Director. (Fees for the year £35,000; beneficial interest 4,000 shares).

He does not intend to seek re-election at the 2014 Annual General Meeting.

NEIL A COLLINS

Neil Collins was appointed to the Board and the Audit Committee on 28 September 2006, the Nomination and Remuneration Committee on 26 June 2008, and the Management Engagement Committee on 12 June 2012. He has worked in the City since 1968, starting with Hoare & Co, stockbrokers. His career in financial journalism, including 19 years as City Editor of the Daily Telegraph, has given him a deep understanding of markets, coupled with analytical ability and experience of dealing with a wide range of participants and company executives. He has studied and supported investment trusts throughout his journalistic career, and is an enthusiastic advocate of shareholders' interests. He is currently on the board of Finsbury Growth & Income Trust and writes the Inside London column in Saturday's Financial Times.

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

PETER O HARRISON

Peter Harrison was appointed to the Board on 30 November 2007 and became Chairman of the Audit Committee on 12 December 2007. He was appointed to the Management Engagement Committee on 12 June 2012. He has had over 30 years' experience in the global auditing, accounting and advisory profession mainly at KPMG where he specialised in financial services including Investment Management and the Funds business. He was also Managing Partner responsible for the UK financial services practice. A major client focus was responsibility for the global Sovereign Wealth Fund of a Far Eastern Government. This work was carried out globally across a number of leading Investment Managers. The emphasis of this work was in the Far East, where he was resident for long periods of time. In the UK, he joined the Board of CIT Bank in 2013 as Non-Executive Director and became Chairman of the Audit Committee in 2014. He has recently retired as Chairman of the Saffron Building Society who he joined in November 2003. In addition following his retirement from KPMG, he continued for 10 years as a Senior Adviser and consultant with KPMG.

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

BEATRICE HOLLOND

Ms Hollond is Chairman of Keystone Investment Trust Plc, which she joined as a non-executive director in 2003. She is a non-executive director and Chair of the Audit Committee of Henderson Smaller Companies Investment Trust plc. She is also a Director of Catlin Group Limited.

Ms Hollond has had a long career in the investment industry, working initially with Morgan Grenfell Asset Management as a UK equity analyst and with Credit Suisse Asset Management for sixteen years where her final role was as a Managing Director in their Global Fixed Income business. Her deep experience in portfolio and investment management and her knowledge of the investment company sector will be invaluable for her role on the TEMIT Board.

Ms Hollond joined the TEMIT Board on 1 April 2014. She is an independent Director (Fees for the year £nil; beneficial interest nil shares).

GREGORY E JOHNSON

Gregory Johnson was appointed to the Board on 12 December 2007. He is President and Chief Executive Officer of Franklin Resources, Inc. and serves on the Board of Directors. He is also President of Templeton Worldwide, Inc., Chief Executive Officer and President of Templeton International, Inc., and serves as a Director for a number of Franklin Templeton's international fund boards. Mr. Johnson joined Franklin in 1986 after working as a senior accountant for Coopers & Lybrand. He has served as President and Chairman of the Board for Franklin Templeton Distributors, Inc., President of Franklin Investment Advisory, LCC, President of FT Trust Company, Vice President of Franklin Advisers, Inc., co-portfolio manager of Franklin Income Fund and Franklin Utilities Fund and as an investment analyst.

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

DIRECTORS' REPORT

The Directors submit their Annual Report together with the financial statements of the Company for the year ended 31 March 2014.

Principal Activity and Investment Status

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

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

Company Objective

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

The full Company objective can be found on page 9 within the Strategic Report.

Results and Dividends

The capital loss for the year was £373.6 million (2013: £206.3 million gain) and the revenue profit was £29.8 million (2013: £27.8 million).

The full results for the Company are disclosed in the Income Statement on page 64.

The Directors propose an ordinary dividend of 7.25 pence per share (2013: 6.25 pence). The dividend represents a 16.0% increase on the amount paid last year. If approved by shareholders at the Annual General Meeting ("AGM") to be held on 18 July 2014, the ordinary dividend will be payable on 23 July 2014 to shareholders on the register at close of business on 20 June 2014.

Gearing

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

During the last three years the Company did not utilise its short-term borrowing facility.

FINANCIAL

Share Capital and Discount

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

Share Buy Backs

The Board is once again seeking shareholder permission to continue its programme of share buybacks as outlined on page 53. A key point in the Investment Manager's mandate is to take a long-term view of investments and one of the advantages of a closed end fund is that the portfolio structure is not disturbed by large inflows or outflows of cash. However, the Board and the Investment Manager recognise that the returns experienced by shareholders are in the form of movements in the share price, which are not directly linked to NAV movements and the shares may trade at varying discounts or premia to NAV. Many shareholders, both professional and private investors, have expressed a view that a high level of volatility in the discount is undesirable. A less volatile discount – and hence share price – is seen as important to investors. For this reason, TEMIT uses share buy backs selectively with the intention of limiting volatility and where it is in the interests of shareholders.

Shares bought back and cancelled during the year	4,525,000
Proportion of share capital bought back	1.38%
Cost of share buy backs	£24.7m
The benefit to NAV	0.14%
The benefit to NAV	£2.7m

Auditor

Deloitte LLP has expressed a willingness to continue in office as auditor and a resolution proposing their reappointment will be submitted at the AGM.

The Audit Committee has recommended that Deloitte LLP, who were appointed in 2009, be reappointed as the Company's auditor. Further details on the assessment of the Auditor can be found within the Report of the Audit Committee on page 58.

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

Substantial Shareholdings
As at 27 May 2014 the Company had been notified that the following were interested in 3% or more of the issued share capital of the Company.

Name	*Number of shares*	*27 May 2014 %*
Lazard Asset Management LLC Group	26,727,613	8.29
Investec Wealth & Investment Limited	19,483,347	6.04
City of London Investment Management Company Limited	17,192,729	5.33
Templeton Investment Plan	12,675,694	3.93

Name	*Number of shares*	*31 March 2014 %*
Lazard Asset Management LLC Group	26,694,448	8.26
City of London Investment Management Company Limited	16,412,605	5.08
Investec Wealth & Investment Limited	14,728,347	4.55
Templeton Investment Plan	13,304,342	4.11

DIRECTORS

The following were Directors during the year to 31 March 2014 and to the date of this report:

Peter A Smith – Chairman	Neil A Collins
Christopher D Brady	Peter O Harrison
Hamish N Buchan	Beatrice Hollond
Sir Peter Burt	Gregory E Johnson

Sir Peter Burt will retire from the Board at the conclusion of the AGM in 2014. Beatrice Hollond was appointed to the Board on 1 April 2014 as a Non-Executive Director.

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

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

The Nomination and Remuneration Committee currently comprises Sir Peter Burt (Chairman), Peter Smith and Neil Collins. The Management Engagement Committee comprises Peter Smith (Chairman), Christopher Brady, Hamish Buchan, Sir Peter Burt, Neil Collins, Peter Harrison and Beatrice Hollond. The Audit Committee currently comprises Peter Harrison (Chairman), Sir Peter Burt, Neil Collins, Hamish Buchan and Beatrice Hollond.

The table below lists the number of scheduled Board and committee meetings attended by each Director. During the year there were 6 Board meetings, 4 Audit Committee meetings, 1 Nomination and Remuneration Committee meeting and 1 Management Engagement Committee meeting.

Director	*Board Meetings Attended*	*Audit Committee Meetings Attended*	*Nomination and Remuneration Committee Meetings Attended*	*Management Engagement Committee Meetings Attended*
Peter A Smith	6	N/A	1	1
Christopher D Brady	6	N/A	N/A	1
Hamish N Buchan	6	4	N/A	1
Sir Peter Burt	6	3	1	1
Neil A Collins	6	4	1	1
Peter O Harrison	6	4	N/A	1
Gregory E Johnson	6	N/A	N/A	N/A

DIRECTORS' REPORT
CONTINUED

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

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

Further details on the Directors' responsibilities can be found in the Statement of Directors' Responsibilities on page 60.

In addition to the routine business, the following matters set out in the table below were considered at Board meetings during the year to 31 March 2014.

The table also summarises the business dealt with by the Audit Committee, Nomination and Remuneration Committee and Management Engagement Committee during the year to 31 March 2014.

Q1 to 30 June	*Q2 to 30 September*	*Q3 to 31 December*	*Q4 to 31 March*
Board business – significant and non-routine matters			
• Proposal for investment in participatory notes • Report on AIFMD • Review of Board Evaluation • Market Overview from independent investment trust analyst • Report on Management Fees: Industry trends, the Retail Distribution Review and Total Costs of Ownership • Significant shareholder activity and share buy-back policy	• Presentation on the Investment Manager's approach to environmental, social and governance issues and opportunities, the United Nations Principles for Responsible Investment and the UK Stewardship Code • Report on Alternative Fund Managers Directive • Review of AGM • Non-Executive Director search • Significant shareholder activity and share buy-back policy	• Discussion on revised Terms of Reference for the Audit Committee • Update on Alternative Fund Managers Directive • Review of voting procedures at AGM • Update on Non-Executive Director search	• Update on Alternative Fund Managers Directive • Strategy discussion • Foreign Account Tax Compliance Act • Advertising and media plan proposal • Continuation vote 2014 • Update on Non-Executive Director appointment • Directors' remuneration • Board evaluation • Succession planning • Management fee
Audit Committee business			
• Annual Report • Reviewed dividend proposal • Received auditors' report • Reviewed latest proof of Annual Report and Audited Accounts • Reviewed AGM documentation • Reviewed fair valuation of assets report • Update on tax matters • Annual and Interim Report planning • Issue of factsheets and updates in the period between the relevant quarter ends and publication of interim/annual reports.	• Reviewed Risk and Internal Control Report • Overview from Internal Audit • Report on participatory notes and counter party credit risk • Reviewed fair valuation of assets report • Update on tax matters • Evaluate third party service providers • Review work plan and output provided by Internal Audit	• Reviewed half yearly report • Reviewed auditors' 2013 desktop review • Approved auditors' 2014 engagement letter • Reviewed auditors' planning report for 2014 • Reviewed income forecast report • Reviewed Terms of Reference for the Audit Committee • Update on tax matters	

Q1 to 30 June	Q2 to 30 September	Q3 to 31 December	Q4 to 31 March
Nomination and Remuneration Committee business			
• Review of Directors re-elections	• Succession planning and Non-Executive Director search	• Non-Executive Director search	• Non-Executive Director appointment
Management Engagement Committee business			
• Review of the performance of and the contractual arrangements of the Investment Manager • Review of disclosures for Annual Report and Audited Accounts			• Review of the performance of, and the contractual arrangements of the Investment Manager

Directors' Conflicts of Interest

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

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

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

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

Indemnification and Insurance

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

PRINCIPAL SERVICE PROVIDERS

Investment Manager

During the year, Templeton Asset Management Ltd. ("TAML") acted as Investment Manager to the Company under an investment management agreement and received from the Company a monthly fee at an annual rate of 1.00% of the total net assets of the Company. The Board have examined the basis on which the Investment Manager is remunerated and considers that a flat rate ad valorem fee is appropriate and that it is not in the interests of shareholders to include a structured performance fee.

The investment management agreement between the Company and TAML is of an unlimited duration and may be terminated by either party but in certain circumstances the Company may be required to pay compensation to TAML of an amount up to one year's management fee. Compensation is not payable if at least one year's notice of termination is given.

As stated in the Alternative Investment Fund Managers Directive section below, it is the Company's intention to appoint FTIS S.à r.l. ("FTIS") as its Alternative Investment Fund Manager with Investment Management sub delegated to TAML.

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

Secretarial and Administration Managers
During the year Franklin Templeton Investment Management Limited ("FTIML") acted as Secretary and Administrator of the Company. The fee paid to FTIML for this is an annual rate of 0.20% of the total net assets of the Company, payable monthly. The agreement between the Company and FTIML may be terminated by either party but in certain circumstances the Company may be required to pay compensation to FTIML of an amount up to one year's secretarial and administration fee. Compensation is not payable if at least one year's notice of termination is given. The Directors also keep under annual review the performance of FTIML as Secretary and Administrator.

As stated in the Alternative Investment Fund Managers Directive section below, it is the Company's intention to appoint FTIS as its Alternative Investment Fund Manager and the Secretary and Administrator.

Auditor
Deloitte LLP audits the Company's annual financial statements.

Custodian
JPMorgan Chase Bank acts as global custodian to the Company and receives a fee for the provision of custody and nominee services to the Company under a custody agreement (which contains provision for the exclusion or limitation of liability as set out in the custody agreement). The custody agreement may be terminated by either party giving the other 60 days' notice.

Financial Adviser and Stockbroker
The Company's corporate stockbroker during the year was Winterflood Securities Limited.

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

Payroll Administrators
Baker Tilly provides payroll services for the Directors' remuneration.

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

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

Solicitor
Dundas & Wilson CS LLP (now part of CMS Cameron McKenna LLP) provides the Company with professional legal advice.

Alternative Investment Fund Managers Directive
As noted in the Chairman's statement, the Company and its Investment Manager must comply with the Alternative Investment Fund Managers Directive ("AIFMD") by 22 July 2014. The Company will appoint FTIS, a Luxembourg domiciled company, as its Alternative Investment Fund Manager with effect from 1 July 2014. The core elements of the two previous contracts between FTIML and TAML have been included in the new contract with FTIS and the Board took the opportunity to review and update the terms and conditions. FTIS will delegate the portfolio

management to TAML and the provision of the secretarial services to Franklin Templeton Global Investors Limited. The annual ad valorem fee rate for the services to be provided by FTIS including investment management, risk management, secretarial and administration services will decrease to 1.10% of shareholders funds. The Company is also required to appoint a depositary to carry out safekeeping services for the Company under AIFMD and will appoint J.P. Morgan Europe Limited to perform this role.

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. The Board is accountable to the shareholders for good governance and this statement describes how the Company applies the principles identified in the UK Corporate Governance Code (2012). It also makes reference to the Company's adherence to the Code of Corporate Governance of the Association of Investment Companies ("AIC").

Compliance with the UK Corporate Governance Code

The Board considers that the Company has complied with the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012 throughout the year ended 31 March 2014.

The UK Code can be viewed at www.frc.org.uk/our-work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-September-2012.pdf

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

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

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

Throughout the year ended 31 March 2014 the Company complied with the provisions of the AIC Guide and AIC Code.

The Principles of the AIC Code

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

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

The Board	
AIC Code Principle	*Compliance Statement*
1. The Chairman should be independent.	The Chairman, Peter Smith, is non-executive and independent of the Investment Manager. The Chairman leads and ensures the effectiveness of the Board in all matters relating to the Company, including receiving accurate and timely information. There is a clear separation of roles and responsibilities between the Chairman, the Audit Committee Chairman, Chairman of the Nomination and Remuneration Committee, the Directors, the Investment Manager and the Company's other third party service providers.
2. A majority of the Board should be independent of the manager.	As at the date of this Annual Report, the Board comprises eight Non-Executive Directors, seven of whom are independent from Franklin Templeton Investments, the group of companies associated with the Company's Investment Manager. Gregory Johnson is President and Chief Executive Officer of Franklin Resources, Inc. He is also President of Templeton Worldwide Inc, the parent company of the Investment Manager. He is therefore not an independent Director. There are no Executive Directors on the Board.

DIRECTORS' REPORT
CONTINUED

AIC Code Principle	*Compliance Statement*
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	All Directors retire annually and may offer themselves for re-election at the AGM. The Nomination and Remuneration Committee, considers the effectiveness of individual Directors and makes recommendations to the Board in respect of re-elections. The Committee keeps under review the balance of skills, independence, gender, knowledge of the Company, experience and length of service of the Directors.
4. The Board should have a policy on tenure, which is disclosed in the annual report.	Each of the Directors has an appointment letter with the Company and such letters are available for inspection at the Company's registered office and at the AGM. The terms of appointment provide that a Director will be subject to re-election at each AGM. A Director may be removed from office following three months' notice. The Board does not have a formal policy requiring Directors to stand down after a certain period. The Board has a Nomination and Remuneration Committee which regularly reviews the Board structure, size, gender and composition and makes recommendations to the Board with regard to any adjustment that seems appropriate.
5. There should be full disclosure of information about the Board.	The Directors' biographies are set out on pages 37 to 39 of this report and provide information on the wide range of skills and experience that they bring to the Board. These biographies also detail when the Board member was appointed, the individual remuneration of that Director and any beneficial interest that they may have in the Company. Details of the Board Committees and their composition are detailed on page 41 of this Directors' Report. Please note that Gregory Johnson does not participate in the Audit Committee, the Nomination and Remuneration Committee or the Management Engagement Committee.
6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the Company.	The Nomination and Remuneration Committee performs an annual review of the Directors' skills, experience, gender, length of service and knowledge of the Company. The skills, experience and length of service of each Director are detailed on pages 37 to 39 of the report. The selection policy of the Board is to appoint the best qualified person for the job, by considering factors such as diversity of thought, experience and qualification. The Board is satisfied that the current blend of skills and experience prompts informed decision making and does not deem it necessary to alter this mix at present. In future, when the composition of the Board requires review, female candidates will be encouraged to apply and progress in relation to diversity will be actively monitored.

AIC Code Principle	*Compliance Statement*
7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The Board undertakes an annual evaluation of its own performance and that of its Committees and individual Directors including the Chairman. The Board has also considered the independence of each Director. In 2012 the Board evaluation was carried out by an external facilitator, Trust Associates Limited. In the last two years, the Chairman has led the evaluation process which included a review of the changes made following the external evaluation. The process was based on questionnaires and discussions between the Chairman and each Director. The experience, balance of skills, diversity and knowledge of the Board was considered as well as Board effectiveness, role and structure. An evaluation of the Chairman by his fellow Directors was facilitated by Sir Peter Burt, the Senior Independent Director, who then met with the Chairman to discuss its content. The Chairman confirms that, following performance evaluation, each Director's performance continues to be effective and they demonstrate commitment to their role. Formal performance evaluations will continue to take place at least annually with the appointment of an external facilitator every three years. The next appointment of an external facilitator is due to be made in 2015.
8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.	The Nomination and Remuneration Committee periodically reviews the level of Directors' fees relative to other comparable companies and in the light of the Directors' responsibilities. In doing so, the Committee has access to independent research and advice from external sources. The Board's policy is that the remuneration of Non-Executive Directors should reflect the responsibilities of the Board, the experience of the Board as a whole and be fair and comparable to that of other investment trusts similar in size, capital structure and investment objective. Details of the Directors' remuneration can be found in the Directors' Remuneration Policy on page 54 and the Directors' Remuneration Report on pages 55 to 56 and in Note 2 to the Financial Statements. Directors' interests (including family interests) can be found within the Directors' Remuneration Report on pages 55 to 56.
9. The independent Directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.	The Nomination and Remuneration Committee, which is entirely comprised of independent Directors, regularly reviews the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that seem appropriate, to consider the rotation and renewal of the Board, approve the candidate specification for all Board appointments, approve the process by which suitable candidates are identified and short-listed, and to nominate candidates for consideration by the full Board, whose responsibility it is formally to make appointments. Independence is maintained as seven of the eight Non-Executive Directors on the Board, as at the date of this Annual Report, are independent of the Investment Manager.
10. Directors should be offered relevant training and induction.	New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Following appointment, the Chairman reviews and agrees with Directors their training and development needs. The Board is supplied, via the Secretary and Administrator, with information to enable the Directors to discharge their duties. The Secretary and Administrator provides the Board with regular updates on regulatory issues and on the latest corporate governance rules and guidelines.

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

AIC Code Principle	*Compliance Statement*
16. The Board should agree policies with the Investment Manager covering key operational issues.	Both the Board and the Investment Manager have formalised agreements and a clear understanding of the operational policies laid out between the two parties. These rules are detailed in a number of ways – within the Investment Management Agreement, within the investment guideline documentation or through other policies such as discount management. The new agreement which has been put in place between the Company and FTIS includes an Operating Memorandum which outlines the services to be provided, including details of reports and deliverables to be supplied. The Board is ultimately responsible for ensuring that a sound system of internal controls of the Company is maintained to safeguard shareholders' investment and the Company's assets. The Audit Committee undertakes an annual review of the effectiveness of the Company's system of internal controls and the Directors believe that an appropriate framework is in place to meet the requirement of ensuring that a sound system of internal controls is in place by the Company. Furthermore, the Board has an on-going process for identifying, evaluating and managing risks to which the Company is exposed including those contained within the performance of the investment management activities. This process is conducted throughout the year and has been conducted up to the date of signing of this report. The Board has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as areas for the extended review and, if relevant, necessary actions have been or are being taken to remedy any failings or weaknesses identified. It has to be understood that systems of internal control, however carefully designed, operated and supervised, can provide only reasonable and not absolute assurance against misstatement or loss. The Company does not have its own internal audit function but places reliance on the internal audit, compliance and other control functions of its service providers, who report to the Board annually and as material matters arise.
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The Board continually monitors the share price discount to net asset value daily and exercises its right to buy back shares when the Board considers that it is in shareholders' interests to do so. Further details of the Company's policy on buy-back of shares can be found on page 40. The matter is reviewed at each Board meeting with the Directors receiving updates from the Investment Manager which includes updates from marketing and our Financial Adviser and Stockbroker.
18. The Board should monitor and evaluate other service providers.	The Audit Committee considers the performance of all the Company's third party service providers at least annually as part of its review of risks and controls including an evaluation of the duration of service, as well as the level and structure of fees. Fees are benchmarked against competitor companies to ensure they are competitive in nature. Service providers' anti-bribery practices are certified every two years to ensure they address the provisions of the Bribery Act 2010. The Audit Committee reviews additional detailed reports from the compliance officer of principal service providers concerning the internal processes and financial control systems in operation. Separately, detailed operational risk reports are presented annually from the administrator and the Audit Committee has access to internal and external audit and control reports of the administrator and custodian. Additionally the Board engages in a periodic detailed review of selected principal service providers such as the custodian.

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

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

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

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

(c) The Company relies on the Financial Reporting Act (Dual-listed Issuers) Exemption Notice 2013, issued by the New Zealand Financial Markets Authority, which exempts it from obligations listed in section 18(1) of the New Zealand Financial Reporting Act 1993. Further information is included below under the section "Accountability and Audit."

Schedule of Reserved Matters
The Board has formally adopted a Schedule of Reserved Matters which details the matters which the Board has agreed are specifically reserved to them for their collective decision. These matters include, inter alia, approval of the Half Yearly and Annual financial statements, recommendation of the final dividend, approval of any preliminary announcements of the Company, approval of any changes to the Company's investment objective and/or policy, appointment or removal of the Company's Investment Manager or its Secretary and Administrator, Board membership and Board committee membership and any major changes to the investment objective, philosophy or policy of the Company, other than

any such changes delegated to the Investment Manager under the Investment Management Agreement.

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

Environmental, Social, Community, Ethical Issues and Human Rights

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

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

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

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

In addition the Investment Manager has established a dedicated environmental, social and governance team within the Investment Risk division to support and enhance ESG integration within the Investment Manager and provide firm wide support and participation in Responsible Investing Initiatives such as UNPRI.

As a demonstration of the Investment Managers' on-going commitment to enhance effectiveness and understanding in implementing the Principles, the Investment Manager has also become a member of International Corporate Governance Network ("ICGN") and United Kingdom Sustainable Investment and Finance Association ("UKSIF").

We report on our greenhouse gas emissions within the Strategic Report on page 13.

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

Institutional Shareholder Voting and Engagement

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

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

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

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

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

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

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

Risk Management Objectives and Policy
The Company invests in equities and other investments for the long-term to achieve its investment objectives as stated on page 9. This creates potential exposure to the risks as stated on pages 11 to 13. The Company's policy and objectives in relation to such risks is disclosed in Note 12 of the Notes to the Financial Statements. The risk management process accords with the guidance issued by the Financial Reporting Council.

Internal Control
Details of the Company's system of internal controls can be found on page 58.

ANNUAL GENERAL MEETING

Ordinary Business
It is proposed to receive and adopt the Directors' and Auditor's Report and Financial Statements for the year ended 31 March 2014.

Shareholders are being asked to approve the Directors' Remuneration Policy for the three year period ending on the Company's AGM in 2017.

It is proposed to approve the Directors' Remuneration Report for the year ended 31 March 2014.

It is proposed to declare an ordinary dividend of 7.25 pence per share, payable on 23 July 2014 to shareholders on the register as at close of business on 20 June 2014.

It is proposed to elect Beatrice Hollond as a Director. It is proposed to re-elect each of the current Directors, with the exception of Sir Peter Burt, who will retire from the Board at the conclusion of the AGM.

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

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

i) Continuation Vote
It is proposed in resolution 14 that, pursuant to Article 153.1 of the Articles of Association of the Company, the Company continues as an investment trust for a further five years.

ii) Authority for the Allotment of New Shares
The resolutions to allot shares are set out in resolutions 15 and 16 in the Notice of Annual General Meeting. These resolutions, if passed, will give your Directors power to allot for cash equity securities of the Company up to a maximum aggregate nominal amount of £4,041,873 (being an amount equal to 5% of the issued share capital of the Company as at 31 March 2014) as if Section 561 of the Companies Act 2006 ("the 2006 Act") did not apply (This section requires, when shares are to be allotted for cash such new shares first be offered to existing shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights").

The authorities contained in resolutions 15 and 16 will continue until the AGM of the Company in 2014 and your Directors envisage seeking the renewal of this authority in 2015 and in each succeeding year.

Your Directors will not make any allotment of new shares otherwise than in accordance with pre-emption rights unless the market offer price at the time of the allotment is greater than the net asset value per share.

iii) Authority to Purchase Own Shares
At the AGM of the Company held on 12 July 2013, a Special Resolution was passed authorising the Company to purchase its shares in the market, a maximum of 14.99% of the shares in issue on 12 July 2013 or 49,126,111 shares, whichever is lower, up to the conclusion of the AGM in 2014.

The Directors are seeking renewal of the authority to purchase the Company's shares in the market, being a maximum of 14.99% of the shares in issue on 18 July 2014 or 48,343,033 shares, whichever is the lower, at the 2014 AGM. This is set out in resolution 17 of the notice of the AGM. Purchases will only be made for cash at a cost which is below the prevailing net asset value per share. Under the rules of the UK Listing Authority, the maximum price which may be paid is the higher of (a) 5% above the average market value of the shares for the five business days before the purchase is made and (b) that stipulated by Article 5(1) of the Buy- back and Stabilisation Regulation. The minimum price payable for the shares will be 25 pence per share.

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

The Directors envisage seeking the renewal of the relevant authority in 2015 and in each succeeding year.

iv) Notice period for general meetings
At the AGM of the Company held on 12 July 2013, a Special Resolution was passed authorising the Company to call general meetings (other than Annual General Meetings) on 14 days' clear notice, up to the conclusion of the AGM in 2014. The Directors are seeking renewal of the authority to call general meetings (other than Annual General Meetings) on 14 days' clear notice, up to the conclusion of the Annual General Meeting in 2015. This is set out in resolution 18 of the notice of the AGM.

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

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

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

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

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

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

The Directors anticipate a majority vote in favour of the upcoming continuation vote following feedback from major shareholders and brokers. Therefore, the Directors see no reason to present this report other than on a going concern basis.

By order of the Board
Registered Office
5 Morrison Street
Edinburgh EH3 8BH, UK

Sara A MacIntosh
for and on behalf of
Franklin Templeton Investment Management Limited
Secretary
13 June 2014

DIRECTORS' REMUNERATION REPORT

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

The law requires your Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on pages 61 and 63.

All Directors are non-executive, appointed under the terms of Letters of Appointment, and none has a service contract. These letters are available for inspection by Shareholders at the Company's registered address. The Directors' Report includes, on page 41, details of the Directors' terms of appointments. The Company has no employees.

Nomination and Remuneration Committee
The Board has appointed a Nomination and Remuneration Committee whose role is more fully explained on page 46 in the Directors' Report.

Directors' Remuneration Policy
This Policy provides details of the remuneration policy for the Directors of the Company.

The Board's policy is that the remuneration of Non-Executive Directors should reflect the responsibilities of the Board, Directors' time commitments, the experience of the Board as a whole and be fair and comparable to that of other investment trusts similar in size, capital structure and investment objective. To this end the Nomination and Remuneration Committee engages independent external advisors to provide a formal review of Directors' remuneration. Any changes to fee levels as a result of this review will remain in place for a period of 3 years.

The review process involves an analysis of fees paid to Directors of other companies having similar profiles to that of the Company. This review would be submitted to the Nomination and Remuneration Committee and the Directors fees would be agreed for the next 3-year period subject to approval by the Shareholders at the forthcoming Annual General Meeting. The Company has not sought shareholder views on its remuneration policy.

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

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

A resolution to approve this Remuneration Policy will be proposed at the Annual General Meeting on 18 July 2014 and, if passed, will apply until the next triennial vote by shareholders in 2017 immediately after approval by shareholders.

Directors' remuneration

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

Directors' fees for the year

The law requires your Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on pages 61 and 63.

The Directors Remuneration Policy is set out in more detail within the Directors' Remuneration Report on page 54.

The rates of Directors' fees for the financial year to 31 March 2014 were set out in the Directors' Remuneration Report contained within the Company's Annual Report and Audited Accounts for the year to 31 March 2013. A non-binding ordinary resolution proposing adoption of the Remuneration Report was put to shareholders at the Company's Annual General Meeting held on 12 July 2013 and was passed by 85.6% of shareholders voting in favour of the resolution, 8.8% voting against and 5.6% abstaining from voting.

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

(audited information)	*2014*	*2013*
Peter Smith[a]	£60,000	£60,000
Peter Harrison[b]	£47,000	£47,000
Christopher D Brady	£35,000	£35,000
Hamish Buchan	£35,000	£35,000
Sir Peter Burt	£35,000	£35,000
Neil A Collins	£35,000	£35,000
Beatrice Hollond[c]	–	–
Gregory E Johnson[d]	–	–

[a] Chairman of the Board
[b] Chairman of the Audit Committee
[c] Beatrice Hollond was appointed to the Board 1 April 2014.
[d] Gregory Johnson is compensated in his capacity as President and Chief Executive Officer of Franklin Resources, Inc.

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

The Company engaged independent consultants Trust Associates Limited in January 2014 to complete a review of Directors' fees at a cost of £6,000. Following the review the Board resolved to make no changes to the current level of fees. Trust Associates Limited have also provided assistance to the Board in relation to performance evaluation and Non-Executive Director search.

*Performance Graph**

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

DIRECTORS' REMUNERATION REPORT
CONTINUED

Relative Cost of Directors' Fees

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

	2014 £'000	2013 £'000	Difference %
Revenue profit/(loss) for the year	29,770	27,825	7.0
Capital profit/(loss) for the year	(373,586)	206,282	(2.8)
Dividends Paid	23,381*	20,456	14.3
Directors' Remuneration**	271	271	–

* Proposed dividend

** Directors' Remuneration comprises Directors' fees £247,000 and Employee National Insurance Contributions of £24,000 for the financial year 2014 (2013: £247,000 and £24,000 respectively).

Statement of Directors' shareholding

The Directors' interest (including any family interest) existing as at 31 March 2014 in the Company's shares are as follows:

(audited information)	31 March 2014	31 March 2013
Peter A Smith	10,000	10,000
Hamish N Buchan	15,000	15,000
Sir Peter Burt	4,000	4,000
Neil A Collins	7,000	7,000
Peter O Harrison	4,330	4,330

The Company has not received notifications of any changes in the above interests as at 27 May 2014.

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 13 June 2014.

Sir Peter Burt
Nomination and Remuneration Committee Chairman

REPORT OF THE AUDIT COMMITTEE

As Chairman of the Audit Committee, I am pleased to present the Company's report of the Audit Committee to the shareholders. This report contains details of the Audit Committee's roles and responsibilities along with the effectiveness of the external audit process for the year ended 31 March 2014.

Role and responsibilities of the Audit Committee

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

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

The Committee meets at least three times a year. Further details of matters covered at the Audit Committee Meetings are given in the Directors' Report, page 42. The Company's external auditor also attends the Committee, at least twice a year, and reports on its processes, controls, the quality of the Company's accounting procedures and their findings in relation to the Company's statutory accounts.

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

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

Composition of the Audit Committee

The Audit Committee currently comprises Peter Harrison (Chairman), Hamish Buchan, Sir Peter Burt,Neil Collins and Beatrice Hollond (from 1 April 2014).

The Board considers that the members of the Audit Committee have sufficient and relevant recent experience in order for it to perform its functions effectively. The Directors' biographies are given on pages 37 to 39 of the Annual Report.

Annual Report and Financial Statements

The primary role of the Audit Committee is to review the appropriateness of the Annual and Half Year financial statements with both the Investment Manager and the external auditor.

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

During the year, the Committee considered that the significant issues in relation to the financial statements were as follows:

Portfolio Valuation

The Board receives regular portfolio reports, liquidity information and presentations from the Investment Manager. The Investment Manager employs global pricing policy procedures in line with current regulations as disclosed in the accounting policies on page 70.

REPORT OF THE AUDIT COMMITTEE
CONTINUED

Other issues identified were:

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

Going Concern
The Directors consider the nature of the portfolio, the investment objective, income and expenditure, the principle risks of the Company and the upcoming continuation vote and assesses whether it is appropriate to prepare financial statements on a going concern basis, and makes its recommendations to the Board.

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

Conclusion
As a result of the work undertaken, the Committee has concluded that the Annual Report for the year ended 31 March 2014, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 60.

Internal Control
The Company does not have an internal audit function of its own, but relies on the internal audit department of Franklin Templeton to report any material failings or weaknesses. The Company also engages Franklin Templeton's internal audit function to carry out a review of specific areas that the Audit Committee deem necessary.

The Audit Committee meets representatives of the Investment Manager, Secretary and Administrator, including their internal auditors and its Compliance Officer, who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Investment Manager operate. The meeting held with the internal auditors is conducted on a one to one basis, with no other representation from the Investment Manager, Secretary and Administrator.

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

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

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

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

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

UK Government Cyber Risk Review
This involved the completion of survey of the UK Government on assessment of cyber risk by FTSE 350 companies.

Auditor Assessment and Independence
TEMIT's external auditor, Deloitte LLP, has been the Company's auditor since 27 August 2009. During 2013, the Audit Committee reviewed the services provided by the Auditor including audit and non audit fees, and concluded there was no need to conduct a tender process. As the previous auditor tender was conducted within the last ten years, the Company is compliant with the latest Corporate Governance provisions relating to auditor tenure. In addition, Deloitte rotated the audit partner responsible for the Company audit in 2013.

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

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

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

During the year, Deloitte were also engaged to perform a review of the Half Year Report and also to assist the Board with regards to an assessment of the requirements under the Alternative Investment Fund Managers' Directive.

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

The fees in the year were as follows:

	2014	*2013*
Audit Services:	£27,900	£26,110
Non Audit Services:		
Half Year Review	£4,700	£4,500
AIFMD review for the Board	£10,000	nil
New Zealand Dual-listed Exemption advice	nil	£13,500

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

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

Peter Harrison
Audit Committee Chairman

Peter Harrison

13 June 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, within this Annual Report, which have been prepared in accordance with IFRS give a fair, balanced and understandable view of the assets, liabilities, financial position and profit or loss of the Company for the year ended 31 March 2014; and
- the Chairman's Statement, Strategic Report and the Report of the Directors include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure and Transparency Rules; and
- the Annual Report and Financial Statements taken as a whole are fair, balanced and understandable and provide the information necessary to assess the Company's performance, business model and strategy, principal risks and uncertainties.

By Order of the Board
Peter Smith
Chairman
13 June 2014

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

Opinion on financial statements of Templeton Emerging Markets Investment Trust Plc

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Statement of Recommended Practice issued by the Association of Investment Companies in January 2009 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' and;
- have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements comprise of; the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and the Statement of Recommended Practice issued by the Association of Investment Companies in January 2009 " Financial Statements of Investment Trust Companies and Venture Capital Trusts".

Going concern

As required by the Listing Rules we have reviewed the Directors' Report on pages 41 to 53 that the Company is a going concern. We confirm that:

- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	**How the scope of our audit responded to the risk**
Valuation and ownership of investments – *The investments of the Company make up 96.9% of total assets.* *There is a risk that investments within the portfolio may not be actively traded, the prices quoted may not be reflective of fair value and assets recorded may not represent property of the Company.*	We critically assessed the design and implementation of controls relating to the valuation of investments. We tested the ownership of investments by verifying the 100% of the portfolio to independent custodian confirmation. We evaluated a report prepared by the Manager on the design and operation of controls at the custodian and evaluated the design and implementation of controls over ownership of investments. We agreed the valuation of 100% of the investment portfolio to third party pricing sources. In order to confirm that investments are actively traded, we verified trading activity and volume, on a sample basis, of investments held around the year end. In order to confirm that investments should not be impaired, we identified investments which are not frequently traded and monitored the price of any post year-end sales.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

Risk	How the scope of our audit responded to the risk
Revenue recognition, cut off and allocation between revenue and capital – *The Company invests in Emerging Markets where there is a risk that not all dividend information is captured in a timely manner, as a result revenue maybe incomplete, recognised in the incorrect period or incorrectly allocated between revenue and capital accounts.*	We critically assessed the design and implementation of controls relating to revenue recognition. In order to test revenue recognition relating to dividend income we selected a sample of investments held at the year end, obtained ex dividend dates and rates for dividends declared during the year and agreed the amounts to the income received report and bank statement. We tested cut off around the balance sheet date by testing post year-end receipts. We reviewed income received for any special dividends, considering the allocation between revenue and capital. We reviewed the ageing of income accrued to assess recoverability.

The Audit Committee's consideration of these risks is set out on page 57.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Company to be £19.0 million, which is 1% of net assets.

We agreed with the Audit Committee that we would report to them all audit differences in excess of £383,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit
Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

As part of our audit we assessed the controls in place at the Secretaries and Managers who prepare the financial statements of the Company.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement
Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report
Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' Report that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Andrew Partridge CA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
Edinburgh, United Kingdom
13 June 2014

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

	Note	Year ended 31 March 2014 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2013 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments and foreign exchange							
Gains/(losses) on investments at fair value	5	–	(372,663)	(372,663)	–	206,127	206,127
Gains/(losses) on foreign exchange		–	(202)	(202)	–	155	155
Revenue							
Dividends	1	60,227	–	60,227	59,546	–	59,546
Bank and deposit interest	1	141	–	141	67	–	67
		60,368	(372,865)	(312,497)	59,613	206,282	265,895
Expenses							
Investment management fee	2	(19,870)	–	(19,870)	(20,796)	–	(20,796)
Other expenses	2	(6,068)	–	(6,068)	(6,043)	–	(6,043)
Profit/(loss) before taxation		34,430	(372,865)	(338,435)	32,774	206,282	239,056
Tax expense	3	(4,660)	(721)	(5,381)	(4,949)	–	(4,949)
Profit/(loss) for the year		29,770	(373,586)	(343,816)	27,825	206,282	234,107
Profit/(loss) attributable to equity holders of the Company		29,770	(373,586)	(343,816)	27,825	206,282	234,107
Earnings per share	4	9.14p	(114.65)p	(105.51)p	8.45p	62.67p	71.12p
Ongoing Charges Ratio				1.30%			1.30%

The capital element of return is not distributable.

The total column is the Income Statement of the Company.

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

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

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

The Ongoing Charges Ratio (OCR) represents the annualised ongoing charges of the Company divided by the average of the daily net assets of the Company for the year, and has been prepared in accordance with the AIC's recommended methodology. From 1 July 2014 the Board has agreed a reduction of 0.10% per annum in Franklin Templeton Investments fees.

Dividend Policy

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

An ordinary dividend of 7.25 pence per share is proposed at a cost of £23,381,000.

(An ordinary dividend of 6.25 pence per share was paid for the year ended 31 March 2013 at a cost of £20,456,000).

Further details can be found in Note 10 on page 76.

BALANCE SHEET
AS AT 31 MARCH 2014

	Note	*As at 31 March 2014 £'000*	*As at 31 March 2013 £'000*
ASSETS			
Non-current assets			
Investments at fair value through profit or loss	5	**1,853,554**	**2,277,465**
Current Assets			
Trade and other receivables	6	7,421	8,807
Cash		56,281	20,255
		63,702	**29,062**
Current Liabilities			
Trade and other payables	7	(2,970)	(3,807)
Capital gains tax provision	3	(721)	–
		(3,691)	**(3,807)**
NET ASSETS		**1,913,565**	**2,302,720**
ISSUED SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY SHAREHOLDERS			
Equity Share Capital	8	80,837	81,969
Capital Redemption Reserve		1,832	700
Special Distributable Reserve		433,546	433,546
Capital Reserve		1,298,542	1,697,011
Revenue Reserve		98,808	89,494
EQUITY SHAREHOLDERS' FUNDS		**1,913,565**	**2,302,720**
Net Asset Value per share (in pence)	9	591.8	702.3

These Financial Statements of Templeton Emerging Markets Investment Trust PLC (company registration number SC118022) were approved for issue by the Board and signed on the 13 June 2014.

Peter Smith
Chairman

Peter Smith

Peter Harrison
Director

Peter Harrison

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Equity Share Capital £'000	*Capital Redemption Reserve £'000*	*Special Distributable Reserve £'000*	*Capital Reserve £'000*	*Revenue Reserve £'000*	*Total £'000*
Balance at 31 March 2012	**82,453**	**216**	**433,546**	**1,501,792**	**80,633**	**2,098,640**
Profit/(loss) for the year	–	–	–	206,282	27,825	234,107
Equity dividends	–	–	–	–	(18,964)	(18,964)
Purchase and cancellation of own shares	(484)	484	–	(11,063)	–	(11,063)
Balance at 31 March 2013	**81,969**	**700**	**433,546**	**1,697,011**	**89,494**	**2,302,720**
Profit/(loss) for the year	–	–	–	(373,585)	29,770	(343,815)
Equity dividends	–	–	–	–	(20,456)	(20,456)
Purchase and cancellation of own shares	(1,132)	1,132	–	(24,884)	–	(24,884)
Balance at 31 March 2014	**80,837**	**1,832**	**433,546**	**1,298,542**	**98,808**	**1,913,565**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

	For the year to 31 March 2014 £'000	*For the year to 31 March 2013 £'000*
Cash flows from operating activities		
Profit/(loss) before taxation	(338,435)	239,056
Adjustments for:		
(Gains)/losses on investments at fair value	372,663	(206,127)
Realised (Gains)/losses on foreign exchange	202	(155)
Stock dividends received in year	(704)	(393)
Increase/(decrease) in debtors	1,871	(2,515)
(Increase)/decrease in accrued income	–	1
Increase/(decrease) in creditors	(365)	1,513
Cash generated from operations	**35,232**	**31,380**
Taxation paid	(4,660)	(4,940)
Net cash inflow from operating activities	**30,572**	**26,440**
Cash flows from investing activities		
Purchases of non-current financial assets	(142,342)	(46,729)
Sales of non-current financial assets	192,614	63,547
	50,272	**16,818**
Cash flows from financing activities		
Equity dividends paid (Note 10)	(20,456)	(18,964)
Purchase and cancellation of own shares	(24,362)	(11,063)
	(44,818)	**(30,027)**
Net increase in cash	**36,026**	**13,231**
Cash at the start of year	20,255	7,024
Cash at the end of year	56,281	20,255

ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and where appropriate, International Accounting Standards ("IAS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union. The financial statements have also been prepared in accordance with the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in January 2009.

Adopted International Accounting Standards

The following IFRSs were adopted for the year ended 31 March 2014;

IAS 1: Amendments to the presentation and classification of other Comprehensive Income

IFRS 7: Amendments to financial instruments disclosure relation to offsetting of financial assets and liabilities

IFRS 13: Amendments to fair value measurement and disclosure

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

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

International Accounting Standards	Effective date for accounting periods beginning on or after
IFRS 9: Financial Instruments – Classification and Measurement (revised)	1 January 2015
IFRS12: Disclosure of Interests in Other Entities	1 January 2014
IAS 27: Separate Financial Statements	1 January 2014
IAS 28: Investments in Associates and Joint Ventures	1 January 2014
IAS 32: Offsetting Financial Assets and Financial Liabilities	1 January 2014

IFRS 9, which the Company plans to adopt for the year beginning on 1 April 2015, will impact both the measurement and disclosures of Financial Instruments. The Directors do not expect that the adoption of the other standards listed above will have a material or any impact on the financial statements of the Company in future periods.

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

The Directors consider that the Company has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Given that the Directors anticipate a successful outcome in the upcoming continuation vote they believe that it is appropriate to continue to adopt a going concern basis in preparing the Company's financial statements. The going concern statement is set out on page 53.

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

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

(b) *Presentation of income statement*

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

(c) *Revenue*

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

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

Special dividends receivable are treated as repayment of capital or as income depending on the facts of each particular case.

Interest receivable on bank deposits is recognised on an accruals basis.

(d) *Expenses*

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

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

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

(e) *Taxation*

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

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

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

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

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

ACCOUNTING POLICIES
CONTINUED

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

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

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

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

In limited circumstances where the Company deems it appropriate (e.g. where significant events have occurred at the Balance Sheet date between the latest quoted bid price in markets which close before the US, and the US market close, resulting in a valuation which is not deemed to be active), the close of market bid price for relevant securities may be adjusted using valuation techniques to achieve a fair value, thus representing a Level 2 type classification. Note 13 provides further details on the classification of assets as at the Balance Sheet date.

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

(g) Foreign currencies

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

(h) Cash and cash equivalents

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

(i) Reserves

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1 Income	*2014* *£'000*	*2013* *£'000*
Income from investments		
Other overseas dividends	58,636	57,969
Other EU dividends	1,354	1,184
Stock dividends	237	393
	60,227	**59,546**
Other income		
Deposit income	141	67
Total other income	**141**	**67**
Total income comprises:		
Dividends	60,227	59,546
Interest	141	67
	60,368	**59,613**
Income from investments		
Listed overseas	**60,227**	**59,546**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2 Expenses	2014 £'000	2013 £'000
Investment management fee	19,870	20,796
Other Expenses		
Secretarial and administration expenses	4,096	4,160
Custody fees	891	1,017
Directors' emoluments	271	271
Registrar fees	182	182
Auditors' remuneration		
Audit of the annual financial statements	28	26
Other services pursuant to legislation:		
– Half yearly financial report	5	5
– Non-audit work*	10	14
Legal fees**	148	18
Printing and postage costs	121	122
Membership fees	116	117
Other expenses	200	111
Total other expenses	6,068	6,043

* Fee in respect of advice in relation to the Alternative Investment Fund Managers Directive. The prior year amount was for expenses in respect of advice in relation to the New Zealand Dual Listed Issuers Exemption.

** Including professional fees relating to AIFMD amounting to £109,000 (2013: none).

The Company's Investment Manager is Templeton Asset Management Ltd. ("TAML").

The contract between the Company and TAML may be terminated at any date by either party giving one year's notice of termination. TAML receives a fee paid monthly in arrears, at an annual rate of 1.00% of the monthly trading total net assets of the Company. As at 31 March 2014, £1,584,000 (31 March 2013: £1,940,000) in fees were payable and outstanding to TAML.

The Company obtains secretarial and administration services from Franklin Templeton Investment Management Limited ("FTIML") pursuant to a secretarial and administration agreement (which is terminable by either party giving one year's notice to the other). As at 31 March 2014, £317,000 (31 March 2013 : £388,000), in fees were payable and outstanding to FTIML.

Management fees and secretarial and administration fees outstanding relate to the fees payable for the month to 31 March 2014. These were paid in full in April 2014.

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

As described in the Directors' Report on page 44 the Company intends to replace TAML and FTIML with FTIS S.à r.l. who will act as the Alternative Investment Fund Manager, and Secretary and Administrator.

3 Tax on ordinary activities	2014 £'000	2013 £'000
Overseas tax	5,208	4,940
Deferred tax	721	–
Adjustment in respect of prior periods	(548)	9
Current tax	5,381	4,949

Taxation	2014 £'000	2013 £'000
Profit/(loss) before taxation	(338,435)	239,056
Theoretical tax at UK corporation tax rate of 23% (2013: 24%)	(77,840)	57,373
Effects of:		
– Capital element of profit	85,759	(49,508)
– Irrecoverable overseas tax	5,208	4,940
– Excess management expenses	3,137	3,386
– Movement in overseas capital gains tax liability	721	–
– Non deductible expenses	19	–
– Dividends not subject to corporation tax	(10,453)	(10,531)
– Prior period adjustments to tax	(548)	9
– Overseas tax expensed	(507)	–
– Income taxable in different periods	(115)	(729)
– Non taxable revenue	–	9
Actual tax charge	5,381	4,949

As at 31 March 2014, the Company had management expenses of £58.6 million which can be utilised against future taxable income (2013: £44.9 million). These balances have been generated because a large part of the Company's income is derived from dividends which are no longer taxable. Based on current UK tax law, the Company is not expected to generate taxable income in a future period in excess of deductible expenses for that period and, accordingly, is unlikely to be able to reduce future tax liabilities by offsetting these excess management expenses. These excess management expenses are therefore not recognised as a deferred tax asset.

Movement in provision for deferred tax	2014 £'000	2013 £'000
Balance brought forward	–	–
Charge for the year	721	–
Balance carried forward	721	–
Provision consists of:		
– Overseas capital gains tax liability	721	–
	721	–

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

4 Earnings per share

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
	29,770	(373,586)	(343,816)	27,825	206,282	234,107

Earnings per share

	2014 Revenue pence	2014 Capital pence	2014 Total pence	2013 Revenue pence	2013 Capital pence	2013 Total pence
	9.14	(114.65)	(105.51)	8.45	62.67	71.12

The earnings per share is based on the profit/(loss) on ordinary activities after tax and on the weighted average number of shares in issue during the year of 325,840,591 (year to 31 March 2013: 329,135,381).

5 Financial Assets – Investments

	2014 £'000	2013 £'000
Opening investments	2,277,465	2,087,608
Movements in year:		
Purchases	142,053	47,122
Sales	(193,301)	(63,392)
Realised profits	128,664	47,593
Net (depreciation)/appreciation	(501,327)	158,534
Closing investments	1,853,554	2,277,465

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

Transaction costs for the year on purchases were £347,000 (2013: £71,000) and transaction costs for the year on sales were £583,000 (2013: £183,000). The aggregate transaction costs for the year were £930,000 (2013: £254,000).

	2014	2013
Realised and unrealised gains on investments comprise of:		
Realised gain based on carrying value at 31 March 2014	128,664	47,593
Net movement in unrealised (depreciation)/appreciation	(501,327)	158,534
Realised and unrealised (losses)/gains on investments	(372,663)	206,127

6 Trade and other receivables

	2014 £'000	2013 £'000
Dividends receivable	6,507	8,619
Sales awaiting settlement	485	–
Overseas tax recoverable	415	179
Other debtors	14	9
	7,421	8,807

7 Trade and other payables

	2014 £'000	2013 £'000
Accrued expenses	2,448	2,813
Other creditors	522	–
Purchase of investments awaiting settlement	–	994
	2,970	3,807

8 Called-up share capital

	2014		2013	
	Allotted, issued & fully paid		*Allotted, issued & fully paid*	
	£'000	*Number*	*£'000*	*Number*
Shares of 25p each				
Opening balance	81,969	327,874,892	82,453	329,814,352
Shares repurchased during the year	(1,132)	(4,525,000)	(484)	(1,939,460)
Closing balance	80,837	323,349,892	81,969	327,874,892

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

During the year, 4,525,000 shares were bought back for cancellation at a cost of £24,884,000 (2012: 1,939,460 shares were bought back for cancellation at a cost of £11,100,000).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

9 **Net asset value per share**	*Net asset value per share*		*Net asset value attributable*	
	2014 pence	*2013 pence*	*2014 £'000*	*2013 £'000*
Shares	591.8	702.3	1,913,565	2,302,720

10 **Dividend**	*2014*		*2013*	
	Rate (pence)	*£'000*	*Rate (pence)*	*£'000*
Declared and paid in the year				
Dividend on shares:				
Final dividend for year	6.25	20,456	5.75	18,964
		20,456		18,964
Proposed for approval at the Company's AGM				
Dividend on shares:				
Final dividend for the year ended 31 March 2014 (31 March 2013: 6.25p)	7.25	23,381		
		23,381		

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

11 Related party transactions

The following are considered to be related parties:

– Templeton Asset Management Ltd. ("TAML")

– Franklin Templeton Investment Management Limited ("FTIML")

– The Directors of the Company

All material related party transactions, as set out in International Accounting Standard 24 Related Party, have been disclosed in the Directors' Report and Note 2. Details of the remuneration of all Directors can be found on page 55.

Other funds managed by TAML may be investors in the same securities as the Company.

12 Risk Management

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

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

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

Investment and concentration risk

The Company may invest a greater portion of its assets in the securities of one issuer, securities domiciled in a particular country, or securities within one industry group than other types of fund investments. As a result, there is the potential for increased concentration of exposure to economic, business, political or other changes affecting similar issues or securities, which may result in greater fluctuation in the value of the portfolio.

Market price risk

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

The Directors meet quarterly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objectives. The Investment Manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet the risk/reward profile on an ongoing basis.

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

Foreign currency risk

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

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

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

The Company does not hedge the sterling value of investments that are priced in other currencies.

The Company may be subject to short-term exposure to exchange rate movements, for instance where there is a difference between the date an investment purchase or sale is entered into and the date on which it is settled.

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

12 Risk management (continued)

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

2014 Currency	*Trade and other receivables £'000*	*Cash at bank £'000*	*Trade and other payables £'000*	*Total net foreign currency exposure £'000*	*Investments at fair value through profit or loss £'000*
US dollar	1,343	–	–	1,343	449,227
Hong Kong dollar	–	–	–	–	421,966
Thai baht	1,549	–	–	1,549	240,580
Indian rupee	444	–	(721)	(277)	227,585
Indonesian rupiah	203	–	–	203	126,244
Turkish lira	830	–	–	830	94,579
Other	3,038	(485)	–	2,553	289,563

2013 Currency	*Trade and other receivables £'000*	*Cash at bank £'000*	*Trade and other payables £'000*	*Total net foreign currency exposure £'000*	*Investments at fair value through profit or loss £'000*
US dollar	2,311	957	(994)	2,274	539,341
Hong Kong dollar	–	–	–	–	472,492
Thai baht	2,024	–	–	2,024	337,620
Indonesian rupiah	43	–	–	43	234,552
Indian rupee	574	–	–	574	209,708
Turkish lira	1,314	–	–	1,314	162,180
Other	2,533	–	–	2,533	321,572

Sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the equity in regard to the Company's monetary financial assets and liabilities and its equity if sterling had strengthened by 10% relative to all currencies on the reporting date, with all other variables held constant.

	2014		*2013*	
Financial Assets and Liabilities	*Revenue £'000*	*Capital Return £'000*	*Revenue £'000*	*Capital Return £'000*
US dollar	1,935	44,923	1,785	53,934
Hong Kong dollar	1,198	42,197	1,115	47,249
Thai bhat	907	24,058	903	33,762
Indian rupee	382	22,759	383	20,971
Indonesian rupiah	417	12,624	434	23,455
Turkish lira	516	9,458	679	16,218
	5,355	156,019	5,299	195,589

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

12 Risk management (continued)

Interest rate risk

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

Interest rate risk profile

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

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

	Within one year 2014 £'000	*Within one year 2013 £'000*
Cash flow interest rate risk		
Cash	56,281	20,255

Exposures vary throughout the year as a consequence of changes in the make up of the net assets of the Company.

Cash balances are held on call deposit and earn interest at the bank's daily rate.

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

Liquidity risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

12 Risk management (continued)

Credit risk

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

The amount of credit risk that the Company is exposed to is disclosed under interest rate risk profile and represents the maximum credit risk at the Balance Sheet date.

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

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

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

Fair Value

Fair values are derived as follows:

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

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

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

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

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

Valuation hierarchy fair value through profit and loss

	31 March 2014				*31 March 2013*			
£'000	*Level 1*	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*
Listed investments	1,853,554	–	–	1,853,554	2,277,465	–	–	2,277,465

13 Significant Holdings in investee undertakings

As at 31 March 2014 the Company held 3% or more in the issued share capital of the following companies:

Name	*% of issued share capital* 2014*	*Fair value £'000*	*% of issued share capital* 2013*	*Fair value £'000*
Brilliance China Automotive	3.8	173,601	5.3	205,849
VTech	3.5	64,181	3.3	66,923
MCB Bank	6.7	59,893	3.5	44,785
Guangzhou Automobile Group, H	3.3	48,945	3.5	43,554
Hyundai Development	5.6	44,506	3.5	39,992
Victory City International	3.5	10,193	6.9	9,745
Univanich Palm Oil	3.5	9,340	5.0	11,662
Peninsula Land	5.0	4,995	5.6	6,901

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

14 Contingent Assets and Liabilities

No contingent assets or liabilities existed as at 31 March 2014 or 31 March 2013.

15 Financial Commitments

There were no financial commitments at 31 March 2014 or 31 March 2013.

16 Post Balance Sheet events

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

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Templeton Emerging Markets Investment Trust Public Limited Company (the "Company") will be held at Stationers' Hall, Ave Maria Lane, London EC4M 7DD on 18 July 2014 at 12 noon to transact the following business:

To consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 14 will be proposed as ordinary resolutions and resolutions 15 to 18 will be proposed as special resolutions.

Ordinary Business:

1. To receive and adopt the Directors' and Auditor's Reports and financial statements for the year ended 31 March 2014.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 31 March 2014.
4. To declare a dividend of 7.25 pence per share for the year ended 31 March 2014.
5. To re-elect Peter A Smith as a Director.
6. To re-elect Christopher D Brady as a Director.
7. To re-elect Hamish N Buchan as a Director.
8. To re-elect Neil A Collins as a Director.
9. To re-elect Peter O Harrison as a Director.
10. To elect Beatrice Hollond as a Director.
11. To re-elect Gregory E Johnson as a Director.
12. To re-appoint Deloitte LLP as auditor of the Company, to act until the conclusion of the next general meeting of the Company at which audited accounts are laid before the members.
13. To authorise the Directors to determine the auditor's remuneration.

Special Business

14. That, pursuant to Article 153.1 of the Articles of Association of the Company, the Company shall continue in being as an Investment Trust for the period expiring at the end of the Annual General Meeting of the Company to be held 2019.
15. That, in substitution for any existing authority, the Directors be generally and unconditionally authorised to allot equity securities (as defined in Section 560 of the Companies Act 2006 (the "Act")) pursuant to Section 551 of the Act, up to an aggregate nominal amount of £4,087,836 (being an amount equal to 5% of the existing issued share capital of the Company as at 27 May 2014, being the latest practicable date before the date of this notice), provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
16. That, in substitution for any existing authority, subject to the passing of resolution 15, the Directors be given the general power to allot equity securities (as defined by Section 560 of the Act) for cash pursuant to the authority conferred by resolution 15, as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £4,087,836 (being an amount equal to 5% of the existing issued share capital of the Company as at 27 May 2014, being the latest practicable date before the date of this notice). The power granted by this resolution will expire on conclusion of the Annual General Meeting of the Company to be held in 2015 (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

17. That, in substitution for any existing authority, the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of shares of 25p each in the capital of the Company ("shares") provided that:
    (i) the maximum number of shares hereby authorised to be purchased shall not exceed 14.99 per cent of the shares in issue on 18 July 2014, or 48,343,033 shares, whichever is lower;
    (ii) the minimum price which may be paid for a share shall be 25 pence;
    (iii) the maximum price which may be paid for a share shall not be more than the higher of: a) an amount equal to 105 per cent. of the average of the closing mid-market price of shares (as derived from the daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and b) the amount stipulated by Article 5(1) of the regulation entitled the "Buy-Back and Stabilisation Regulation"; and
    (iv) unless renewed, the authority hereby conferred shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2015, save that the Company may, prior to such expiry enter into a contract to purchase shares which will or may be completed wholly or partly after such expiry.
18. That a General Meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

By Order of the Board
Registered Office 5 Morrison Street Edinburgh EH3 8BH
Sara A MacIntosh
for and on behalf of
Franklin Templeton Investment Management Limited
Secretary
13 June 2014

Please ensure that you read the notes to this Notice on pages 83 to 85.

Notes:

1. THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent financial adviser authorised under the Financial Services and Markets Act 2000.
2. If you have sold or transferred all of your shares in Templeton Emerging Markets Investment Trust Public Limited Company, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.
3. The Company specifies that only those members registered on the Company's register of members at 6.00pm on 16 July 2014 shall be entitled to attend and vote at the Annual General Meeting (the "Meeting").
4. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies to attend, to speak and vote thereat instead of him. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting in person.
5. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to one share. Please contact the Company's registrar Equiniti, at Aspect House, Lancing, West Sussex BN99 6DA to appoint more than one proxy.
6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

7. A proxy form is enclosed. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
8. A proxy form must be returned to the Company's registrar, Equiniti, Aspect House, Lancing, West Sussex BN99 6DA to arrive not later than 12 noon on 16 July 2014. New Zealand registered shareholders must return a proxy form to Computershare, Private Bag 92119, Auckland 1142, New Zealand to arrive not later than 4.00pm on 15 July 2014 (New Zealand time).
9. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
10. As at 27 May 2014, the Company's issued share capital was 322,501,892 shares of 25p each. Each share carries the right to vote at an Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 27 May 2014 is 322,501,892.
11. Copies of the letters of appointment of the Directors of the Company are available for inspection at the Company's registered office at 5 Morrison Street, Edinburgh, EH3 8BH, at Franklin Templeton Investment Management Limited, The Adelphi, 1-11 John Adam Street, London WC2N 6HT and at the Meeting (for 15 minutes prior to the Meeting and during the Meeting).
12. Electronic proxy appointment for CREST members (for UK only). CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by the issuer's agent (RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

    CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

    The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. Electronic proxy appointment for non-CREST members (for UK only). Shareholders who prefer to register the appointment of their proxy electronically via the Internet can do so through the Equiniti website at www.sharevote.co.uk where full instructions on the procedure are given. The personal Voting ID, Task ID and Shareholder Reference Number printed in the voting pack will be required to use this electronic proxy appointment system.

    Alternatively, shareholders who have already registered with Equiniti's on-line portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk and clicking on the link to vote. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 12 noon on 16 July 2014. Please note that any electronic communication found to contain a computer virus will not be accepted.

14. Electronic proxy appointment for New Zealand registered shareholders. New Zealand registered investors who prefer to register the appointment of their proxy electronically via the Internet can do so through the Computershare website at www.investorvote.co.nz, and enter the Control Number 106992, where full instructions on the procedure are given. Your CSN (Common Shareholder Number) and postal code will be required to use this electronic proxy appointment system. A proxy appointment made electronically will not be valid if sent to any address other than that provided or if received after 4.00pm (New Zealand time) on 15 July 2014. Please note that any electronic communication found to contain a computer virus will not be accepted. New Zealand registered investors cannot appoint more than one proxy when registering the appointment of their proxy electronically.

15. A member of the Company may make a request in accordance with Section 527 of the Companies Act 2006 to have a statement published on the Company's website setting out an audit concern.

    This allows a member or members having a right to vote at the Meeting and holding at least 5% of total voting rights of the Company; or at least 100 members having a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital, to make a request so that the Company must publish on its website, a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting. Where the Company is required to publish such a statement on its website: (i) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request; (ii) it must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website; and (iii) the statement may be dealt with as part of the business of the Meeting.

    A member wishing to request publication of such a statement on the Company's website must send the request to the Company in hard copy form to the Company Secretary or by email to enquiries@franklintempleton.co.uk. The request must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported and be received by the Company at least one week before the Meeting. Please note that any electronic communication found to contain a computer virus will not be accepted.

16. Pursuant to Section 319A of the Companies Act 2006, the Company must provide an answer to any question which is put by a member attending the Meeting relating to the business being considered, except if a response would not be in the interest of the Company or for the good order of the meeting or if to do so would involve the disclosure of confidential information. The Company may however elect to provide an answer to a question, within a reasonable period of days after the conclusion of the Meeting.

17. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website, www.temit.co.uk.

18. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

KEY DATES
2014

The Company's twenty-fifth Annual General Meeting will be held on Friday 18 July 2014. Notice of this meeting is given on pages 82 and 83.

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

July 2014

Annual General Meeting held.

Dividend paid.

November 2014

Half Yearly results announced.

Half Yearly Report for the period to 30 September 2014 published.

The Company pays no interim dividend.

GENERAL INFORMATION
TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC

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7 Temasek Boulevard
38–03 Suntec Tower One
SINGAPORE
038987

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

SOLICITOR
Dundas & Wilson CS LLP
(now part of CMS Cameron McKenna LLP)
Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2EN
UK

REGISTRAR – UK
Equiniti Limited
Aspect House
Spencer Road
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UK

SECRETARY AND ADMINISTRATOR
Franklin Templeton Investment Management Limited
The Adelphi
1-11 John Adam Street
LONDON
WC2N 6HT
UK

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

GLOBAL CUSTODIAN
JPMorgan Chase Bank
25 Bank Street
LONDON
E14 5JP
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REGISTRAR – NEW ZEALAND
Computershare Investor Services Limited
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Auckland 0622
NEW ZEALAND

NOTES

SHAREHOLDER INFORMATION

CONTACT DETAILS

SECRETARY/ADMINISTRATOR

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PRINCIPAL REGISTRAR

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Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz
Website: www.investorcentre.com/nz

SHAREHOLDERS' HELPDESK

Phone 0871 384 2505
Fax 0871 384 2100

Calls to this number cost 8p per minute from plus network extras. Lines open 8.30am to 5.30pm, Monday to Friday.

OVERSEAS SHAREHOLDERS' HELPDESK

Phone +44 121 415 7047

HOW TO INVEST

For information on investing in TEMIT with a lump sum, regular savings plan and gifts, see page 2.

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

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

Frequency of Net Asset Value publication
The NAV is released every day through the London Stock Exchange.

FRANKLIN TEMPLETON INVESTMENTS

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Authorised and regulated by the Financial Conduct Authority

TEMIT AR RGB 03/13