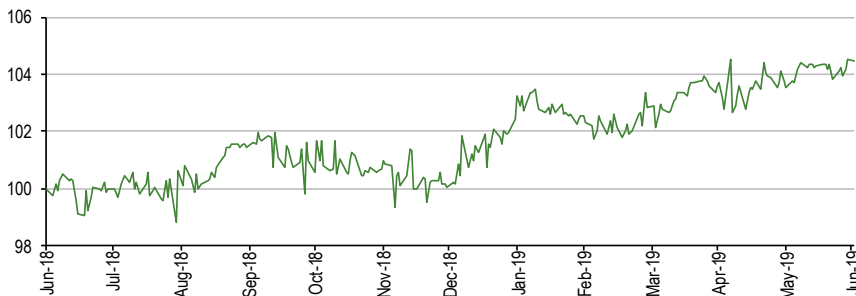


Templeton Emerging Markets Inv. Trust

Step-up in relative performance

Templeton Emerging Markets Investment Trust (TEMIT) is managed by Chetan Sehgal (based in Singapore) and Andrew Ness (based in Edinburgh). They draw on the broad resources of the Franklin Templeton Emerging Markets Equity (FTEME) investment team, seeking quality companies trading at a discount to their intrinsic value that can be held for the long term. Despite increased stock market volatility in recent quarters, the managers have built on TEMIT's solid long-term track record; it has outperformed its MSCI Emerging Markets index benchmark over the last one, three and 10 years, and is broadly in line over the last five years.

Steady NAV outperformance versus the benchmark during period of increased stock market volatility



Source: Templeton Emerging Markets Investment Trust, Edison Investment Research

The market opportunity

Emerging markets offer the prospect of higher economic growth than developed markets; one of the key drivers is a rising middle class with growing levels of disposable income. Current valuation differentials also favour emerging markets, in terms of lower earnings multiples and a modestly higher dividend yield compared with the world market. These two considerations suggest a potentially attractive investment opportunity for investors seeking global emerging markets exposure.

Why consider investing in TEMIT?

- Well-established specialist fund offering diversified exposure to emerging market equities.
- Strong recent performance relative to benchmark.
- Depth and breadth of the local research teams offer the potential to identify differentiated investment opportunities across the emerging regions.
- Access to, and active engagement with, company managements.

Recent narrowing in the discount

TEMIT's discount has been in a narrowing trend since early-June 2018; its current 9.5% share price discount to cum-income NAV compares with the 9.9% to 12.2% range of average discounts over the last one, three, five and 10 years. Historically, the trust made a single July distribution, but now also pays an interim dividend in January (current annual yield of 2.0%). Gearing of up to 10% of NAV is permitted; at end-May 2019, it was 1.8%.

Investment trusts Global emerging markets

3 July 2019

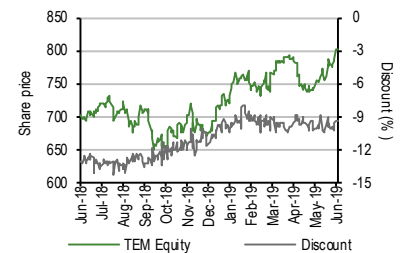
Price 801.0p
Market cap £1,995m
AUM £2,345m

NAV* 876.1p
Discount to NAV 8.6%
NAV** 884.7p
Discount to NAV 9.5%

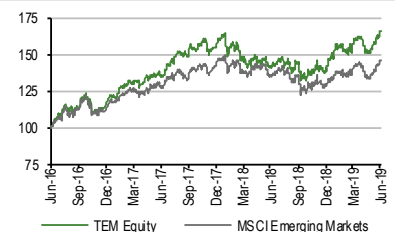
*Excluding income. **Including income. As at 1 July 2019.

Yield 2.0%
Ordinary shares in issue 249.0m
Code TEM
Primary exchange LSE
AIC sector Global Emerging Markets
Benchmark MSCI Emerging Markets

Share price/discount performance



Three-year performance vs index



52-week high/low 801.0p 649.0p
NAV** high/low 883.2p 740.0p

**Including income.

Gearing

Net* 1.8%

*As at 31 May 2019.

Analysts

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[Edison profile page](#)

**Templeton Emerging Markets
Investment Trust is a research client
of Edison Investment Research**

Exhibit 1: Trust at a glance

Investment objective and fund background

Launched in June 1989, TEMIT was one of the first emerging markets funds in the UK. The trust seeks long-term capital appreciation through investment in companies operating in emerging markets, or listed on the stock markets of such countries. This may include companies that have a significant amount of their revenues in emerging markets, but which are listed on stock exchanges in developed countries. Performance is benchmarked against the MSCI Emerging Markets Index.

Recent developments

- 5 June 2019: Annual results to 31 March 2019. NAV TR +1.8% versus benchmark TR +0.1%. Share price TR +6.0%. Announcement of 11.0p final dividend.
- 3 May 2019: Announcement of conditional tender offer (see page 8).
- 26 November 2018: Interim report to 30 September 2018. NAV TR -1.5% versus benchmark TR -1.8%. Share price TR -2.2%. Announcement of 5.0p interim dividend.

Forthcoming

AGM	July 2019
Interim results	November 2019
Year end	31 March

Capital structure

Ongoing charges	1.02%
Net gearing	1.8%
Annual mgmt fee	0.85–1.0% of net assets (see page 8)

Fund details

Group	Templeton Asset Management
Managers	Chetan Sehgal and Andrew Ness
Address	5 Morrison Street, Edinburgh, EH3 8BH, UK

Dividend paid

Dividend paid	July and January
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Performance fee

Performance fee	None
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Launch date

Launch date	12 June 1989
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Trust life

Trust life	Indefinite (subject to vote)
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Phone

Phone	+44 (0)871 384 2505
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Continuation vote

Continuation vote	Five yearly (next in 2019)
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Loan facilities

Loan facilities	£220m
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Website

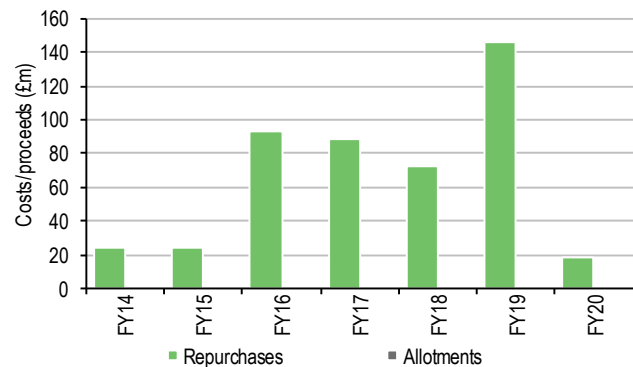
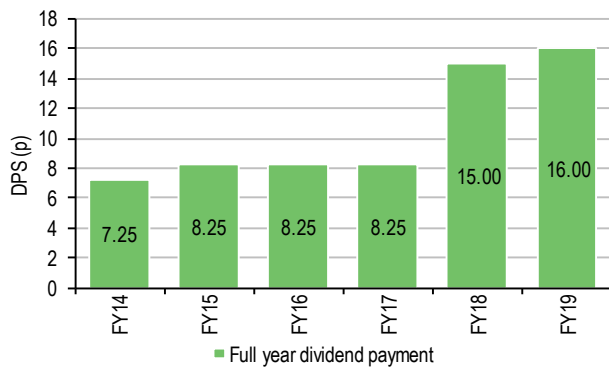
Website	www.temit.co.uk
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Dividend policy and history (financial years)

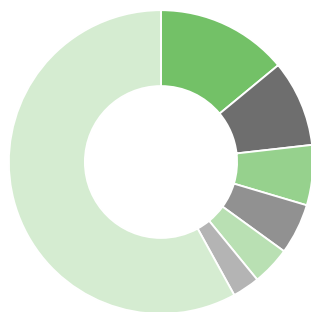
FY18 dividend was boosted by a change in fee allocations. Dividends were historically paid annually in July, but starting in FY19, are paid twice a year in July and January.

Share buyback policy and history (financial years)

Subject to annual renewal, TEMIT is authorised to repurchase up to 14.99% and allot up to 5% of its issued ordinary shares.

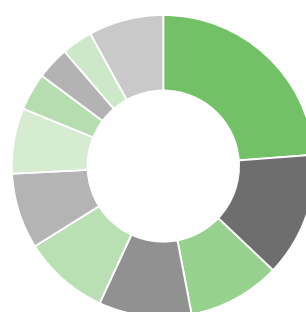


Shareholder base (as at 22 May 2019)



- City of London (14.0%)
- Lazard Asset Mgmt (9.2%)
- Investec Wealth & Inv. (6.4%)
- Quilter (5.4%)
- Rathbone Brothers (4.1%)
- Equiniti (2.9%)
- Other (58.0%)

Portfolio exposure by geography (as at 31 May 2019)



- China/Hong Kong (23.8%)
- South Korea (13.3%)
- Brazil (9.9%)
- Russia (9.9%)
- Taiwan (9.2%)
- India (8.1%)
- South Africa (7.0%)
- Thailand (4.0%)
- UK (3.5%)
- US (3.3%)
- Other (8.0%)

Top 10 holdings (as at 31 May 2019)

Company	Country	Sector	Portfolio weight %	
			31 May 2019	31 May 2018*
Samsung Electronics	South Korea	Information technology	6.9	8.5
Taiwan Semiconductor Manufacturing	Taiwan	Information technology	6.5	5.0
Naspers	South Africa	Communication services	5.9	6.4
Alibaba (ADR)	China/Hong Kong	Consumer discretionary	4.5	5.1
ICICI Bank	India	Financials	4.0	2.4
Unilever	UK	Consumer staples	3.5	3.5
Brilliance China Automotive	China/Hong Kong	Consumer discretionary	3.2	4.8
Tencent	China/Hong Kong	Communication services	2.8	3.4
LUKOIL (ADR)	Russia	Energy	2.6	2.2
Banco Bradesco (ADR)	Brazil	Financials	2.6	N/A
Top 10 (% of holdings)			42.5	44.7

Source: Templeton Emerging Markets Investment Trust, Edison Investment Research, Morningstar. Note: *N/A where not in end-May 2018 top 10.

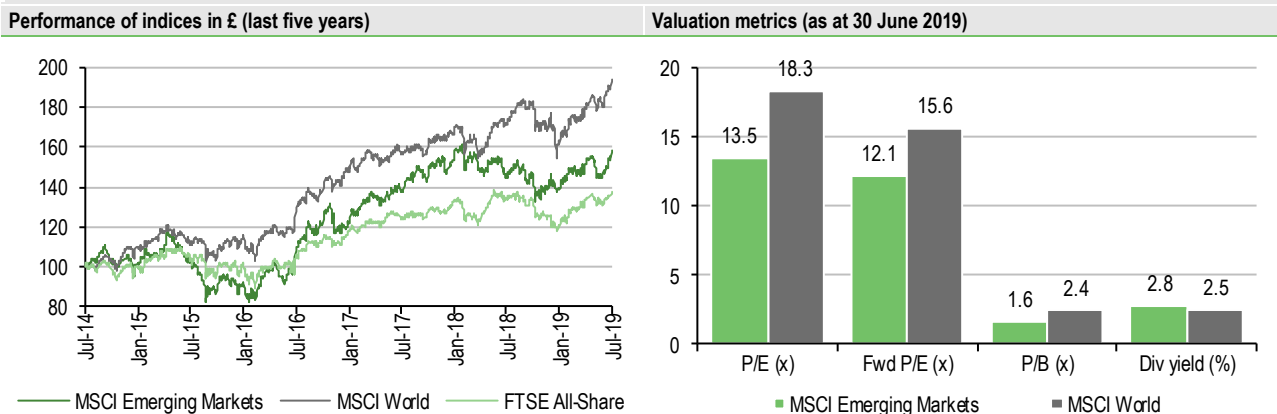
Market outlook: Growth and valuation favour EM

Exhibit 2 (LHS) shows that, in sterling terms, over the last five years, emerging market equities have delivered a higher total return than UK shares, but have lagged the performance of the world market. The MSCI World index is dominated by the US (c 60%), a market that has performed particularly strongly in recent years. Since the beginning of 2018, global equities have returned to more normal levels of volatility, following a particularly benign period in 2017. Recent volatility reflects tension between the continued supportive monetary environment and concerns about slowing global growth, which has been exacerbated by the escalation in tariffs by the US and its trading partners.

Relative growth prospects continue to favour emerging over developed markets. In its April 2019 World Economic Outlook, the International Monetary Fund forecast growth for emerging markets and developing economies of 4.4% and 4.8% for 2019 and 2020 respectively, markedly higher than 1.8% and 1.7% for advanced economies. Factors for the higher growth outlook include an expanding educated middle class with higher levels of disposable income.

Along with better growth prospects, in aggregate, emerging market companies remain attractively valued, which may provide an opportunity for investors seeking to add global emerging market equity exposure. Highlighted in Exhibit 2 (RHS), the MSCI Emerging Markets index is trading on lower P/E and price-to-book multiples than the MSCI World index, while also offering a modestly higher yield.

Exhibit 2: Market performance and valuation



Source: Refinitiv, Edison Investment Research, MSCI

Fund profile: 30 years old and still going strong

Launched in June 1989, TEMIT is celebrating its 30th anniversary. The trust is quoted on both the London and New Zealand stock exchanges and is managed by Franklin Templeton Emerging Markets Equity (FTEME), which has c \$35bn of assets under management. TEMIT's lead manager since 1 February 2018, Chetan Sehgal (based in Singapore, and a Franklin Templeton employee since 1995) aims to generate long-term capital growth from a diversified portfolio of emerging market equities, selected on a bottom-up basis. In September 2018, Sehgal was joined by co-manager Andrew Ness, who has 25 years of investment experience and is based in Edinburgh. TEMIT's performance is benchmarked against the MSCI Emerging Markets index. A maximum 10% of the trust's assets at the time of investment may be held in the securities of any one issuer. Gearing of up to 10% of NAV is permitted (net gearing of 1.8% at end-May 2019). Data from TEMIT show that over the almost 30 years from its launch to the end of FY19 (31 March), TEMIT's NAV total return of 12.6% pa is considerably ahead of the benchmark's 10.0% pa total return.

FTEME prides itself on the breadth and depth of its in-house resources, which allow TEMIT to hold a portfolio that is differentiated from its peers', and around one-third of the fund is in names that are not included in the MSCI Emerging Markets index. The deep resources allow FTEME significant access to company managements and there is a high degree of collaboration between all members of the investment team. Along with distinct portfolio managers and company/sector analysts, there are now also portfolio analysts (there are two working on TEMIT) that support portfolio managers, working to uncover tactical opportunities. Sehgal and Ness suggest that this is an important enhancement to the investment process.

The fund managers: Chetan Sehgal and Andrew Ness

The managers' view: Focus on value as a philosophy not a style

Despite being based in different locations, Sehgal and Ness work very closely together, sharing a belief that company earnings are the primary driver of equity returns over the long term. They say the market can misprice equities in the short term, and these opportunities can be identified via fundamental analysis. The managers highlight that over the last 18 years, the MSCI Emerging Markets index has delivered total returns of c 10% pa primarily driven by earnings growth, with an additional c 3% pa contribution from dividends broadly offset by lower valuations (c -1% pa) and currency (c -1% pa).

Sehgal and Ness focus on companies that are trading at a discount to their intrinsic worth, not just on companies that are trading on low valuation multiples; they stress the difference between focusing on value as a philosophy and value as a style (value stocks have lagged growth stocks in recent years). The managers say there is a misperception that TEMIT's strong three-year absolute and relative returns have resulted from a change in approach to invest in high-growth companies. They point out that the performance has come from a wide range of companies across different sectors and geographies.

Commenting on the current investment backdrop in emerging markets, Sehgal and Ness say that in 2018, the US market was very strong on the back of c 25% earnings growth (helped by tax reform), while corporate earnings growth in emerging markets was in the low teens. However, they believe that investors underappreciate the secular changes that have occurred in emerging markets in recent years, adding 'they are not your granny's emerging markets'. In their view, this misperception accounts for relatively low allocations to the region by global investors.

The managers comment that an improved policy environment has transformed the emerging markets equity asset class, and has been a structural response to the region lurching from crisis to crisis 15 to 20 years ago. Sehgal and Ness note there has been a lack of crises in emerging markets in recent years, crediting this to improved fiscal behaviour at the country level, and banks being more resilient to economic weakness, with higher levels of regulatory capital. The managers say that emerging market economies have moved away from being susceptible to capital account crises, fixed exchange rates, overvalued currencies and excessive overseas borrowing. Interestingly, they note that in 2018, there were huge financial stresses in Argentina and Turkey, but there was no contagion in other emerging markets.

Sehgal and Ness say that in the late 1980s to early 1990s, the emerging market investible universe was dominated by resource companies and low-tech manufacturing companies that offered little value-added benefit. In 1988, Malaysia, Brazil and Chile made up around two-thirds of the emerging market universe and there were boom-bust scenarios; however, things have changed significantly, with the two consumer sectors, along with technology, now comprising around a third of the MSCI Emerging Markets index, while the cyclical energy, industrials and materials sectors make up just a combined c 20%. The managers suggest that the past does not necessarily predict

the future, and emerging markets do not have to echo advances in developed markets. They say that some of the key emerging market technology companies are spearheading global disruption, with world-leading innovation, such as in the areas of e-commerce and big data.

While Ness acknowledges that there are uncertainties surrounding the pace of China's economic growth, and comments that he has become more cautious following a recent trip to the region; he still sees strong secular growth opportunities in the country. TEMIT's Chinese investments focus on companies with a strong competitive advantage, such as Brilliance China Automotive (auto parts manufacturer) and multinational conglomerates Alibaba and Tencent.

Asset allocation

Investment process: Research-driven, bottom-up selection

Sehgal, Ness and the FTEME investment team employ a bottom-up stock selection process based on thorough company research, aiming to identify companies with sustainable earnings power that are trading at a discount to their intrinsic value, and can be held for the long term. The managers explain that in emerging markets there is a wide dispersion in returns between individual companies and sectors, which can provide many investment opportunities that are not captured in exchange-traded funds (ETFs); hence the benefit of bottom-up investment. They believe that companies generating sustainable returns will outperform over time, even more so for firms that are trading at a discount to their intrinsic value. There are three stages to the investment process:

- **Idea generation** – the investment team is made up of more than 80 analysts and portfolio managers, in 16 offices across the globe; their presence provides the opportunity to uncover local opportunities that may not be appreciated by the broader market.
- **Stock research** – seeking companies that can generate stable or growing economic profits over time, including potential developments, which may be beyond their current areas of operation. Key areas of focus are a company's asset quality, return on capital, financial strength and the record of its management team, including environmental, social and governance (ESG) practices. To be considered for inclusion in TEMIT's portfolio, a company must be trading below its estimated intrinsic worth. The managers believe that company engagement is key to driving better returns for TEMIT's shareholders. They and the team provide guidance to companies facing difficulties and may actively oppose management teams, either behind the scenes, or more publicly, if deemed necessary.
- **Portfolio construction** – the portfolio contains around 70–100 holdings (typically in companies with market caps above \$1bn) in order to provide adequate diversification and to manage risk effectively. Individual position sizes are a function of liquidity in both the stock and its respective market. All holdings are regularly reviewed to ensure that the investment case still holds true and that positions are sized correctly. FTEME also has an independent risk management group that undertakes ex ante and ex post analysis to identify risk at the stock level and TEMIT's overall performance drivers.

Current portfolio positioning

Comparing TEMIT with the MSCI Emerging Markets index, its portfolio has higher returns on equity and assets, lower long-term debt to equity, modestly lower estimated earnings growth, a broadly similar forward P/E multiple, and a modestly lower dividend yield. At end-May 2019, TEMIT's top 10 positions made up 42.5% of the portfolio, which was a modest decrease in concentration versus 44.7% a year earlier; nine companies were common to both periods. The trust's sector exposure is shown in Exhibit 3; year-on-year changes are misleading due to changes in the Global Industry Classification Standard (GICS) definitions in September 2018 (mainly affecting information technology and communication services), so it is more meaningful to highlight TEMIT's exposure

compared with the benchmark. Notable deviations are overweight positions in consumer discretionary (+6.8pp) and technology (+6.5pp), with below-index exposure to materials (-4.5pp) and real estate (-3.0pp).

Exhibit 3: Portfolio sector exposure vs benchmark (% unless stated)						
	Portfolio end-May 2019	Portfolio end-May 2018	Change (pp)	Index weight	Active weight vs index (pp)	Trust weight/index weight (x)
Financials	26.6	23.1	3.5	25.5	1.1	1.0
Information technology	20.2	33.0	(12.8)	13.7	6.5	1.5
Consumer discretionary	19.8	20.0	(0.2)	13.0	6.8	1.5
Communication services	10.9	1.2	9.7	11.6	(0.7)	0.9
Energy	8.7	8.3	0.4	8.1	0.6	1.1
Consumer staples	7.8	7.3	0.5	6.7	1.1	1.2
Materials	3.1	6.2	(3.1)	7.6	(4.5)	0.4
Industrials	2.8	2.6	0.2	5.4	(2.6)	0.5
Healthcare	1.9	1.7	0.2	2.7	(0.8)	0.7
Real estate	0.0	0.5	(0.5)	3.0	(3.0)	0.0
Utilities	0.0	0.2	(0.2)	2.7	(2.7)	0.0
Other net assets	(1.8)	(4.1)	2.3	0.0	(1.8)	N/A
	100.0	100.0		100.0		

Source: Templeton Emerging Markets Investment Trust, Edison Investment Research

TEMIT's geographic exposure is shown in Exhibit 4. There have been modest changes in the 12 months to the end of May 2019, with increased exposure to India (+2.6pp) and Brazil (+2.4pp), and lower weightings in South Korea (-1.9pp) and China/Hong Kong (-1.6pp). Despite a reduction in South Korean exposure, the trust retains an overweight position. The manager explains that valuations are attractive in the country, and there are improvements in corporate governance practices. He says that South Korea has some world-leading technology companies, including three of the five globally dominant suppliers of batteries for electric vehicles.

Exhibit 4: Portfolio geographic exposure (% unless stated)			
	Portfolio end-May 2019	Portfolio end-May 2018	Change (pp)
China/Hong Kong	23.8	25.4	(1.6)
South Korea	13.3	15.2	(1.9)
Brazil	9.9	7.5	2.4
Russia	9.9	8.4	1.5
Taiwan	9.2	10.3	(1.1)
India	8.1	5.5	2.6
South Africa	7.0	7.2	(0.2)
Thailand	4.0	4.3	(0.3)
UK	3.5	3.5	0.0
US	3.3	1.1	2.2
Other	8.0	11.6	(3.6)
	100.0	100.0	

Source: Templeton Emerging Markets Investment Trust, Edison Investment Research

The trust's portfolio turnover is relatively low at around 20% pa. Some of the more recent additions to the portfolio include China Merchants Bank, China Resources Cement, Cognizant Technology Solutions (US IT services company), H&H Group (Hong-Kong nutrition firm) and MultiChoice Group (South African television satellite company). Recent complete disposals include: Daelim Industrial (South Korean engineering & construction and petrochemical firm), Inner Mongolian Yitai Coal, Pegatron (Taiwanese electronics manufacturer) and SABIC (Saudi petrochemical company).

Performance: Recently improved relative performance

In FY19, TEMIT's NAV and share price total returns of +1.8% and +6.0% respectively were ahead of the benchmark total return (essentially unchanged at +0.1%). The top stock contributors were ICICI Bank (India, +1.1pp), LUKOIL ADR (Russia) and Bank Danamon Indonesia (both +0.7pp), while the largest detractor was Brilliance China Automotive (-2.7pp), where a change in the company's joint venture terms with BMW was poorly received by investors. The largest

performance attributions by sector and geographies were: financials (+1.7pp), consumer discretionary (-1.1pp), Indonesia and South Korea (both +0.7pp) and China/Hong Kong (-1.4pp).

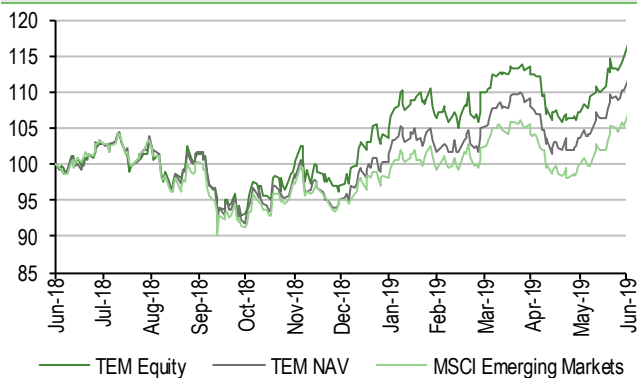
Exhibit 5: Five-year discrete performance data

12 months ending	Share price (%)	NAV (%)	MSCI Emerging Markets (%)	MSCI World (%)	FTSE All-Share (%)
30/06/15	(6.6)	(5.3)	3.5	10.9	2.6
30/06/16	(0.1)	2.9	3.9	15.1	2.2
30/06/17	34.9	33.6	27.8	22.3	18.1
30/06/18	6.1	5.9	6.8	9.9	9.0
30/06/19	14.9	10.2	5.4	10.9	0.6

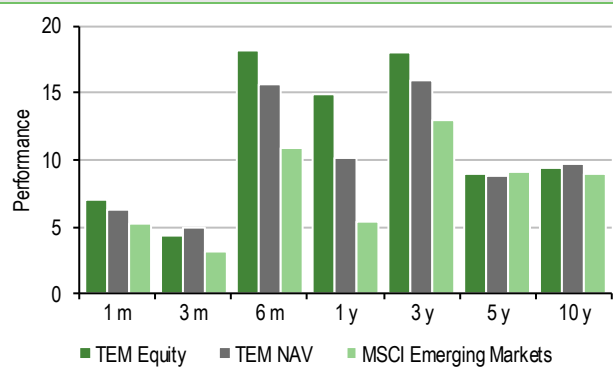
Source: Refinitiv. Note: All % on a total return basis in pounds sterling.

Exhibit 6: Investment trust performance to 30 June 2019

Price, NAV and benchmark total return performance, one-year rebased



Price, NAV and benchmark total return performance (%)



Source: Refinitiv, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

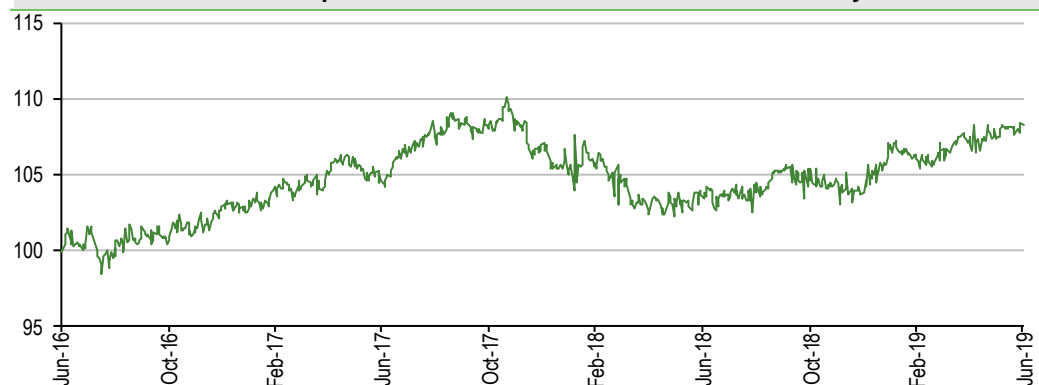
Exhibits 7 and 8 highlight TEMIT's relative returns. There has been a notable improvement in the trust's performance over the last 12 months; its NAV has outperformed the benchmark by 4.5% and its share price has outperformed by 9.0%, which has led to a narrowing in TEMIT's discount. The trust has also outperformed its benchmark in both NAV and share price total return terms over the last three and 10 years, while performance is broadly in line over five years.

Exhibit 7: Share price and NAV total return performance, relative to indices (%)

	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to MSCI Emerging Markets	1.6	1.2	6.5	9.0	14.3	(0.8)	4.3
NAV relative to MSCI Emerging Markets	1.0	1.7	4.3	4.5	8.3	(1.8)	7.2
Price relative to MSCI World	1.3	(2.2)	0.5	3.6	10.3	(19.3)	(35.1)
NAV relative to MSCI World	0.7	(1.7)	(1.5)	(0.7)	4.5	(20.1)	(33.3)
Price relative to FTSE All-Share	3.2	1.1	4.5	14.2	27.0	13.0	(8.0)
NAV relative to FTSE All-Share	2.5	1.6	2.4	9.6	20.4	11.9	(5.5)

Source: Refinitiv, Edison Investment Research. Note: Data to end-June 2019. Geometric calculation.

Exhibit 8: NAV total return performance relative to benchmark over three years



Source: Refinitiv, Edison Investment Research

Discount: Active discount management

The board actively repurchases TEMIT's shares, aiming to reduce discount volatility. In FY19, 20.5m shares were bought back (c 7.5% of the share base) at a cost of c £150m, and boosted the NAV by 1.0%. With the discount having been in a narrowing trend since early-June 2018, the trust is currently trading at a 9.5% discount to cum-income NAV, which compares with the 11.1%, 12.2%, 12.0% and 9.9% average discounts over the last one, three, five and 10 years respectively.

Exhibit 9: Share price discount to NAV (including income) over three years (%)



Source: Refinitiv, Edison Investment Research

Capital structure and fees

TEMIT is a conventional investment trust with one class of share; there are currently 249.0m ordinary shares in issue. Since 31 January 2017, the trust has had a three-year unsecured multi-currency (sterling, US dollars and Chinese renminbi) lending facility with The Bank of Nova Scotia (increased from £150m to £220m in September 2018). The maximum amount of renminbi that can be drawn is equivalent to £44m.

Effective from 1 July 2018, the annual management fee paid to FTEME was reduced to 1.0% of NAV up to £1bn and 0.85% of NAV above this level (previously 1.0% up to £2bn and 0.85% above £2bn, and prior to 1 July 2017, a flat 1.1% fee); no performance fee is payable. In FY19, TEMIT's ongoing charges were 1.02%, which was 10bp lower than the prior year (due to the reduction in fees) and meaningfully below 1.34% a decade ago.

On 3 May 2019, the board announced a five-year, performance-related conditional tender offer (subject to the continuation vote being passed at the July 2019 AGM). If TEMIT's NAV performance fails to exceed that of its benchmark in the five years ending 31 March 2024, the board will undertake a tender offer for up to 25% of the trust's shares in issue at a price equivalent to the prevailing NAV (minus 2% and costs). The tender offer is also subject to TEMIT's continuation vote being passed at the 2024 AGM.

Dividend policy and record

Historically, TEMIT paid a single distribution in July, but paid its first-ever interim dividend in January 2019. The 16.0p (c 1.1x covered) total dividend for FY19 is 6.7% higher year-on-year, while net revenue increased by 8.6% to 17.3p per share. TEMIT has meaningful revenue reserves (£109.1m as at end of the last financial year), which is equivalent to c 2.7x the FY19 total distribution. Based on its current share price, the trust offers a 2.0% dividend yield.

Peer group comparison

TEMIT is a member of the AIC Global Emerging Markets sector; in Exhibit 10, we show the eight funds with a market cap above £100m that have been trading for more than a year. The trust's NAV total return ranks first over three years (15.4pp above average), is above the mean over one and five years, while lagging over the last 10 years. TEMIT has a wider than average discount, a competitive ongoing charge and a level of gearing that is below the mean. Its dividend yield is broadly in line with the selected peer group average.

Exhibit 10: Selected global emerging markets peer group as at 2 July 2019*

% unless stated	Market cap (£m)	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (cum fair)	Ongoing charge	Perf. fee	Net gearing	Dividend yield
Templeton Emerging Markets IT	1,994.9	11.7	55.2	53.9	151.6	(8.7)	1.0	No	102	2.0
Aberdeen Emerging Markets	279.5	8.5	40.5	53.2	110.1	(13.0)	1.0	No	104	0.3
BlackRock Frontiers	335.7	3.1	28.9	42.1		5.1	1.9	Yes	117	4.2
Fundsmith Emerging Equities Trust	317.7	2.6	20.5	27.6		(5.3)	1.5	No	100	0.2
Genesis Emerging Markets Fund	1,035.2	11.7	36.7	49.0	156.2	(10.2)	1.1	No	100	1.9
JPMorgan Emerging Markets	1,248.1	14.8	53.8	87.0	196.6	(6.4)	1.0	No	100	1.2
JPMorgan Global Emerging Markets	399.8	14.1	44.4	51.6		(4.3)	1.3	No	105	3.7
Utilico Emerging Markets	557.5	21.7	38.1	58.8	204.7	(10.3)	1.1	Yes	112	3.0
Average (8 trusts)	771.0	11.0	39.8	52.9	163.8	(6.6)	1.2		105	2.1
TEM rank in peer group	1	5	1	3	4	5	6		5	4

Source: Morningstar, Edison Investment Research. Note: *Performance as at 1 July 2019 based on ex-par NAVs. TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

The board

There are six directors on TEMIT's board; five of whom are independent. Chairman Paul Manduca joined the board on 1 August 2015 and assumed his current role on 20 November 2015. The other four independent directors and their dates of appointment are: Beatrice Hollond (1 April 2014, senior independent director since 12 July 2018); Simon Jeffreys (15 July 2016); David Graham (1 September 2016); and Charlie Ricketts (12 July 2018). Gregory Johnson is the remaining director; he joined the board on 12 December 2007, and as chairman and CEO of Franklin Resources (FTEME's parent), he is considered to be non-independent.

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