Templeton Emerging Markets IT

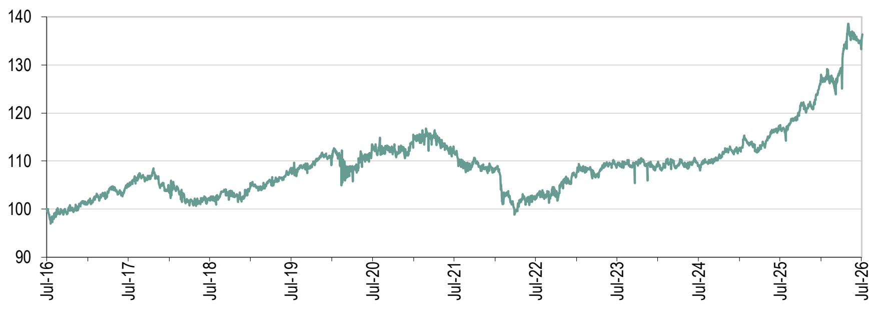
Very encouraging performance

Investment companies
Emerging market equities

4 August 2026

Templeton Emerging Markets Investment Trust (TEMIT) is on a roll. The trust delivered a very strong FY26 performance in both absolute and relative terms, which has added to TEMIT's positive long-term track record. The trust has outperformed its MSCI Emerging Markets Index benchmark over the last one, three, five and 10 years. TEMIT also ranks highly versus its generalist peers in the AIC Global Emerging Markets sector. Lead manager Chetan Sehgal (based in Singapore) and co-manager Andrew Ness (based in Edinburgh) are very encouraged by the results of employing their robust, repeatable '3S' strategy, focusing on structural growth companies selling at a discount to their intrinsic values, which have sustainable earnings power, with management teams that are good stewards of capital. Sehgal and Ness are mindful of the bias towards technology stocks within emerging markets (c 45% of the benchmark), which has increased due to the sector's outsized returns. Hence, they have been taking profits in some of the trust's most successful technology investments and redeploying the proceeds elsewhere to further diversify the portfolio.

Exhibit 1: Long-term NAV outperformance versus the benchmark



Source: LSEG Data & Analytics, Edison Investment Research

Why consider TEMIT?

Emerging market countries have matured over time and are now home to cutting-edge industries, as well as more traditional businesses such as commodities and low-cost manufacturing. The managers' focus on long-term capital appreciation means that several important growth themes are represented in the portfolio, including AI-related supply chains, digitalisation, healthcare and consumption.

Franklin Templeton's extensive emerging market team of more than 70 investment professionals based in 17 countries across the world provides the managers with a competitive advantage in terms of local knowledge, very good access to company management teams and the use of a major company database, which has been built up over several decades.

TEMIT's board believes that, given the trust's standing and strong relative performance within the Global Emerging Markets sector, it should be awarded a higher rating. To provide increased liquidity, the board regularly repurchases TEMIT's shares, which has likely supported a narrower discount. An asset allocation shift away from the dominant US, which makes up around 75% of global indices, into other regions, including emerging markets, could see TEMIT's share price trading even closer to its NAV.

Not intended for persons in the EEA.

Price		**307.00p**
Market cap		**£2,826m**
Total assets		**£3,153m**
NAV		338.5p

[1] NAV at 31 July 2026.

Discount to NAV		9.3%
Current yield		1.7%
Shares in issue		920.4m
Code/ISIN		TEM/GB00BKPG0S09
Primary exchange		LSE
AIC sector		Global Emerging Markets
Financial year end		31 March
52-week high/low	350.0p	197.4p
NAV high/low	377.2p	218.0p
Net gearing		1.2%

[1] Net gearing at 30 June 2026.

Fund objective

Launched in June 1989, Templeton Emerging Markets Investment Trust 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 are listed on stock exchanges in developed countries. Performance is benchmarked against the MSCI Emerging Markets Index.

Bull points

- TEMIT's managers are supported by a team of more than 70 emerging markets specialists based in 17 countries.
- Very strong long-term performance record.
- The board is taking steps to narrow the discount.

Bear points

- Emerging markets can be more volatile than developed markets.
- Modest industry emerging market equity returns over the mid- and long term.
- Stubbornly wide discount.

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Templeton Emerging Markets IT is a research client of Edison Investment Research Limited

TEMIT: Outperformance from core emerging market fund

Launched in June 1989, TEMIT is the UK's largest emerging markets investment trust and could be considered as a one-stop shop for emerging market exposure. The trust is managed by Franklin Templeton Emerging Markets Equity (FTEME) and is listed on both the London and New Zealand stock exchanges. Singapore-based Sehgal has been TEMIT's lead manager since 1 February 2018 and was joined by Edinburgh-based Ness in September 2018; both managers have more than 30 years' investment experience.

Sehgal and Ness aim to generate long-term capital growth by investing in companies listed in emerging markets, or those listed in developed markets that earn a significant amount of their revenues in emerging markets. TEMIT's performance is measured against the MSCI Emerging Markets Index. There are no specific restrictions on the fund's geographic or sector exposure but, to mitigate risk, at the time of investment, a maximum 12% of assets may be held in a single issuer, and up to 10% of assets may be invested in unlisted securities (a maximum 2% in a single issuer). Gearing of up to 20% of NAV is permitted. The trust is subject to a five-yearly continuation vote, with the next due at the July 2029 AGM.

TEMIT has an admirable long-term outperformance record; from its launch to 31 March 2026, the trust's NAV total return was 6,438.0%, which compared to the benchmark's 2,285.3% total return.

Investment process: Bottom-up stock selection

Sehgal and Ness are able to draw on the considerable resources of FTEME's investment team. In recent years, the levels of collaboration and communication within the team have continued to be enhanced; there are regular meetings, both formal and informal, and all analysts and portfolio managers are expected to contribute to investment returns. The managers employ a long-term approach driven by '3Ss': seeking structural growth opportunities, investing in businesses with sustainable earnings power that are trading at a discount to their estimated intrinsic value, and are practicing responsible stewardship of client capital. TEMIT has a three-step investment process:

- Idea generation: there is a team of more than 70 analysts and portfolio managers based in 17 offices around the globe, who undertake more than 2,000 company meetings a year. Sehgal and Ness consider that the team's local presence provides a considerable competitive advantage.
- Stock research: the team undertakes rigorous analysis to assess whether a company has sustainable earnings power and to determine a proprietary estimate of its intrinsic worth. FTEME's research platform has coverage of more than 700 companies. In-depth company models are built to evaluate a firm's financial strength and profitability, and to project future earnings and cash flow. Industry demand and supply models are incorporated into the analysis, along with country and currency macroeconomic considerations.
- Portfolio construction: TEMIT's strategy aims to deliver outperformance irrespective of the direction of the stock market. The portfolio typically has higher quality and growth metrics than the benchmark, but not at excessive valuations. There is a high-conviction approach, with the top 10 holdings generally making up more than 40% of the fund. Portfolio turnover is relatively low at typically less than 20% per year.

Risk management is also a very important part of the process, with scenario analysis undertaken to ensure the managers are not taking unintentional risks. TEMIT has a diversified portfolio of 60–90 positions invested across the market cap spectrum. All holdings are regularly reviewed to ensure analysts' recommendations are up to date and reflect any changes in a company's fundamentals. Sehgal and Ness believe that given the wide dispersion of share price returns in emerging markets, they can generate alpha via stock selection, which is deemed more important than sector and geographic allocation. The trust's active share typically ranges from 70% to 85% (this is a measure of how a fund differs from its benchmark, with 0% representing full index replication and 100% indicating no commonality).

ESG factors are an integral part of TEMIT's research process. Its managers employ FTEME's structured framework, aiming to be an emerging market leader in sustainable investing. For more information, please see TEMIT's latest stewardship report.

FY26 highlights (to 31 March)

In FY26, TEMIT's NAV and share price total returns of 41.3% and 48.6% respectively were very strong both in absolute terms and versus the benchmark's 26.8% total return. This is covered in more detail in the Performance section.

TEMIT's revenue per share was little changed in FY26, falling to 5.39p versus 5.41p in FY25, but this was on a c 8% lower share count. The annual dividend was flat at 5.25p per share.

The trust's ongoing charges ratio fell by 9bp from 0.86% to 0.95%, helped by lower management fees.

As a reminder, in June 2024, the board announced a series of measures intending to improve liquidity in TEMIT's shares and to increase shareholders' potential total returns. These were: to at least maintain the level of the annual dividend at 5.0p per share; to repurchase up to £200m worth of TEMIT's shares over the following 12–24 months (it has recently increased the target to £300m over the next one to two years); a conditional 25% tender offer if the trust underperforms its benchmark in the five years to 31 March 2029; and a phased reduction in management fees.

Perspectives from TEMIT's managers and portfolio activity

The managers reiterate their focus on the 3Ss: structural growth trends; sustainable earnings power; and good capital stewardship. They also highlight the rising importance of computing power, which has grown over many years to accommodate the introduction of AI. AI is by far the largest growth theme represented in the trust's portfolio as its capex dwarfs that of any other industry.

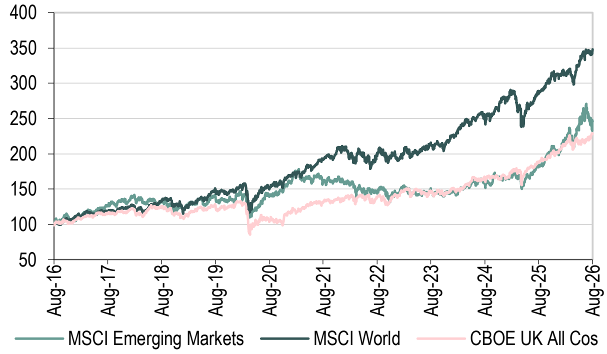
While TEMIT has benefited from its overweight technology exposure, Sehgal and Ness explain that these stocks have not been the sole reason for the trust's strong performance. As an example, they have been buying some well-capitalised banks, as this industry is under-penetrated in emerging markets; these investments have added to TEMIT's performance.

Ness explains the trust's portfolio structure broadly as having around 60% in the top 20 names with a long tail making up the remaining 40%. These could be incubator names, where the managers are gaining more confidence before topping up the position, holdings that will remain a small part of the portfolio due to their higher risk or volatile nature, such as Intercorp Financial Services, which is a small Peruvian bank, or stocks that are in the process of being sold.

Given the strong outperformance of semiconductor stocks, the managers have been locking in some profits in these names using the proceeds to further diversify the portfolio, such as initiating a position in Chinese electric vehicle and battery maker BYD and reducing TEMIT's underweight Indian exposure by adding Indian AI services and manufacturing names.

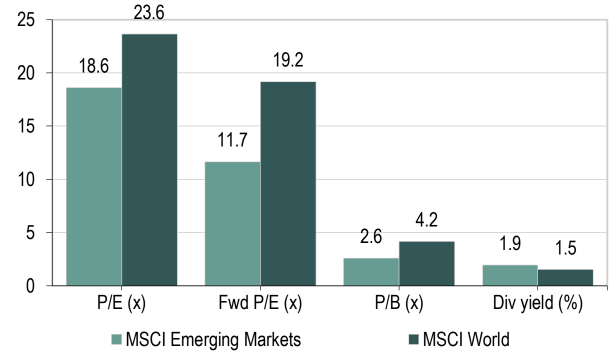
The trust has had a below-index allocation to India for a long time due to valuation concerns. However, having reached a frothy stage, Indian share prices moderated as corporate earnings failed to meet elevated expectations. Indian stocks experienced further weakness following the start of the US/Iran conflict, which provided a buying opportunity, as India is a net oil importer. The Middle East conflict also offered the managers the opportunity to add to TEMIT's Chinese exposure. However, the trust is likely to retain a below-index allocation to the country given its rapidly ageing population, excess capacity and youth unemployment. The managers note the amazing innovation in China, but a lack of competition to keep costs in check means it is hard to find secular growth opportunities.

Exhibit 2: Performance of indices, last 10 years (£)



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 3: Valuation of MSCI indices at 30 June 2026



Source: MSCI, Edison Investment Research

TEMIT's managers consider that emerging market company fundamentals remain attractive due to higher-than-average growth potential at relatively attractive valuations. The latest International Monetary Fund World Economic Outlook, which was released in April 2026, has growth projections for emerging markets and developing economies of 3.9% for 2026 and 4.2% for 2027. These are meaningfully higher than its 1.8% and 1.7% projections for advanced economies. Exhibit 3 shows that emerging markets continue to trade on lower valuation multiples and offer a higher dividend yield than global stocks.

Sehgal and Ness have confidence in the prospects for long-term emerging market growth, supported by AI, digitalisation, energy demand and industrial upgrading. However, they are selective in their stock picking, as they are mindful of the risks from a delay in hyperscaler spending, higher interest rates, rising energy prices and geopolitical tensions.

North Asia has a critical role in the global semiconductor and hardware supply chains. The managers consider these areas offer a broad opportunity set, as along with the major players including TSMC, Samsung Electronics and SK Hynix, they are finding smaller-cap players in businesses such as power equipment, cooling systems and other components that are used in data centres and AI systems. China is an important supplier of electric vehicles and batteries, although investor caution is required due to competition and areas of weak demand. Valuations in Latin America look particularly attractive given robust commodity prices and the potential for further interest rate cuts.

Current portfolio breakdown

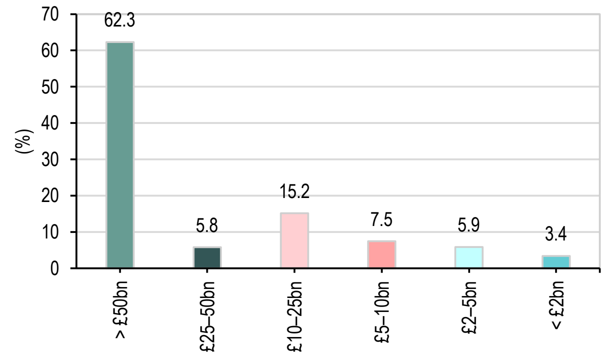
As shown in Exhibit 4, at the end of June 2026, TEMIT generally had lower valuation multiples compared with the benchmark (same price-to-book, modestly lower trailing P/E and a more attractive price-to-cash flow). The trust also offered a modestly higher dividend yield. While TEMIT offers exposure across the cap spectrum, as shown in Exhibit 5, more than 60% of the portfolio is held in mega-cap companies (greater than £50bn).

Exhibit 4: TEMIT's valuation metrics versus the benchmark at 30 June 2026

	TEMIT	Benchmark
Price-to-book (x)	2.60	2.60
12-month trailing P/E (x)	17.80	17.90
Price-to-cash flow (x)	9.77	11.66
Dividend yield (%)	1.94	1.89
Net debt to equity (%)	13.60	21.58

Source: TEMIT, Edison Investment Research

Exhibit 5: TEMIT's market cap exposure at 30 June 2026



Source: TEMIT, Edison Investment Research

At the end of June 2026, TEMIT had 89 positions with the top 10 making up 57.9% of the portfolio, which was a higher concentration compared with 45.9% 12 months earlier; seven positions were common to both periods. A large part of the increased concentration was due to the very strong performance of the trust's technology stocks over the last year.

Exhibit 6: TEMIT's top 10 holdings at 30 June 2026

Company	Country	Industry	30-Jun-26	30-Jun-25
Taiwan Semiconductor Manufacturing Co (TSMC)	Taiwan	Semiconductors & semi equipment	17.6	13.8
SK Hynix	South Korea	Semiconductors & semi equipment	12.7	5.2
Samsung Electronics	South Korea	Technology hardware & equipment	10.6	3.3
MediaTek	Taiwan	Semiconductors & semi equipment	4.2	2.7
Prosus	China	Consumer discretionary distribution & retail	2.4	5.2
ICICI Bank	India	Banks	2.3	4.4
BYD Co	China	Automobiles & components	2.2	N/A
Zhen Ding Technology Holding	Taiwan	Technology hardware & equipment	2.0	N/A
Hon Hai Precision Industry	Taiwan	Technology hardware & equipment	2.0	N/A
Grupo Financiero Banorte	Mexico	Banks	1.8	2.7
Top 10			**57.9**	**45.9**

Source: TEMIT, Edison Investment Research. Note: N/A where not in June 2025 top 10.

TEMIT's geographic and sector weightings are the result of the managers' bottom-up stock selection. Over the 12 months to 30 June 2026, there was a notable 5.4pp increase in the trust's Asian exposure, increasing the region's portfolio dominance to c 88%. In terms of active weights, Asia remained the largest overweight (3.9pp) followed by Latin America at (3.1pp), with the Middle East/Africa the largest underweight (-4.3pp); this is primarily due to a lack of Saudi Arabian exposure, as the managers find valuations generally unappealing.

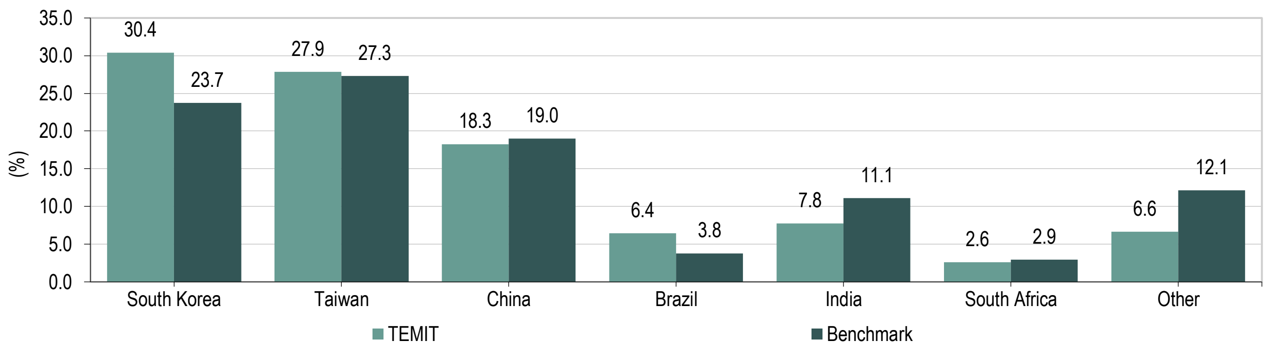
In terms of individual countries, at the end of June 2026, TEMIT had a 6.7pp overweight exposure to South Korea; this country has a large technology bias, as these stocks make up around 75% of the whole market. Latin America has been marginalised by the strength of Asian stocks and now has a mid-single-digit weighting in the MSCI Emerging Markets Index. Within this region, the trust had an overweight exposure to Brazil (+2.6pp). While the managers have been adding to TEMIT's Indian exposure, the trust remains underweight.

Exhibit 7: Regional exposure and active weights at 30 June 2026 (% unless stated)

Region	Portfolio 30 June 2026 (%)	Portfolio 30 June 2025 (%)	Change (pp)	Index 30 June 2026 (%)	Active weight vs index (pp)
Asia	87.6	82.2	5.4	83.8	3.9
Latin America	9.5	10.6	(1.0)	6.4	3.1
Middle East/Africa	3.2	3.4	(0.3)	7.5	(4.3)
North America	1.2	4.1	(2.9)	0.0	1.2
Europe	1.1	1.4	(0.3)	2.3	(1.3)
Cash & equivalents	(2.5)	(1.6)	(0.9)	0.0	(2.5)
Total	**100.0**	**100.0**		**100.0**	

Source: TEMIT, Edison Investment Research

Exhibit 8: Country weights versus the benchmark at 30 June 2026



Source: TEMIT, Edison Investment Research

Looking at TEMIT's active sector weights, at the end of June 2026, its largest positive allocations were IT (+7.4pp) and consumer discretionary (+3.8pp), while it had a below-index weight in materials (-3.2pp). The trust's IT exposure is diversified between hardware, software and semiconductor names, leaving it well positioned to benefit from the digital revolution.

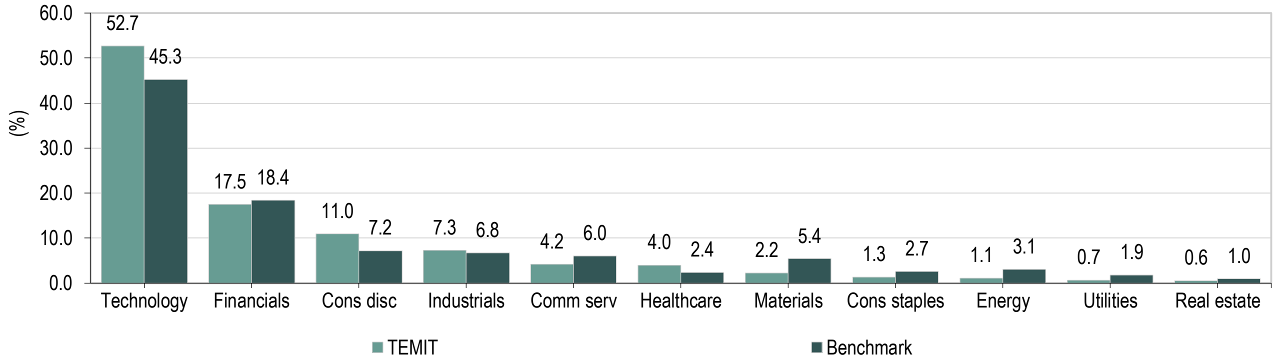
In the 12 months to the end of June 2026, the trust's technology exposure increased by 20.4pp; this was partly due to active decisions with a large increase as a result of how well technology stocks have performed versus the broader emerging markets. Reduced sector weightings to offset the higher allocation to technology stocks included financials (-8.2pp), consumer discretionary (-5.3pp) and communication services (-3.8pp).

Exhibit 9: Sector exposure and active weights at 30 June 2026 (% unless stated)

Sector	Portfolio 30 June 2026	Portfolio 30 June 2025	Change (pp)	Index 30 June 2026	Active weight vs index (pp)
Information technology	52.7	32.3	20.4	45.3	7.4
Financials	17.5	25.7	(8.2)	18.4	(0.9)
Consumer discretionary	11.0	16.3	(5.3)	7.2	3.8
Industrials	7.3	7.6	(0.3)	6.8	0.6
Communication services	4.2	8.0	(3.8)	6.0	(1.8)
Healthcare	4.0	3.9	0.2	2.4	1.6
Materials	2.2	N/S	N/A	5.4	(3.2)
Consumer staples	1.3	2.8	(1.5)	2.7	(1.3)
Energy	1.1	N/S	N/A	3.1	(1.9)
Utilities	0.7	N/S	N/A	1.9	(1.2)
Real estate	0.6	3.2	(2.6)	1.0	(0.4)
Cash & equivalents	(2.5)	(2.2)	(0.4)	0.0	(2.5)
Total	**100.0**	**100.0**		**100.0**	

Source: TEMIT, Edison Investment Research

Exhibit 10: Sector weights versus the benchmark at 30 June 2026



Source: TEMIT, Edison Investment Research

Performance: Adding to an already strong performance record

While TEMIT may be viewed as the go-to emerging market fund due to it being the oldest and by far the largest company in the AIC Global Emerging Markets sector, the trust could also be considered for its strong performance. In Exhibit 11, we have excluded four specialist funds, leaving TEMIT and its five most relevant peers. TEMIT's NAV total returns are relatively strong, ranking second out of six funds over the last one and three years, and first out of five and four funds over the last five and 10 years respectively.

Given TEMIT's strong performance record, it seems somewhat unfair that the trust is trading on a wider-than-average discount. The trust has a competitive ongoing charge, and a modest level of gearing as the managers are reluctant to take on structural gearing because of market volatility in recent years. TEMIT's below-average dividend yield is unsurprising given its primary focus is capital growth.

Exhibit 11: Selected funds in the AIC Global Emerging Markets sector (at 3 August 2026)

% unless stated	Market cap (£m)	NAV TR 1Y	NAV TR 3Y	NAV TR 5Y	NAV TR 10Y	Prem/disc	Ongoing charge	Performance fee	Net gearing	Dividend yield
Templeton Emerging Markets IT	2,825.7	58.0	106.6	84.4	234.2	(8.3)	0.9	No	101	1.7
Ashoka WhiteOak Emerging Mkts	73.5	35.4	73.5			(1.4)	1.7	No	100	0.0
Fidelity Emerging Markets	542.8	74.4	134.3	74.9	171.1	(8.3)	0.8	No	109	1.4
JPMorgan EM Dividend Income	521.6	41.2	74.1	70.7	181.4	(8.5)	1.0	No	107	3.0
JPMorgan EM Growth & Income	1,524.0	45.9	66.0	43.7	174.9	(8.7)	0.8	No	100	4.6
Mobius Investment Trust	110.7	32.8	40.4	42.0		(11.5)	1.4	No	100	1.0
Simple average	**933.1**	**48.0**	**82.5**	**63.2**	**190.4**	**(7.8)**	**1.1**		**103**	**2.0**
Rank (6 funds)	**1**	**2**	**2**	**1**	**1**	**2**	**3**		**3**	**3**

Source: Morningstar, Edison Investment Research. Note: TR, total return.

In FY26, TEMIT delivered very strong performance with both NAV and share price total returns above 40%, which were significantly ahead of the benchmark; 41.3% and 48.6% versus 26.8%. The outperformance was broadly split two-thirds from stock selection and one-third from asset allocation by sector and geography.

The trust's largest relative positive contributors and detractors in FY26 are listed below.

SK Hynix (+6.2pp) is a leading semiconductor memory manufacturer in a highly consolidated industry. The company delivered a strong operating performance due to rising memory prices and expectations of strong demand growth for high bandwidth memory used in AI chips.

TSMC (+1.7pp) is the global leader in advanced semiconductor logic chips serving a broad array of end markets. The company reported strong earnings growth and is considered to be a major beneficiary of the high demand for AI chips.

Hyundai Motor (+1.5pp) is a South Korea-based manufacturer of passenger cars, trucks and commercial vehicles. The company benefited from a reduction in US tariffs on South Korean automobiles, while there were advancements in humanoid robotics at its subsidiary Boston Dynamics.

ICICI Bank (-1.7pp) is a leading India-based private sector bank, which was negatively affected by lower loan growth and declining net interest margins. Its stock also faced headwinds from a weaker Indian currency and higher oil prices following the US war with Iran.

Prosus (-1.4pp) is a non-index investment company and the largest Tencent shareholder, and as such was negatively affected by Tencent's share price weakness. There were also capital allocation concerns regarding some of Prosus's recent acquisitions.

Genpact (-1.0pp) is a US-listed technology services company, where a large percentage of its earnings are from services provided in India. Investors have been concerned about AI-related disruption in the software sector.

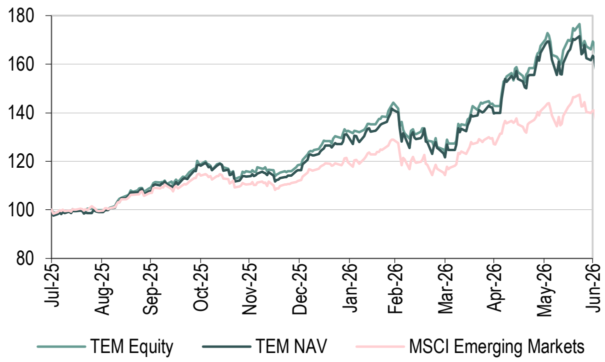
Exhibit 12: Share price and NAV total returns, relative to indices (%)

	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Price relative to MSCI Emerging Markets	(4.1)	2.5	3.9	15.3	30.5	22.1	42.4
NAV relative to MSCI Emerging Markets	(0.7)	4.9	5.8	15.2	23.8	21.2	35.4
Price relative to MSCI World	(7.5)	3.0	6.3	30.7	34.7	5.7	2.6
NAV relative to MSCI World	(4.2)	5.4	8.2	30.7	27.7	4.9	(2.4)
Price relative to CBOE UK All Companies	(11.7)	3.1	8.8	28.0	38.9	8.5	54.1
NAV relative to CBOE UK All Companies	(8.6)	5.5	10.8	28.0	31.7	7.8	46.5

Source: LSEG Data & Analytics, Edison Investment Research. Note: Data at end of July 2026. Geometric calculation.

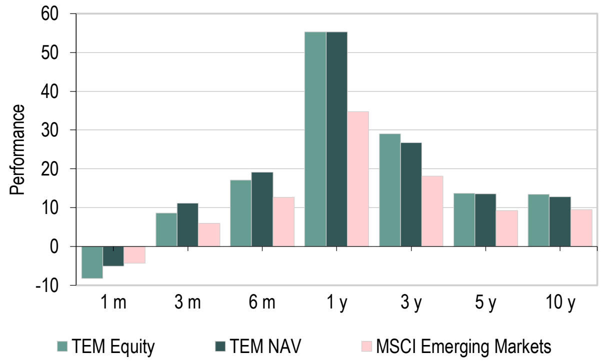
TEMIT has built up an enviable relative performance record as it is ahead of the MSCI Emerging Markets Index over the last one, three, five and 10 years in both NAV and share price terms.

Exhibit 13: Rebased price, NAV and benchmark total return performance (last 12 months)



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 14: Price, NAV and index TR (%)



Source: LSEG Data & Analytics, Edison Investment Research. Note: At 31 July 2026. Three-, five- and 10-year figures are annualised.

Exhibit 15: Five-year discrete performance data (%)

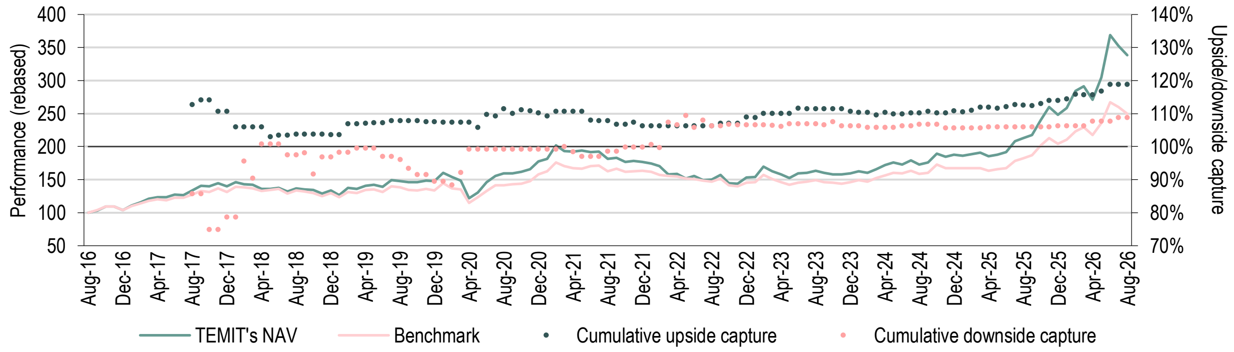
12 months ending	Share price	NAV	MSCI Emerging Markets	MSCI World	UK All-Share
31/07/22	(16.6)	(15.7)	(8.3)	4.3	6.1
31/07/23	5.8	9.7	2.9	7.9	6.4
31/07/24	10.9	6.6	6.9	19.1	13.3
31/07/25	24.8	23.1	14.4	12.8	12.6
31/07/26	55.3	55.3	34.8	18.9	21.3

Source: LSEG Data & Analytics, Edison Investment Research. Note: All % on a total-return basis in pounds sterling.

TEMIT's upside/downside analysis

The trust's upside capture rate over the last decade is 119%, suggesting that TEMIT is likely to outperform by a little less than 20% in periods when emerging market equities are rising. However, the trust's lower downside capture rate of 109% suggests less downside risk during periods of emerging market equity weakness. This analysis illustrates that TEMIT's diversified portfolio of quality companies provides a relatively low-risk exposure to an asset class that historically has above-average volatility.

Exhibit 16: TEMIT's upside/downside capture rates over the last 10 years



Source: LSEG Data & Analytics, Edison Investment Research
Note: Cumulative upside/downside capture calculated as the geometric average NAV total return (TR) of the fund during months with positive/negative reference index TRs, divided by the geometric average reference index TR during these months. A 100% upside/downside indicates that the fund's TR was in line with the reference index's during months with positive/negative returns. Data points for the initial 12 months have been omitted in the exhibit due to the limited number of observations used to calculate the cumulative upside/downside capture ratios.

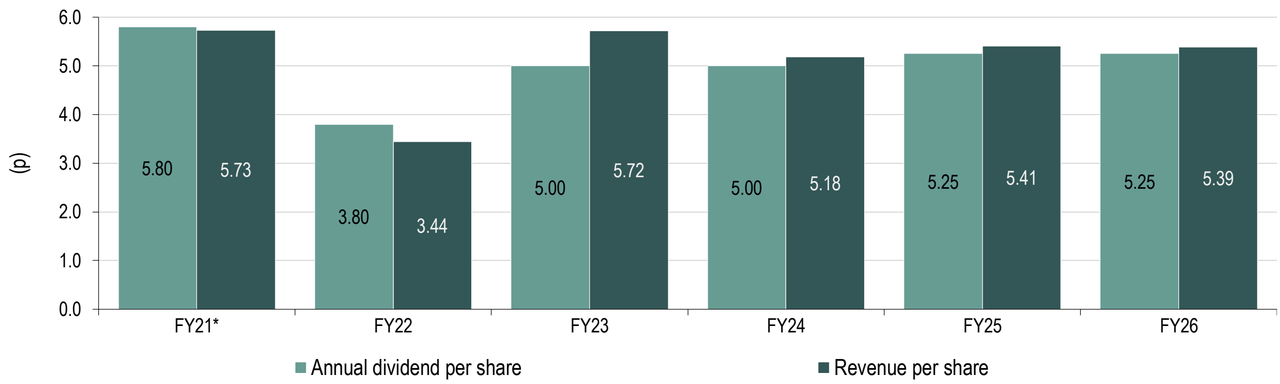
Dividends: Regular semi-annual distributions

TEMIT prioritises capital growth rather than income in terms of its total shareholder returns. However, the trust does pay regular dividends twice a year, an interim payment in January and a final distribution in July.

In respect of FY26, a 2.00p per share interim payment was paid along with a final 3.25p per share payment that was approved at the 9 July 2026 AGM. The 5.25p per share annual dividend was flat year-on-year and 1.03x covered by income.

At the end of FY26, TEMIT had c £135.5m in revenue reserves plus a further c £433.5m in special distributable reserves, which combined are equivalent to more than 10x the latest annual dividend. It will not pay dividends out of capital; however its regular share buybacks are a form of capital distribution.

Exhibit 17: TEMIT's dividend and revenue history since FY21



Source: TEMIT, Edison Investment Research. Note: *FY21 includes a special dividend of 2.0p per share.

Valuation: Share repurchases contributing to a narrower discount

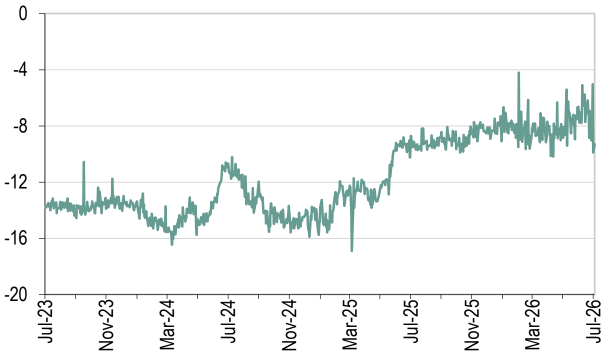
TEMIT's valuation is generally on an improving trend. Its current 9.3% share price discount to cum-income NAV is narrower than the average discounts of 11.8%, 12.0% and 11.7% over the last three, five and 10 years respectively.

In FY26, c 80m shares (c 7.8% of the share base) were repurchased at an average discount of 10.2% and a cost of £166.7m. This resulted in a 0.8% NAV uplift for remaining shareholders. The board has increased its commitment to share buybacks, due to TEMIT's higher market cap, intending to repurchase up to £300m of shares over the next 12 to 24 months.

While share buybacks increase liquidity and earnings for all shareholders, the board believes that other factors need to come into play before the trust's discount can be eliminated: increased investor demand for emerging market equities; TEMIT remains relatively attractive versus other investments in terms of company structure and investment performance; and the trust has an enhanced marketing profile to increase awareness among new investors.

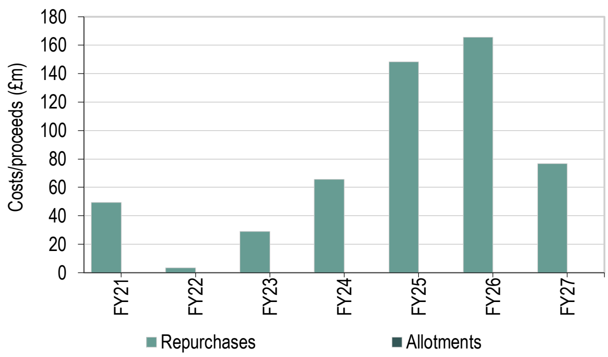
TEMIT's July 2024 continuation vote was passed with 99.3% in favour. The conditions for the last discretionary performance-based tender offer were not met, as in the five years to 31 March 2024, the trust's NAV total return was 8.3pp higher than the benchmark's total return. The current conditional 25% tender offer will be triggered if the trust underperforms its benchmark in the five years to 31 March 2029.

Exhibit 18: Share price discount to NAV (%)



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 19: Share repurchases



Source: Morningstar, Edison Investment Research

Gearing

On 23 July 2026, TEMIT's £122m multi-currency revolving credit facility with The Bank of Nova Scotia, London branch was increased to £150m. The terms were unchanged – a rolling agreement with the option to terminate after one year, and commercial terms will be reviewed every three years. There is a margin of 0.95% per year over the relevant market reference rate on drawings in any of the three currencies allowed under the facility: sterling, US dollars and offshore renminbi (CNH), and a commitment fee of 0.325% per year on undrawn amounts. Current drawings are £79.7m, $50m and CNH300m. TEMIT has no other debt.

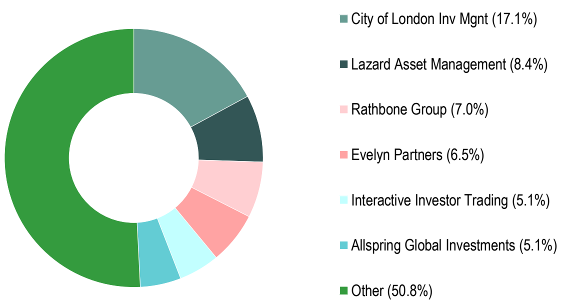
Fees and charges

TEMIT's board negotiated a phased investment management fee reduction. With effect from 1 July 2025, the fee on £1bn to £2bn of net assets was 0.60%; from 1 July 2026, the fee is 1.00% of net assets up to £1bn and 0.50% above £1bn. There is no performance fee. In FY26, the trust's ongoing charges were 0.86%, which was 9bp lower than 0.95% in FY25.

Capital structure

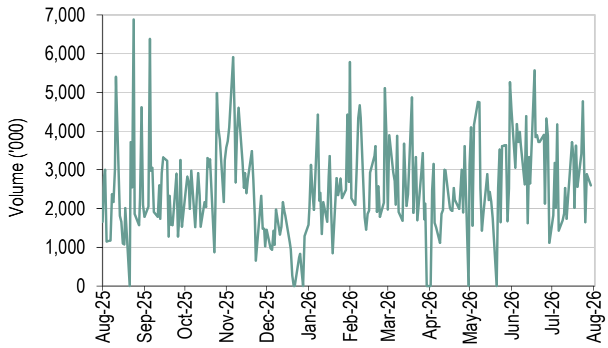
TEMIT is a conventional investment trust with one class of share; there are c 920.4m ordinary shares in issue, with a further 60m held in treasury. Over the last 12 months, TEM's average daily trading volume was c 2.6m shares.

Exhibit 20: Major shareholders at 3 August 2026



Source: Bloomberg, Edison Investment Research

Exhibit 21: Daily volume, last 12 months



Source: LSEG Data & Analytics, Edison Investment Research

The board

David Graham retired at the 9 July 2026 AGM having served as a director for nine years. The board is in the process of recruiting a new non-executive director; an announcement will be made in due course.

Exhibit 22: TEMIT's board at the end of FY26

Board member	Date of appointment	Remuneration in FY26 (£)	Shareholdings at 21 May 2026
Angus Macpherson (chair since 1 January 2024)	6 October 2023	76,000	68,000
David Graham	1 September 2016	43,000	111,977
Charlie Ricketts	12 July 2018	45,530	25,000
Magdalene Miller	10 May 2021	43,000	20,000
Abigail Rotheroe	1 November 2022	43,000	27,110
Sarika Patel	1 January 2025	54,565	15,399

Source: TEMIT

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