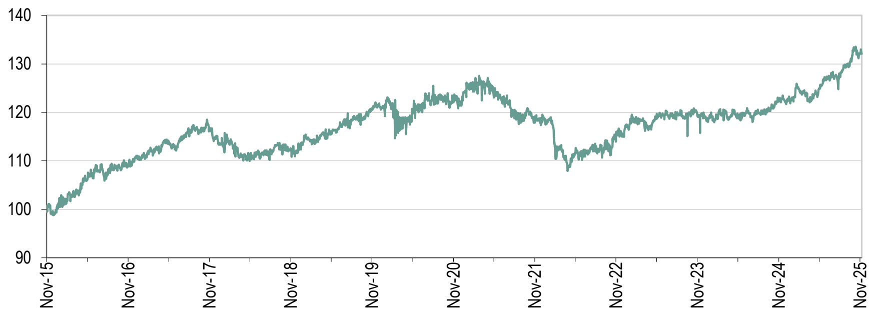
EDISON

Templeton Emerging Markets IT

Building on strong outperformance record

Templeton Emerging Markets Investment Trust (TEMIT) can be considered as a one-stop shop for exposure to emerging markets. It is the oldest and by far the largest fund in the AIC Global Emerging Markets sector. The trust delivered a very strong performance in H126, with significant NAV and share price outperformance versus its benchmark, the MSCI Emerging Markets Index, largely due to successful stock selection. This has added to TEMIT's commendable long-term record. Since launch in 1989 until the end of September 2025, the trust generated an annualised NAV total return of 14.6%, which compares favourably with the benchmark's 11.0% annualised total return.

Exhibit 1: Long-term NAV outperformance vs MSCI Emerging Markets Index



Source: LSEG Data & Analytics, Edison Investment Research

Why consider TEMIT?

TEMIT's two highly experienced managers, Chetan Sehgal (lead manager) based in Singapore and Andrew Ness based in Edinburgh, follow a clearly defined, straightforward investment strategy, focusing on companies with sustainable earnings power, which are trading at a discount to their estimated intrinsic value. The managers' long-term bullish view about emerging markets is based on their above-average growth prospects and relatively attractive valuations. In the near term, the managers consider there is more clarity around global trade and companies are adapting well to US tariff policies.

Sehgal and Ness are part of a large investment team that is positioned across the globe, which brings the benefits of local knowledge and very good access to company management teams. They have a wide remit so can invest in non-index names and also unlisted businesses. Although the majority of the portfolio is made up of large-cap companies, the managers invest across the capitalisation spectrum. Geographic and sector weightings are a result of bottom-up stock selection; the portfolio currently has an above-market allocation to South Korea and an underweight exposure to India. By sector, the largest active position is an overweight position in technology stocks.

TEMIT's discount has been narrowing and there is scope for the trust to be afforded a higher valuation supported by continued share repurchases and strong investment performance. There could be a further narrowing of the discount if investors become less risk-averse and seek exposure outside the traditional developed markets, such as the dominant US, where valuations look extended.

NOT INTENDED FOR PERSONS IN THE EEA

Investment companies
Emerging market equities

16 December 2025

Price		**232.50p**
Market cap		**£2,229m**
Total assets		**£2,424m**
NAV		252.8p

[1] NAV at 15 December 2025.

Discount to NAV		8.0%
Current yield		2.3%
Shares in issue		958.7m
Code/ISIN		TEM/GB00BKPG0S09
Primary exchange		LSE
AIC sector		Global Emerging Markets
Financial year end		31 March
52-week high/low	240.5p	151.8p
NAV high/low	264.5p	176.2p
Net gearing		0.0%

[1] Net gearing at 31 October 2025.

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 13 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 absolute returns from emerging market equities over the last decade.
- Stubbornly wide discount.

Analyst

Mel Jenner +44 (0)20 3077 5700

investmenttrusts@edisongroup.com

Edison profile page

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

TEMIT: Superior NAV total return since launch

The trust is the oldest and largest UK emerging markets closed-end fund. TEMIT has been very successful, with an NAV total return since launch in June 1989 to the end of September 2025 of 5,698.9%, which compares favourably with the MSCI Emerging Market Index's 2,134.7% total return. These returns are equivalent to a compounded annual growth rate of 14.6% for TEMIT's NAV versus 11.0% for its benchmark. The trust has recently released very strong H126 results (ending 30 September 2025).

H126 highlights

- Performance: NAV and share price total returns of 25.3% and 30.8%, respectively, versus the benchmark's 18.8% total return (for more information see the Performance section below).
- Share buybacks: Repurchases are ongoing, with the aim of enhancing liquidity and increasing earnings per share. During H126, c 53.6m shares were bought back at a cost of c £101.2m, at an average 11.0% discount, which added 0.6% to NAV per share.
- Earnings and dividends: The majority of annual income is generated in the first half of the financial year. In H126, revenue earnings per share were 3.33p, which was 7.5% lower than 3.60p per share in H125. A 2.00p interim dividend per share was declared, and the board intends to pay a final dividend of at least 3.25p per share. An annual dividend of 5.25p per share would be in line with the FY25 total distribution.
- Gearing: TEMIT has a £122m multi-currency revolving credit facility with Bank of Nova Scotia, which expires on 30 January 2026. At the end of September 2025, £40m and CNH300m (equivalent to £31m) were drawn down under the prior facility that expired on 31 October 2025, which was rolled over to a 30 January 2026 maturity.

Outlook for emerging markets

The managers consider that the emerging market outlook has stabilised following a period of market volatility, which was due to US tariff uncertainties and geopolitical conflicts. They believe that the global trade landscape is clearer as countries have adapted swiftly to tariff announcements. Investor sentiment is also improving on expectations of lower US interest rates and political shifts towards more market-friendly policies. On a fundamental level, corporate earnings are holding up and there are some industries with positive earnings estimate revisions.

There continues to be strong AI demand growth and the managers believe that concerns about negative estimate revisions, especially for memory chip companies, are receding. For China, there is growing confidence about the country's ability to innovate, and demand is supported by the government's self-sufficiency programme. In India, a tax cut as a result of a simplification of the goods and services tax should lead to an increase in domestic consumption. Valuations in the country have moderated from elevated levels, providing opportunities for the managers to make selective investments.

Overall, the managers continue to find opportunities that fit in with their strategy of investing in companies with sustainable earnings power, which are trading at a discount to their estimated intrinsic value.

Current portfolio breakdown

As shown in Exhibit 2, while the majority of TEMIT's portfolio is invested in large-cap stocks, it does invest across the capitalisation spectrum. The trust is more attractively valued versus the benchmark in terms of trailing P/E, price-to-book and price-to-cash flow multiples, while offering a modestly higher dividend yield (Exhibit 3).

At 30 November 2025, TEMIT's top 10 holdings made up 48.8% of the portfolio, which was a higher concentration compared with 45.9% 12 months earlier; seven names were common to both periods.

Exhibit 2: TEMIT's market capitalisation breakdown

Market cap (%)	30 November 2025	30 November 2024	Change (pp)
> £50bn	53.5	48.1	5.4
£25–50bn	8.2	7.0	1.1
£10–25bn	18.4	19.1	(0.7)
£5–10bn	7.9	13.8	(5.9)
£2–5bn	8.6	6.6	2.0
< £2bn	3.5	5.4	(1.9)

Source: TEMIT. Note: At 30 November 2025.

Exhibit 3: TEMIT's valuation metrics vs the benchmark

	TEMIT	Benchmark
Price-to-book (x)	2.0	2.1
12-month trailing P/E (x)	13.9	15.7
Price-to-cash flow (x)	7.4	9.7
Dividend yield (%)	2.5	2.3

Source: TEMIT. Note: At 30 November 2025.

Exhibit 4: Top 10 holdings at 30 November 2025 (%)

Company	Country	Industry	30-Nov-25	30-Nov-24
Taiwan Semiconductor Manufacturing Co (TSMC)	Taiwan	Semiconductors & semi equipment	15.2	13.1
SK Hynix	South Korea	Semiconductors & semi equipment	7.1	2.8
Prosus	China	Consumer discretionary distribution & retail	5.5	4.2
Samsung Electronics	South Korea	Technology hardware & equipment	4.8	3.8
ICICI Bank	India	Banks	3.2	5.6
Alibaba Group Holding	China	Consumer discretionary distribution & retail	3.1	3.9
Tencent Holdings	China	Media & entertainment	2.9	3.7
Hon Hai Precision Industry	Taiwan	Technology hardware & equipment	2.6	N/A
Grupo Financiero Banorte	Mexico	Banks	2.4	N/A
MediaTek	Taiwan	Semiconductors & semi equipment	2.3	N/A
Top 10			**48.8**	**45.9**

Source: TEMIT, Edison Investment Research. Note: N/A where not in November 2024 top 10.

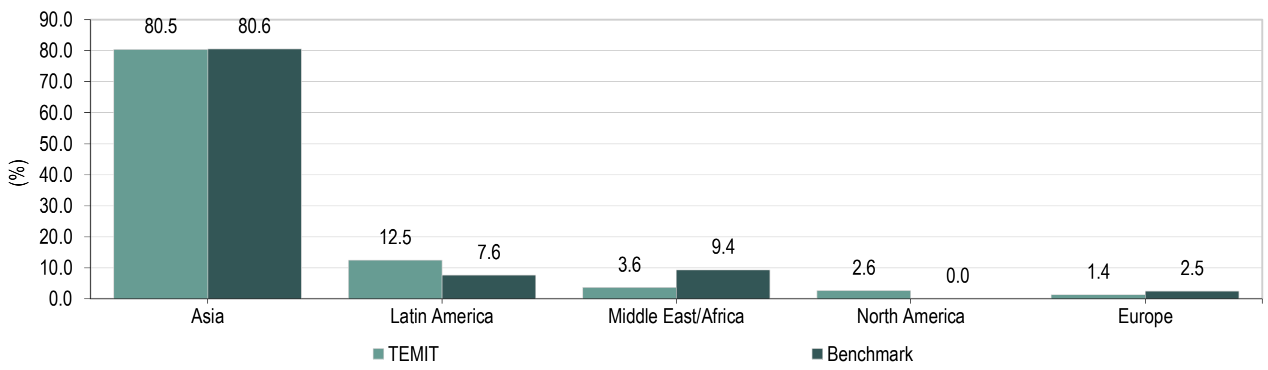
There were modest changes in TEMIT's regional exposure in the 12 months to 30 November 2025. Around 80% of the portfolio is invested in Asia, which is broadly in line with the benchmark. In terms of active weights, the trust has a notable overweight position in South Korea and an underweight exposure to India. Elsewhere, the trust is underweight Middle East/Africa (-5.7pp), primarily due to a lack of exposure to Saudi Arabia on valuation grounds. TEMIT is overweight Latin America (+4.9pp), primarily from an above-index allocation to Brazil.

Exhibit 5: Regional exposures and active weights at 30 November 2025 (%)

Region	Portfolio 30 November 2025 (%)	Portfolio 30 November 2024 (%)	Change (pp)	Index 30 November 2025 (%)	Active weight vs index (pp)
Asia	80.5	82.2	(1.7)	80.6	(0.1)
Latin America	12.5	10.6	1.9	7.6	4.9
Middle East/Africa	3.6	3.4	0.2	9.4	(5.7)
North America	2.6	4.1	(1.5)	0.0	2.6
Europe	1.4	1.4	0.0	2.5	(1.1)
Cash & equivalents	(0.6)	(1.6)	1.1	0.0	(0.6)
Total	**100.0**	**100.0**		**100.0**	

Source: TEMIT, Edison Investment Research

Exhibit 6: Regional weights versus the benchmark at 30 November 2025



Source: TEMIT, Edison Investment Research

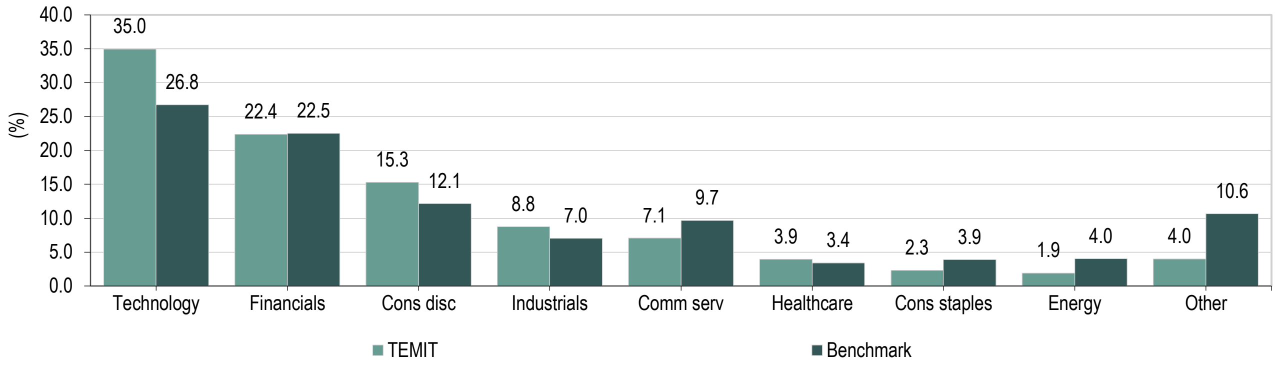
In terms of sectors, in the 12 months to 30 November 2025, there were lower exposures to communication services (-5.6pp) and financials (-3.4pp) with higher weightings in technology (+4.8pp) and consumer discretionary stocks (+3.1pp). Notable active weights were an above-index allocation to technology stocks (+8.2pp) with a lower weighting to other, which is a combination of the materials, utilities and real estate sectors.

Exhibit 7: Sector exposure and active weights at 30 November 2025 (% unless stated)

Sector	Portfolio 30 November 2025	Portfolio 30 November 2024	Change (pp)	Index 30 November 2025	Active weight vs index (pp)
Information technology	35.0	30.2	4.8	26.8	8.2
Financials	22.4	25.8	(3.4)	22.5	(0.1)
Consumer discretionary	15.3	12.2	3.1	12.1	3.2
Industrials	8.8	8.6	0.2	7.0	1.7
Communication services	7.1	12.7	(5.6)	9.7	(2.6)
Healthcare	3.9	3.1	0.9	3.4	0.5
Consumer staples	2.3	3.2	(0.9)	3.9	(1.6)
Energy	1.9	2.8	(0.9)	4.0	(2.1)
Other	4.0	3.2	0.8	10.6	(6.6)
Cash & equivalents	(0.6)	(1.6)	1.1	0.0	(0.6)
Total	**100.0**	**100.0**		**100.0**	

Source: TEMIT, Edison Investment Research

Exhibit 8: Sector weights versus the benchmark at 30 November 2025



Source: TEMIT, Edison Investment Research

Portfolio activity

Looking at H126 portfolio activity, changes include new holdings in: Asahi India Glass (an automotive and float glass manufacturer); Ather Energy (an Indian manufacturer of electric two-wheeled scooters); BİM Birleşik Mağazalar (a Turkish food retailer); Emaar Development (a UAE residential and commercial property developer); Hanmi Pharm (a South Korean biopharmaceutical company); and Zhen Ding Technology (a Taiwanese world-leading printed circuit board manufacturer). The following names exited the portfolio: H&H Group (a Hong Kong manufacturer of nutrition products); NagaCorp (a Cambodian hotel and casino operator); and Swiggy (an Indian food delivery platform).

Performance: Adding to strong long-term outperformance record

In Exhibit 9 we show the six generalist funds in the AIC Global Emerging Markets sector; we have excluded the four specialist companies to enable a more relevant comparison. TEMIT is by far the largest of the selected funds and has the longest pedigree. The trust has generated the highest NAV total return out of four funds over the last decade and ranks second out of six funds over the last 12 months, second out of five funds over the last three years and third out of five funds over the last five years. In each period shown, TEMIT's returns have been higher than the selected group averages.

The managers consider that TEMIT's closest peers are Fidelity Emerging Markets (FEML) and JPMorgan Emerging Markets Growth and Income Trust (which has recently changed its name from JPMorgan Emerging Markets Trust due to a change in its dividend policy). Looking at these three funds, TEMIT ranks first over the last five and 10 years, and second over the last one and three years.

Having traded at the widest discount in the selected peer group earlier in 2025, TEMIT now has the fourth-highest valuation, although its discount remains wider than the mean (one fund is trading at a premium). The trust has a competitive ongoing charge and an above-average dividend yield, ranking third.

Exhibit 9: Selected AIC Global Emerging Market funds at 15 December 2025

% 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 Mkts	2,229.0	30.5	64.3	35.6	244.6	(7.8)	1.0	No	100	2.3
Ashoka WhiteOak Emer Mkts	57.9	19.3				1.6	1.9	No	100	0.0
Fidelity Emerging Markets	461.0	42.0	75.4	26.7	160.2	(7.5)	0.8	No	170	1.9
JPMorgan Em Mkts Growth & Inc	1,308.5	16.2	33.0	17.7	180.3	(7.4)	0.8	No	100	3.7
JPMorgan Glob Em Mkts Inc	433.7	21.8	51.2	49.1	206.2	(8.8)	1.0	No	105	3.4
Mobius Investment Trust	160.4	(1.8)	20.4	43.2		(9.4)	1.4	No	100	1.2
Simple average	**775.1**	**21.3**	**48.9**	**34.4**	**197.8**	**(6.5)**	**1.1**		**113**	**2.1**
Rank (6 funds)	**1**	**2**	**2**	**3**	**1**	**4**	**3**		**3**	**3**

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

In H126, TEMIT's 25.3% NAV total return outpaced the benchmark by 6.5pp, while its 30.8% share price total return was 12.0pp ahead, which led to a narrowing in the discount. Around half of the outperformance was due to positive stock selection.

By stock, the largest positive contributors were: **SK Hynix** (+1.7pp relative performance – improved sentiment around US tariffs and continued optimism about AI demand growth); **Prosus** (+1.4pp – an off-benchmark holding, which benefited from its Tencent holding; Prosus also beat FY25 consensus estimates and raised guidance); and **Samsung Life Insurance** (+0.9pp – better-than-expected earnings, a potential merger and a positive market environment in South Korea). The largest detractors were **ICICI Bank** (-1.0pp – Indian market weakness outweighed positive Q425 results); **Genpact** (-0.7pp) and **Cognizant Technology Solutions** (-0.6pp). Both Cognizant and Genpact have significant Indian operations; the country had a negative investment backdrop and there were concerns about weaker IT services demand.

In terms of sectors, the largest performance contributors were a result of stock selection: IT (+2.7pp relative performance), consumer discretionary (+2.7pp) and industrials (-1.6pp). By country, the largest positive contributors were overweight exposures to South Korea (+2.2pp) and Taiwan (+1.3pp), and underweight exposures to India (+2.0pp) and Hong Kong/China (+1.5pp). The largest detractor was the US (-1.3pp), which was because of the Cognizant and Genpact holdings.

Exhibit 10: Share price and NAV total returns, relative to indices (%)

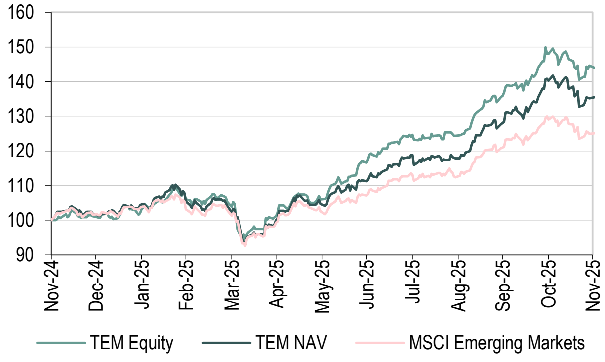
	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Price relative to MSCI Emerging Markets	0.9	4.6	11.9	15.7	24.7	12.1	41.4
NAV relative to MSCI Emerging Markets	(0.5)	3.3	5.9	8.2	16.0	8.3	32.2
Price relative to MSCI World	(1.8)	7.9	16.9	28.3	11.6	(21.8)	(3.0)
NAV relative to MSCI World	(3.2)	6.5	10.7	20.0	3.8	(24.5)	(9.3)
Price relative to CBOE UK All Companies	(3.0)	9.9	21.4	20.5	20.9	(17.6)	63.5
NAV relative to CBOE UK All Companies	(4.4)	8.5	14.9	12.7	12.5	(20.4)	52.9

Source: LSEG Data & Analytics, Edison Investment Research. Note: Data to end of November 2025. Geometric calculation.

TEMIT's relative returns are looking very strong (Exhibit 10). The trust's NAV and share price total returns are ahead of the benchmark MSCI Emerging Markets Index over the last one, three, five and 10 years.

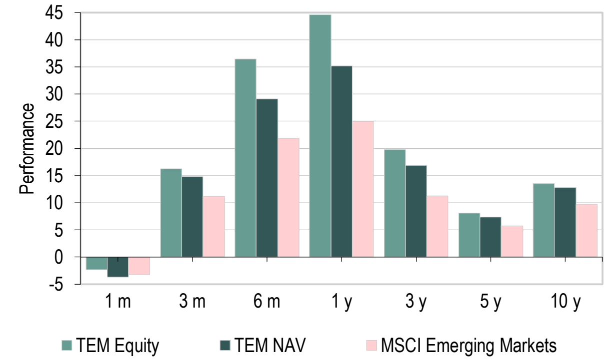
In absolute terms, over the last year, TEMIT has served its investors particularly well with a share price total return of +44.6%, an NAV total return of +35.2%, which demonstrated significant outperformance versus the benchmark's +25.0% total return (Exhibit 12).

Exhibit 11: Rebased price, NAV and benchmark total return (12 months to 30 November 2025)



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 12: Price, NAV and benchmark total return performance at 30 November 2025 (%)



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

Exhibit 13: Five-year discrete performance data (%)

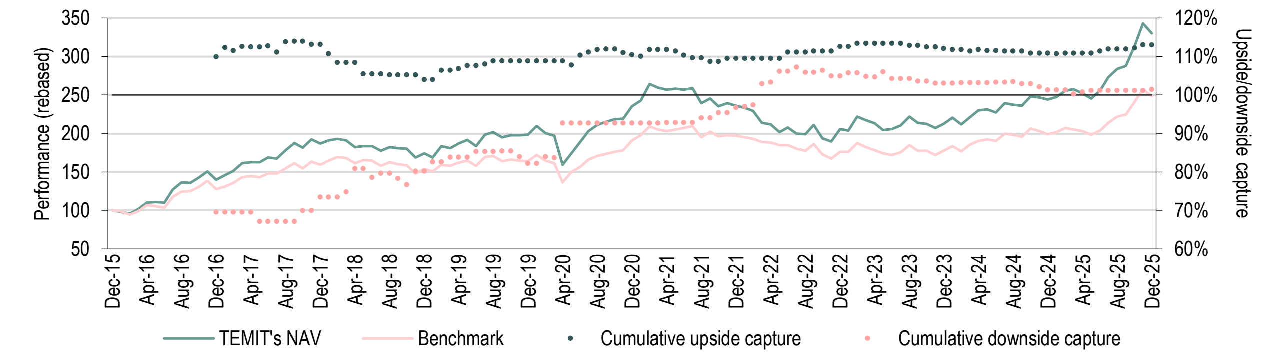
12 months ending	Share price	NAV	MSCI Emerging Markets	MSCI World	CBOE UK All Companies
30/11/21	(0.8)	0.4	4.0	23.4	17.1
30/11/22	(13.2)	(10.9)	(7.9)	(0.5)	7.9
30/11/23	3.1	3.3	(1.6)	6.8	1.5
30/11/24	15.2	14.5	12.0	27.9	16.7
30/11/25	44.6	35.2	25.0	12.7	20.0

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 and downside capture rates over the last decade are 113.0% and 101.5%, respectively. These results are not surprising for a large, diversified fund and suggest that TEMIT is likely to outperform its benchmark by around 13% when emerging market share prices rise and is likely to perform broadly in line during months of emerging market share price weakness.

Exhibit 14: TEMIT's upside/downside capture over the last 10 years



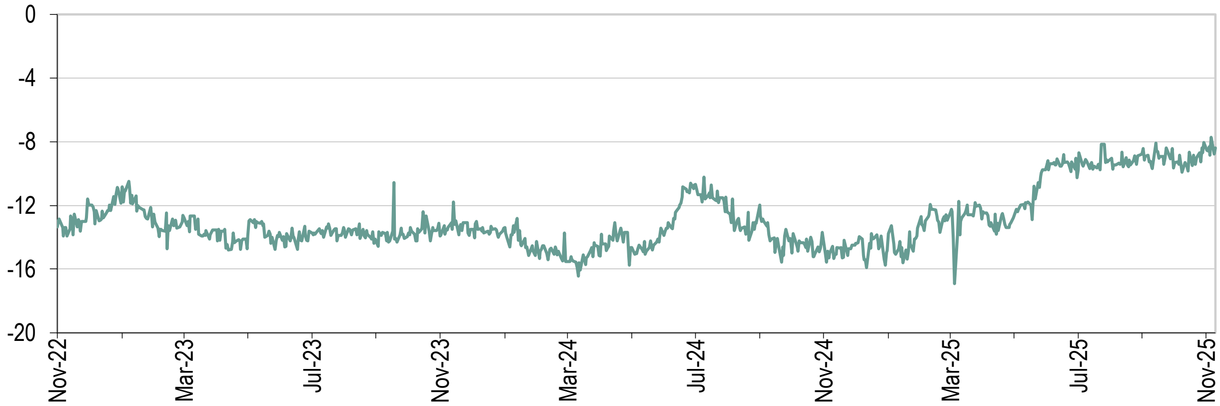
Source: LSEG Data & Analytics, Edison Investor Research.
Note: Cumulative upside/downside capture calculated as the geometric average NAV total return (TR) of the fund during months with positive/negative reference index TRs, divided by the geometric average reference index TR during these months. A 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.

Valuation: Discount moving in the right direction

The board considers that TEMIT's discount is unsatisfactory and in June 2024 announced a range of measures to improve liquidity in TEMIT's shares, and to increase shareholders' potential total returns. These were: to at least maintain the annual dividend at 5.0p per share; to repurchase up to £200m worth of TEMIT's shares over the following 12–24 months; 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.

TEMIT's discount is moving in the right direction as its current 8.0% share price discount to cum-income NAV is at the narrower end of the 7.7% to 16.9% three-year range. It is narrower than the 11.5%, 12.9%, 12.0% and 12.1% average discounts over the last one, three, five and 10 years, respectively. There is scope for the trust's discount to narrow further given TEMIT's strong investment performance, the board's efforts to enhance the trust's profile to new investors, or if there is an increased appetite for emerging market equities.

Exhibit 15: Discount over the last three years (%)



Source: LSEG Data & Analytics, Edison Investment Research

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom