Templeton Emerging Markets IT

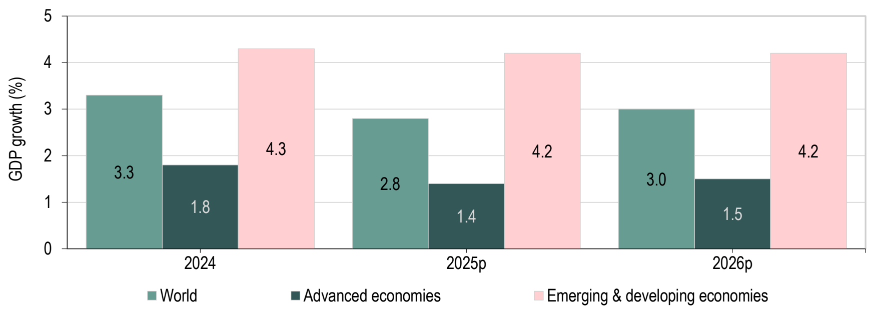
Strong momentum in core emerging market fund

Investment companies
Emerging market equities

22 July 2025

Templeton Emerging Markets Investment Trust (TEMIT) has two highly experienced managers, Chetan Sehgal (lead manager) based in Singapore and Andrew Ness based in Edinburgh. They have a clearly defined, straightforward investment approach of focusing on companies with sustainable earnings power, which are trading at a discount to their estimated intrinsic value. The managers believe that emerging markets deserve an allocation in a global portfolio due to their above-average growth prospects and relatively attractive valuations. TEMIT has a commendable performance record; it is ahead of its MSCI Emerging Markets Index benchmark over the last one, three, five and 10 years. The trust also ranks highly versus its generalist peers in the AIC Global Emerging Markets sector: first out of six funds over one year, first of five over three and first of four funds over the last 10 years.

Exhibit 1: Superior growth prospects in emerging markets



Source: International Monetary Fund, World Economic Outlook (April 2025), Edison Investment Research. Note: p is projected.

Why consider TEMIT?

The managers are supported by an extensive team of more than 70 investment professionals based in 18 offices in 13 countries across the globe. This brings the benefits of local knowledge, very good access to company management teams and because of Franklin Templeton's long history of emerging markets investment, access to a major company database, which has been built up over several decades. Sehgal and Ness have a wide remit so can invest in non-index names and also unlisted businesses. The managers have a measured, consistent approach and are neither euphoric during periods of strong performance, nor despondent when times are tougher. They believe that emerging market average annual total returns of 7–8% can continue, implying a more modest return in H2 of this year given a 14% total return in H125, which may provide a good entry point for investors. While US tariffs are a near-term headwind, there are tailwinds from stronger emerging market currencies and improved corporate governance in the regions.

TEMIT's board is following through with its support of the trust being afforded a higher valuation. Share repurchases have accelerated and TEMIT's discount is now at the narrower end of its three-year range, and is lower than its one-, three-, five- and 10-year historical averages (range of 12.2% to 13.4%). There is scope for a further narrowing in the discount in a less uncertain macroeconomic environment or if TEMIT receives greater credit for its strong performance record.

Price		**196.80p**
Market cap		**£1,944m**
Total assets		**£2,139m**
NAV		216.5p

[1]NAV at 18 July 2025.

Discount to NAV		9.1%
Current yield		2.7%
Shares in issue		987.6m
Code/ISIN		TEM/GB00BKPG0S09
Primary exchange		LSE
AIC sector		Global Emerging Markets
Financial year end		31 March
52-week high/low	196.8p	151.8p
NAV high/low	216.5p	172.5p
Net gearing		0.0%

[1]Net gearing at 30 June 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 around the world.
- 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.

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NOT INTENDED FOR PERSONS IN THE EEA

TEMIT: One-stop EM fund with a long-term record of outperformance

The trust is a large, well-established emerging market equity fund worthy of consideration for investors seeking access to regions with above-average growth potential and attractive valuations. From its launch to 31 March 2025, TEMIT's NAV total return was +4,528.5%, which was considerably ahead of the benchmark's +1,781.1% total return.

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; 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.

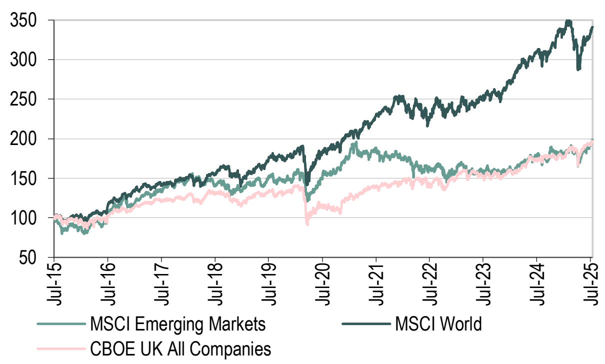
Perspectives from TEMIT's managers

Sehgal and Ness consider that emerging markets' superior growth potential is worthy of investor attention. These regions are generating the majority of global growth due to factors including positive demographic trends, natural resource exports, increased productivity and infrastructure spending. The managers believe the growth differential between emerging and developed markets is likely to widen and suggest that investors may not appreciate that emerging markets are now more resilient and have a higher-end technology product offering compared to a decade ago. Technology products include: semiconductors, batteries, electric vehicles, renewable energy and e-commerce and gaming/entertainment platforms. There is higher demand from increased domestic emerging market consumption along with opportunities in the global market.

Sehgal reports that current business conditions in Asia are good, but the imposition of US tariffs will have a negative impact, which he suggests will be borne by the corporates rather than passed on to customers. There has been some advance purchasing ahead of the tariffs coming into effect, which is likely to be supportive of a seasonally weaker second-quarter earnings period. The impact of tariffs will vary; for example, India should see limited long-term impact given its large domestic market and limited exports.

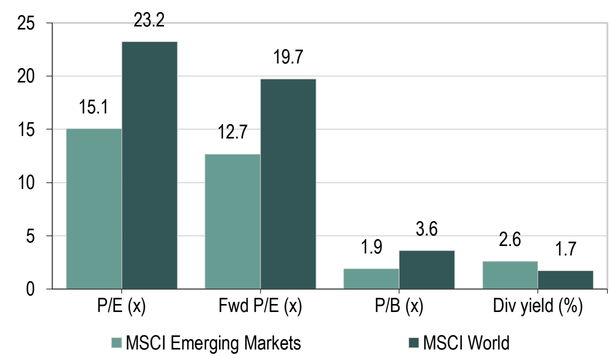
The manager says events this year have led to the realisation that the US is not the only game in town; investors have recognised the need to be more diversified. He adds that the normal reaction during periods of uncertainty is to be underweight emerging markets. However, Sehgal points to attractive valuations in the region (Exhibit 3) and suggests that the average annual 6–8% emerging market total returns (in US dollar terms) are sustainable.

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



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 3: Valuation of MSCI indices at 30 June 2025



Source: MSCI, Edison Investment Research

Current portfolio breakdown

At the end of June 2025, TEMIT had 87 positions with the top 10 making up 45.9% of the portfolio. This was a lower concentration compared with 48.2% 12 months earlier. Eight positions were common to both periods.

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

Company	Country	Industry	30-Jun-25	30-Jun-24
Taiwan Semiconductor Manufacturing Co (TSMC)	Taiwan	Semiconductors & semi equipment	13.8	13.3
SK Hynix	South Korea	Semiconductors & semi equipment	5.2	N/A
Prosus	China	Consumer discretionary distribution & retail	5.2	3.5
ICICI Bank	India	Banks	4.4	5.4
Alibaba Group Holding	China	Consumer discretionary distribution & retail	3.4	3.8
Samsung Electronics	South Korea	Technology hardware & equipment	3.3	6.4
Tencent Holdings	China	Media & entertainment	2.9	4.4
MediaTek	Taiwan	Semiconductors & semi equipment	2.7	2.9
Grupo Financiero Banorte	Mexico	Banks	2.7	N/A
HDFC Bank	India	Banks	2.5	2.8
Top 10			**45.9**	**48.2**

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

While not in the top 10, Swiggy, which is a leading Indian food delivery platform, was TEMIT's first unlisted investment. The company has expanded its operations beyond food into other areas, including grocery and mobile phones. This new business called 'quick commerce' is going through a phase of rapid growth and high competition.

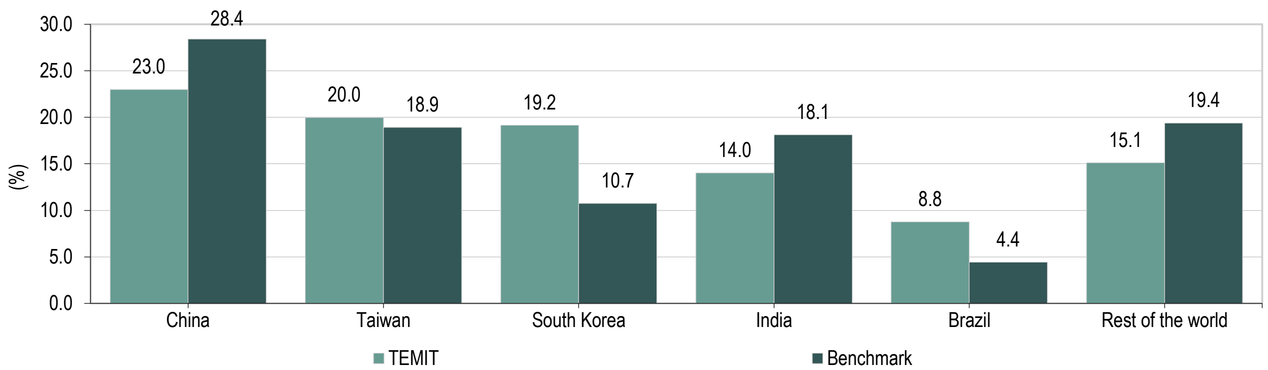
The trust's geographic and sector weightings are the result of the managers' bottom-up stock selection. Over the year to 30 June 2025, there was very little change in TEMIT's regional weightings with Asian stocks continuing to make up more than 80% of the portfolio. This is modestly larger than the benchmark's Asian weighting. TEMIT has a larger positive active bet on Latin America, which perhaps due to its volatile returns has become an increasingly smaller part of emerging market indices as investors seek more stable markets elsewhere. The trust's North American exposure is via Genpact and Cognizant Technology Solutions, which, although they are US-listed companies, have significant emerging-market operations. TEMIT has a notable underweight position in the Middle East/Africa. This is primarily due to a lack of exposure to Saudi Arabia, where the managers consider valuations to be unattractive.

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

Region	Portfolio 30 June 2025 (%)	Portfolio 30 June 2024 (%)	Change (pp)	Index 30 June 2025 (%)	Active weight vs index (pp)
Asia	81.8	81.1	0.6	80.1	1.7
Latin America	13.0	11.1	1.8	7.3	5.7
Middle East/Africa	3.0	2.7	0.4	9.9	(6.9)
North America	2.9	3.0	(0.1)	0.0	2.9
Europe	1.5	1.5	0.1	2.8	(1.2)
Cash & equivalents	(2.2)	0.6	(2.8)	0.0	(2.2)
Total	**100.0**	**100.0**		**100.0**	

Source: TEMIT, Edison Investment Research

Exhibit 6: Country weights versus the benchmark at 30 June 2025



Source: TEMIT, Edison Investment Research

Discussing TEMIT's geographic exposures, Sehgal says while other countries have been dealing with inflation, China's deflation is having a negative impact on economic growth. The property market is still weak but is showing signs of stabilisation. Areas of strength include autos, where China is gaining share in the global market. The consumer side of the economy is mixed, with a focus on value; Chinese brands have become the aspirational items, and there is less brand loyalty. Consumers switching brands is leading to more fragmented markets. Along with many western nations, China is experiencing an ageing population. However, according to the manager, the working population peaked at the right time as, while it is early days for the Chinese robotic industry, robotics is expected to become a significant driver of Chinese economic growth.

Sehgal reports that Indian economic growth is robust but is not expected to be spectacular. He notes that there is more competition now, unlike when China was growing quickly and was 'flying under the radar'. The manager suggests that further reforms are needed to stop an Indian wealth exodus. An increasing number of families are able to send their children to overseas colleges, so their offspring are more likely to settle abroad. Although, importantly, he highlights a thriving Indian venture capital market, which is an attraction for entrepreneurs.

Over the past year, TEMIT has benefited from its non-consensus overweight exposure to South Korea. Sehgal explains that it is a value market, where a long-term theme has been improved corporate governance. A new South Korean government and the Corporate Value-Up programme, aimed at enhancing corporate governance standards to boost transparency, accountability and shareholder rights, has been a catalyst for an improvement in the South Korean stock market.

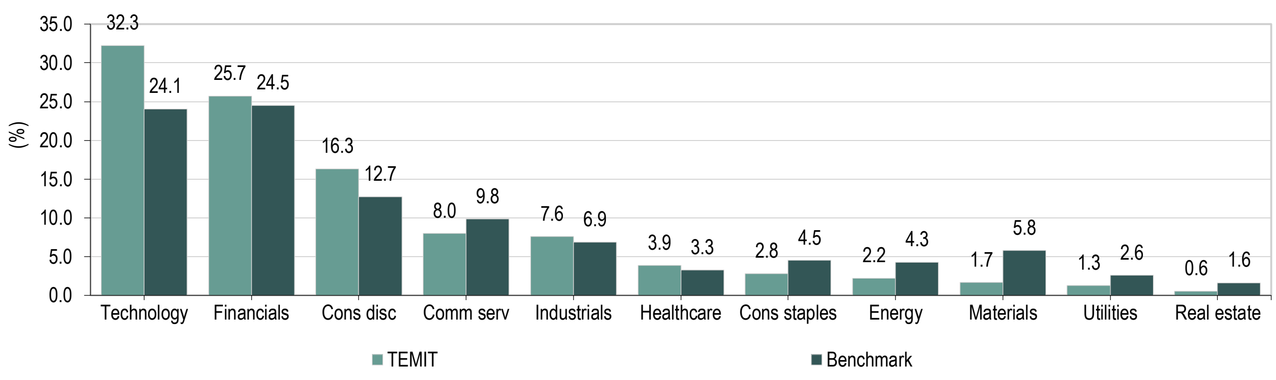
Looking at TEMIT's active sector weights, at the end of June 2025, its largest positive allocations were IT (+8.2pp) and consumer discretionary (+3.6pp), while it had a below index bet in materials (-4.1pp). The trust's IT exposure is diversified between hardware, software and semiconductor names, leaving it well positioned to benefit from the digital revolution.

Exhibit 7: Sector exposures and active weights at 30 June 2025 (% unless stated)

Sector	Portfolio 30 June 2025	Index 30 June 2025	Active weight vs index (pp)
Information technology	32.3	24.1	8.2
Financials	25.7	24.5	1.2
Consumer discretionary	16.3	12.7	3.6
Communication services	8.0	9.8	(1.9)
Industrials	7.6	6.9	0.7
Healthcare	3.9	3.3	0.6
Consumer staples	2.8	4.5	(1.7)
Energy	2.2	4.3	(2.1)
Materials	1.7	5.8	(4.1)
Utilities	1.3	2.6	(1.3)
Real estate	0.6	1.6	(1.1)
Cash & equivalents	(2.2)	0.0	(2.2)
Total	**100.0**	**100.0**	

Source: TEMIT, Edison Investment Research

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



Source: TEMIT, Edison Investment Research

Recent portfolio activity

Sehgal highlights some new additions to the portfolio. **Ather Energy** is an Indian manufacturer of electric two-wheeled scooters; TEMIT participated in the company's IPO. Although the electrification trend has been slower to develop than originally thought, the manager believes it will happen. Ather was an independent startup and is now one of the four largest manufacturers in its field. **Brigade Enterprises** is a Southern-India based property company. It is benefiting from rising real estate prices around the airport in Bengaluru (formerly Bangalore); manufacturers setting up capacity in the area is leading to higher land values. **Niva Bupa Health Insurance Company** is scaling up its operations in India, a country with low, but rising healthcare penetration. **ReNew Power** is a solar utility that has attracted a tender offer. **Zhen Ding Technology Holding** is a world-leading printed circuit board (PCB) manufacturer operating in a formerly fragmented industry. As technology evolves, the number of layers on a PCB needs to increase to accommodate more sophisticated applications; these more complex products unsurprisingly command higher prices.

The manager explains that recent sales in the portfolio have generally been small, lower-conviction positions, although the TSMC position was trimmed as the holding became too large. Overall, there has been an increase in TEMIT's Indian exposure on a market pull-back, profits taken following a market rally in South Korea and a reduction in the trust's China exposure, with a view to increasing it when the opportunity arises. The managers have also taken advantage of tariff-based stock market volatility to add to some of the trust's high-quality manufacturers.

Performance: Looking good

TEMIT is the oldest and by far the largest company in the AIC Emerging Markets sector. In Exhibit 9, we have excluded the specialist finds to provide a more relevant comparison. TEMIT's NAV total returns are looking good, ranking first out of six funds over the last 12 months, first out of five funds over the last three years and first out of four funds over the last decade. The trust has lagged over the last five years, ranking third out of five funds.

Sehgal and Ness consider Fidelity Emerging Markets (FEML) and JPMorgan Emerging Markets Investment Trust (JMG) to be TEMIT's closest peers. TEMIT has generated the highest returns of these three funds over all periods shown.

Given TEMIT's strong performance record, having the widest discount in the selected peer group looks somewhat of an anomaly. The trust also has a competitive ongoing charge and an above-average dividend yield, which is 0.9pp above the mean.

Exhibit 9: Selected AIC Global Emerging Market funds at 21 July 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	1,943.7	14.1	36.1	35.0	122.5	(9.3)	0.9	No	100	2.7
Ashoka WhiteOak Emer Mkts	48.1	9.7				0.0	1.9	Yes	100	0.0
Fidelity Emerging Markets	535.5	10.8	28.0	13.0	71.1	(9.1)	0.8	No	100	1.8
JPMorgan Emerging Markets	1,196.5	4.8	11.7	22.8	115.6	(8.0)	0.8	No	104	1.6
JPMorgan Glob Em Mkts Inc	407.0	8.6	25.3	56.8	116.2	(9.3)	1.0	No	108	3.7
Mobius Investment Trust	161.9	(2.4)	24.0	55.8		(5.2)	1.4	No	100	1.2
Simple average	**715.5**	**7.6**	**25.0**	**36.7**	**106.4**	**(6.8)**	**1.1**		**102**	**1.8**
Rank (6 funds)	**1**	**1**	**1**	**3**	**1**	**6**	**3**		**5**	**2**

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

TEMIT had a good FY25, with total return outperformance versus its benchmark; NAV +8.8% and share price +13.3% versus the benchmark +5.8%. Although the managers employ a bottom-up stock selection approach, asset allocation also made a positive contribution. In terms of stocks, the largest positive contributors to TEMIT's relative performance were Prosus (+1.3pp, non-index constituent and Tencent's largest shareholder), Alibaba (+1.3pp) and Genpact (+0.9pp, another non-index constituent). The largest detractors were Samsung SDI (-1.2pp), LG Corp (-0.8pp) and not owning Xiaomi (-0.9pp).

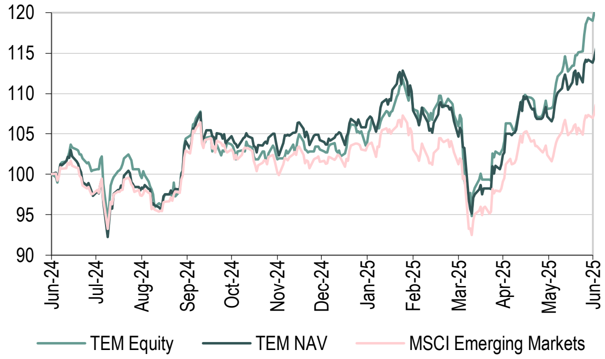
Exhibit 10: Share price and NAV total returns, relative to indices (%)

	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Price relative to MSCI Emerging Markets	5.4	6.3	9.7	11.2	16.9	9.4	22.0
NAV relative to MSCI Emerging Markets	1.7	2.9	3.9	6.4	14.3	4.5	16.9
Price relative to MSCI World	7.2	6.8	15.5	10.5	(6.8)	(23.0)	(29.9)
NAV relative to MSCI World	3.4	3.4	9.4	5.7	(8.9)	(26.5)	(32.9)
Price relative to CBOE UK All Companies	9.4	7.6	6.3	6.6	1.8	(16.9)	21.1
NAV relative to CBOE UK All Companies	5.6	4.2	0.7	2.0	(0.5)	(20.6)	16.0

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

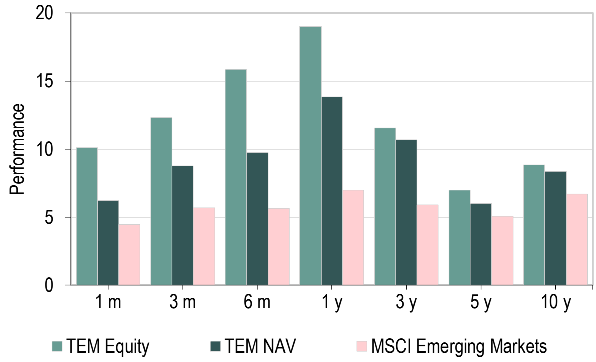
TEMIT's relative returns are shown in Exhibit 10. The trust has a commendable track record as it is now outperforming the MSCI Emerging Markets Index over the last one, three, five and 10 years. Sehgal comments that normally, stock selection has been accretive to performance, while country allocation has detracted. However, over the past year, as we discussed earlier in the report, the overweight South Korean exposure has added to performance.

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



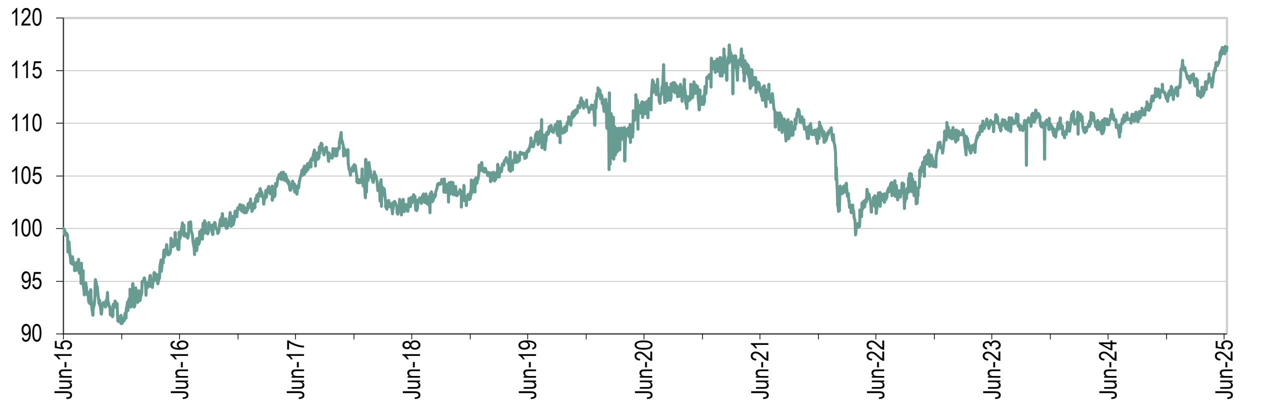
Source: LSEG Data & Analytics

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



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

Exhibit 13: NAV performance versus the benchmark (last 10 years)



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 14: Five-year discrete performance data (%)

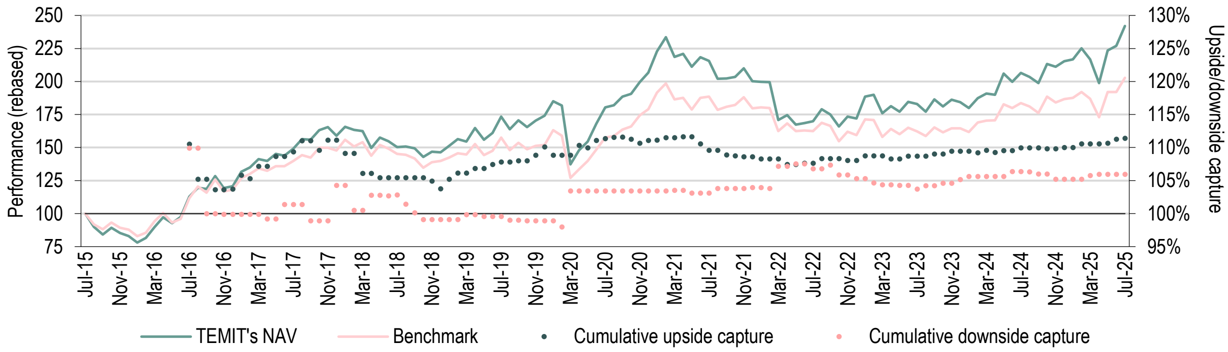
12 months ending	Share price	NAV	MSCI Emerging Markets	MSCI World	CBOE UK All Companies
30/06/21	33.0	27.9	26.4	24.9	21.1
30/06/22	(24.1)	(22.9)	(14.7)	(2.1)	2.2
30/06/23	2.1	5.1	(2.4)	13.8	8.3
30/06/24	14.3	13.3	13.6	21.4	12.8
30/06/25	19.0	13.8	7.0	7.7	11.6

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 not dissimilar, with an upside capture of 112.4% and a downside capture of 107.5%. These results are unsurprising for a large, diversified fund and suggest that TEMIT is likely to outperform its benchmark by a little more than 10% in months when emerging market share prices rise and underperform by a little less than 10% during months of emerging market share price weakness.

Exhibit 15: TEMIT's upside/downside capture over the last 10 years

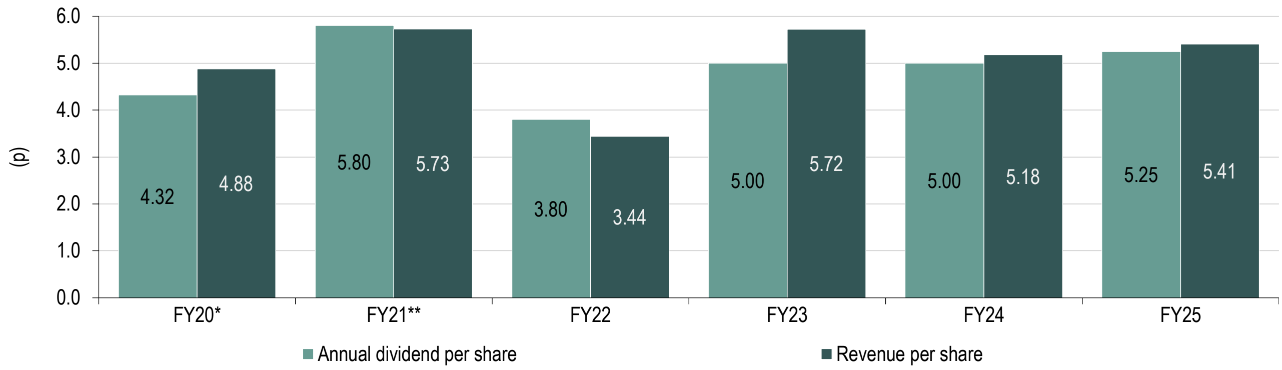


Source: LSEG Data & Analytics, Edison Investor Research.
Note: Cumulative upside/downside capture calculated as the geometric average NAV total return (TR) of the fund during months with positive/negative reference index TRs, divided by the geometric average reference index TR during these months. A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

Dividends: Step-up in FY25 payout

TEMIT pays regular dividends twice a year, an interim in January and a final distribution in July. In respect of FY25, a 2.00p per share interim payment has been made and a final 3.25p per share was approved at the 10 July 2025 AGM. The 5.25p per share annual dividend, which was 1.03x covered, is a 5.0% increase versus the FY24 distribution of 5.00p per share. At the end of FY25, TEMIT had c £134.5m in revenue reserves plus a further c £433.5m in special distributable reserves, which combined are equivalent to more than 10x the annual dividend.

Exhibit 16: Dividend and revenue history since FY20



Source: TEMIT, Edison Investment Research. Note: *Includes 0.52p per share special dividend. **Includes 2.00p per share special dividend.

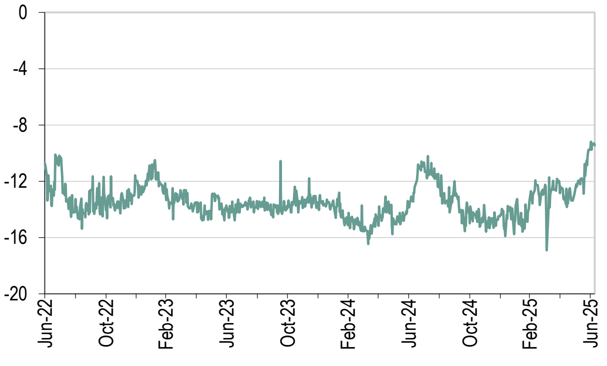
Valuation: Acceleration in share repurchases; narrower discount

TEMIT's board is executing its accelerated share repurchase plan (Exhibit 18). In FY25, c 90.0m shares were bought back (c 8.1% of the share base) at a cost of c £149.2m, which added 1.16% to NAV. The board is planning on repurchasing a further £100–200m of TEMIT's shares, subject to market conditions.

As the July 2024 continuation vote was passed (99.3% in favour), a new conditional performance-based tender offer was introduced. If TEMIT's total return underperforms its benchmark's total return in the five years to 31 March 2029, a tender offer will be launched at the board's discretion, for up to 25% of the trust priced at the prevailing NAV less 2% (to cover costs). 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.

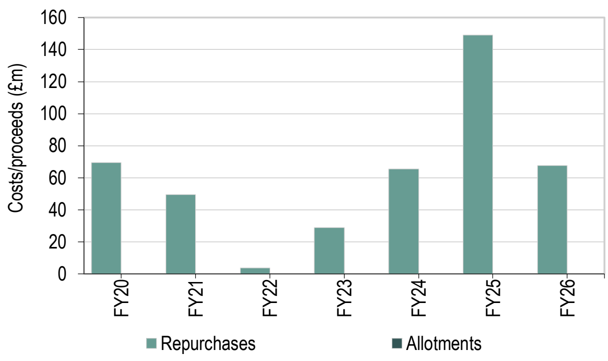
TEMIT's discount is narrowing, which could be due to the heightened level of share repurchases or a greater appreciation of the trust's strong performance. The current 9.1% share price discount to cum-income NAV is at the low end of the 8.8% to 16.9% three-year range. It is narrower than the average discounts of 13.1%, 13.4%, 12.2% and 12.2% over the last one, three, five and 10 years respectively.

Exhibit 17: Discount last three years (%)



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 18: Share repurchases at 21 July 2025



Source: Morningstar, Edison Investment Research

Fund profile: Largest UK emerging markets trust

TEMIT is the UK's largest emerging markets investment trust and was launched in June 1989. Its shares are quoted on both the London and New Zealand stock exchanges. The trust is managed by Franklin Templeton Emerging Markets Equity (FTEME), a pioneer in emerging markets investing with c $35bn of assets under management. Singapore-based Chetan Sehgal has been TEMIT's lead manager since 1 February 2018 and was joined by Edinburgh-based Andrew 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.

Investment process: Bottom-up stock selection

Sehgal and Ness, who are assisted by portfolio analyst Manish Agarwal, 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 they believe in 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 13 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).

As shown in Exhibit 19, at the end of June 2025, TEMIT had lower valuation multiples compared with the benchmark (price-to-book, trailing P/E and price-to-cash flow). Its dividend yield was a little higher and, in aggregate, the trust's portfolio companies were modestly less indebted compared with benchmark companies.

Exhibit 19: TEMIT versus the benchmark at 30 June 2025

	TEMIT	Benchmark
Price-to-book (x)	1.7	1.9
12-month trailing P/E (x)	13.2	14.3
Price-to-cash flow (x)	6.8	8.4
Dividend yield (%)	2.7	2.6
Net debt to equity (%)	33.8	34.8

Source: TEMIT

Exhibit 20: Portfolio market caps at 30 June 2025

Market cap	%
> £50bn	48.6
£25–50bn	9.2
£10–25bn	13.9
£5–10bn	14.9
£2–5bn	7.9
< £2bn	5.4

Source: TEMIT

TEMIT's approach to ESG

ESG factors are an integral part of TEMIT's research process. Its managers employ FTEME's three-pillar framework, aiming to be an emerging market leader in sustainable investing:

- **Intentionality:** assessing companies' intentionality towards managing material ESG factors with a proprietary scoring system and linking them into valuation models.
- **Alignment:** mapping the alignment of companies' products and services to positive and environmental outcomes and United Nations Sustainable Development Goals.
- **Transition:** identifying companies' transition potential linked to their incremental progress, using FTEME's on-the-ground capabilities and experience as an active owner to foster positive change.

Where material, climate change/carbon analysis is integrated into the bottom-up research process, focusing on assessing the impact on long-term business values. This is part of the holistic approach of integrating ESG analysis with traditional analysis to gain valuable insights into the quality and risks of investee and potential investee companies. For more information, please see TEMIT's latest stewardship report.

Gearing

TEMIT had a 2.089% £100m five-year term loan with The Bank of Nova Scotia, London Branch, which was fully paid on maturity on 31 January 2025. Interest costs were split 75:25 between the capital and revenue accounts respectively, representing the board's anticipated long-term returns between TEMIT's capital and income.

On 31 January 2025, the trust entered into a £122m multi-currency one-year unsecured revolving credit facility (RCF) with The Bank of Nova Scotia, London Branch. There is a flat fee of 0.40% per year on unutilised commitments. Balances can be drawn down in GBP, USD or CNH. The interest margin is 1.10% as follows: USD drawdowns at 1.10% per year above the Federal Reserve Bank of New York daily secured overnight financing rate; GBP drawdowns incur interest at 1.10% per year above the Bank of England daily sterling overnight index average; and CNH drawdowns at 1.10% per year above the Hongkong and Shanghai Banking Corporation Hong Kong Interbank Offered Rate. Under the terms of the facility, TEMIT's net assets cannot be less than £1,015m and the adjusted net asset coverage to all borrowings cannot be less than 3.5:1.

On 31 January 2025, TEMIT drew down £80m in GBP from the RCF, of which £40m was repayable within three months and £40m repayable within six months. Then on 29 April 2025, TEMIT drew down CNH300m for one month under the RCF and on 30 April 2025 half of the £80m drawn down in GBP was repaid. Hence, from 30 April 2025, TEMIT has total debt of c £71m (£40m in GBP and c £31m in CNH300m equivalent).

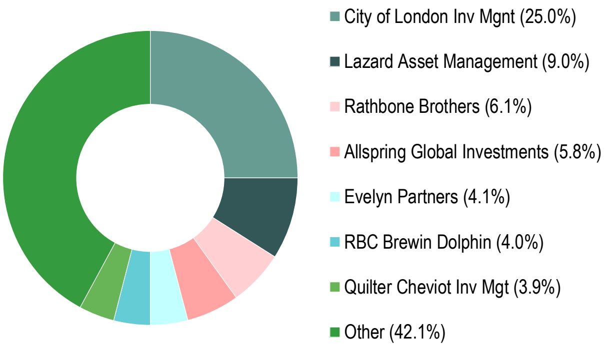
Fees and charges

TEMIT's board negotiated a phased fee reduction. With effect from 1 July 2025, the fee on £1bn to £2bn of net assets is 0.60%; then from 1 July 2026, the fee will be 1.00% of net assets up to £1bn and 0.50% above £1bn. There is no performance fee. In FY25, the trust's ongoing charges were 0.95%, which was 2bp lower than 0.97% in FY24.

Capital structure

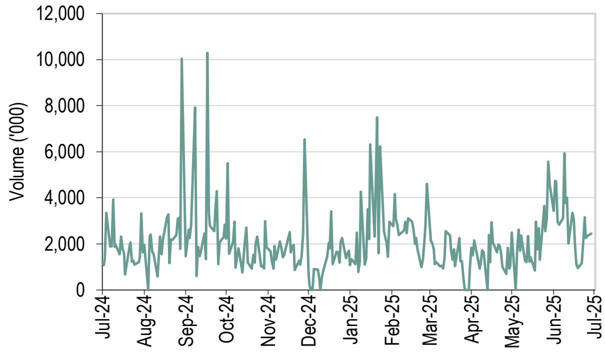
TEMIT is a conventional investment trust with one class of share; there are c 987.6m ordinary shares in issue with a further 60.0m shares held in treasury. Its average daily trading volume over the last 12 months was c 2.2m shares.

Exhibit 21: Main shareholders at 16 May 2025



Source: TEMIT, Edison Investment Research

Exhibit 22: Average daily volume, 12m to 21 July 2025



Source: LSEG Data & Analytics, Edison Investment Research

The board

Simon Jeffreys retired at the 10 July 2025 AGM. His role as chair of the audit and risk committee has been taken on by TEMIT's newest director, Sarika Patel, who joined the board on 1 January 2025. She is chair of Aberdeen Equity Income Trust, chair of SDCL Energy Efficiency Income Trust's audit and risk committee, chair of Action for Children and is a non-executive director of the Office for Nuclear Regulation.

Exhibit 23: TEMIT's board

Board member	Date of appointment	Remuneration in FY25 (£)	Shareholdings at 16 May 2025
Angus Macpherson (chair since 1 January 2024)	6 October 2023	74,500	68,000
David Graham	1 September 2016	42,000	110,737
Charlie Ricketts	12 July 2018	42,000	25,000
Magdalene Miller	10 May 2021	42,000	20,000
Abigail Rotheroe	1 November 2022	42,000	27,110
Sarika Patel	1 January 2025	10,500	7,089

Source: TEMIT

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