

**SHINING A LIGHT ON THE.....**  
**Templeton Emerging Markets Investment Trust**

**AT A GLANCE**

<b>Investment Objective</b>	
To provide long-term capital appreciation for its investors through investment in companies operating in emerging markets or whose shares are listed on the stock markets of such countries. Investment will generally be made directly in the stock markets of emerging countries and the funds of Company will normally be invested in equity investments.	

<b>Inception Date</b>	12 June 1989
<b>Fund Factsheet Link</b>	<a href="http://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=FOGBR05WML%5D2%5D0%5DFCGBR%24%24ALL">http://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=FOGBR05WML%5D2%5D0%5DFCGBR%24%24ALL</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Chetan Sehgal	1 February 2018
Andrew Ness	17 September 2018

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	61.43%
Large	19.88%
Medium	12.85%
Small	5.52%
Micro	0.32%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	98	
<b>Assets in Top 10 Holdings</b>	42	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
Samsung Electronics Co Ltd	Technology	7.78%
Naspers Ltd Class N	Technology	5.96%
Taiwan Semiconductor Manufacturing Co Ltd	Technology	5.87%
Brilliance China Automotive Holdings Ltd	Consumer Cyclical	4.41%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	4.32%
Buenaventura Mining Co Inc ADR	Basic Materials	2.94%
Unilever PLC	Consumer Defensive	2.84%
Tencent Holdings Ltd	Technology	2.83%
PJSC Lukoil ADR	Energy	2.60%
ICICI Bank Ltd	Financial Services	2.45%

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Volatility Measurements	
3-Yr Std Dev (volatility)	16.16%
3-Yr Mean Return (average)	22.57%

## FUND PERFORMANCE

Performance from 1 January 2013 to 30 April 2019:

	2013	2014	2015	2016	2017	2018	2019
Templeton Emerging Markets Investment Trust	-8.86%	4.96%	-23.95%	47.85%	32.49%	-10.70%	15.56%
iShares MSCI EM ETF	-5.82%	2.62%	-11.15%	33.56%	24.43%	-9.25%	8.33%

Performance over 12 months, 3 years, 5 years and since launch.

	1 year	3 years	5 years	Since launch
Templeton Emerging Markets Investment Trust	9.10%	84.13%	59.35%	3,170.07%
iShares MSCI EM ETF	-0.25%	52.02%	53.42%	605.80%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

## UPDATE....

The trust went through a period of underperformance. The team was then restructured and then some of that team left. Chetan was part of the new team and he has become a lead fund manager alongside Andrew Ness who joined in September 2018. The fund over the last three years has significantly outperformed the index and the team remain positive about the opportunities.

The focus of the update was primarily on the macro picture where they believe there are opportunities amongst the turbulence. In terms of tariffs the impact of these should start to feed through in the next 2 to 3 weeks and it is now a time to wait to see how China responds. They believe markets have factored much of this in.

China is less reliant on the US and is not a large net exporter to the US. For EM companies only 24% of revenues come from Developed Markets. Where the US was the main beneficiary of EM this has now shifted to China, with Brazil, Indonesia and South Africa all shifting away from the US. The main countries with exposure to the US are India, Mexico and China but these are reducing.

China is now 33% of EM revenue, 38% is EM excluding China. The trade wars although difficult are perhaps less of an impact compared to a few years ago. The team also explained that the headwinds of 2018 are now tailwinds. Interest rates in the US have slowed, the dollar is weaker and although there are political worries this is always part of the picture. It is worth adding that Argentina and Turkey are a small part of the overall index.

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The main themes they like are technology and consumers. Technology is reshaping the global economy especially ecommerce, which is seen as a disruptor. The consumer aspect is just beginning and provides opportunities across the market cap.

In terms of technology emerging markets are leading the way in terms of patent applications and China is leading the way with R&D spend. They now have several global leaders. For example, TSMC has now overtaken Intel.

Corporate governance is significantly better, cash flows have improved, debt ratios have come down and potentially there will be more dividends to shareholders.

In summary, the team have continued to see an improvement in performance despite the changes in the team. They remain positive even though there has been a correction and they think strong earnings should flow through in 2020. The main sectors they are focused on are financials, consumer discretionary and IT.

*The source of information in this note has been provided by Templeton and is correct as at April 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*