

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

AT A GLANCE

Investment Objective	
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.	

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

Management	
Manager Name	Start Date
Chetan Sehgal	1 February 2018
Andrew Ness	17 September 2018

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	67.15%
Large	20.93%
Medium	9.02%
Small	2.63%
Micro	0.27%

Top 10 Holdings		
Total number of holdings	79	
Assets in Top 10 Holdings	50.05%	
Name	Sector	% of Assets
Taiwan Semiconductor Manufacturing Co Ltd	Technology	8.43%
Samsung Electronics Co Ltd	Technology	8.27%
Tencent Holdings Ltd	Communication Services	8.13%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	7.31%
NAVER Corp	Communication Services	4.27%
Unilever PLC	Consumer Defensive	2.90%
ICICI Bank Ltd	Financial Services	2.87%
Brilliance China Automotive Holdings Ltd	Consumer Cyclical	2.74%
Naspers Ltd Class N	Communication Services	2.65%
PJSC Lukoil ADR	Energy	2.48%

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Volatility Measurements	
3-Yr Std Dev (volatility)	17.82%
3-Yr Mean Return (average)	7.28%

FUND PERFORMANCE

Performance from 1 January 2014 to 30 June 2020:

	2014	2015	2016	2017	2018	2019	2020
Templeton Emerging Markets Investment Trust	4.96%	-23.95%	47.85%	32.49%	-10.70%	27.12%	-5.89%
iShares MSCI EM ETF	2.62%	-11.15%	33.56%	24.43%	-9.25%	12.62%	-4.34%

Performance over 12 months, 3 years, 5 years and since fund manager inception.

	1 year	3 years	5 years	Since fund manager inception
Templeton Emerging Markets Investment Trust	1.31%	23.47%	66.45%	2.19%
iShares MSCI EM ETF	-1.40%	8.84%	42.79%	-4.90%

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....

These updates have been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

We have heard from the team a few times during this crisis. As an overview the strategy is about the companies they buy. They are looking for those companies with sustainable buying power, trading at a discount to their actual worth. Templeton is one the biggest emerging market franchises with over 80 investment professionals spanning 16 countries, with the local knowledge being a key component to the construction of the portfolio.

There has also been a shift in the way many of these businesses operate and in which sectors. These tend to be businesses which are much more resilient in times of market stress. Economies have also diversified with both consumption and technology providing secular growth drivers. Many companies have leapfrogged western counterparts.

In terms of performance the likes of TSMC, NAVER Corp, Tencent, Samsung and Sunny Optical have been some of the biggest contributors to performance. The biggest distractors have been financial institutions like Banco Bradesco and Banco Santander Mexico.

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Some of the themes they are focusing on are technology and consumer, with focus on sectors like IT, financials, communication services and consumer discretionary. In terms of technology this is re-shaping the global economy, especially ecommerce, as well as data capture and disruption. In terms of the consumer there is still room for growth as people move into middle class wage bands and look to premium brands.

In terms of changes they have increased exposure to South Korea, remain positive on Russia and have reduced exposure to India where they have less conviction. Some of the largest holdings include:

1. Tencent – this is not just a gaming company but straddles areas like music streaming, video platform, banking services, cloud, and communication services
2. TSMC – this has 50% market share and is due to open a factory in the US. It is involved across smartphones, high performance computing, automotive and digital consumer electronics
3. Samsung – the number one memory chip and a leading smartphone brand as well as mobile processors and a leading consumer appliances/electronics brand
4. Alibaba – ecommerce is the strongest element but it has expanded internationally and has opened retail offerings and improved logistics. It also covers cloud computing, digital media and entertainment
5. NAVER – this is a Korean company which operates a search engine, messaging and financial services platform

In summary, the fund has slightly underperformed the market this year, but the team remain positive with the focus on quality, sound balance sheets and strong management teams.

The source of information in this note has been provided by Templeton and is correct as at July 2020. 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.