

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	65.55%
Large	23.65%
Medium	9.41%
Small	1.39%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	75	
Assets in Top 10 Holdings	55.66%	
Name	Sector	% of Assets
Taiwan Semiconductor Manufacturing Co Ltd	Technology	12.80%
Samsung Electronics Co Ltd	Technology	11.20%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	5.50%
ICICI Bank Ltd	Financial Services	5.00%
Tencent Holdings Ltd	Communication Services	4.50%
Media Tek Inc	Technology	4.20%
NAVER Corp	Communication Services	3.70%
PJSC Lukoil ADR	Energy	2.50%
China Merchants Bank Co Ltd	Financial Services	2.40%
Sberbank of Russia PJSC ADR	Financial Services	2.20%

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Volatility Measurements	
3-Yr Std Dev (volatility)	17.41%
3-Yr Mean Return (average)	3.35%

FUND PERFORMANCE

Performance from 1 January 2016 to 31 March 2022:

	2016	2017	2018	2019	2020	2021	2022
Templeton Emerging Markets Investment Trust	47.85%	32.49%	-10.70%	27.12%	17.09%	-4.70%	-11.94%
MSCI EM NR USD	32.63%	25.40%	-9.27%	13.86%	14.65%	-1.64%	-4.31%

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	-21.11%	10.40%	33.05%	6.69%
MSCI EM NR USD	-7.12%	14.36%	26.95%	8.18%

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....

Emerging markets and Templeton have had a difficult couple of years. The manager started by explaining that the events happening in Ukraine cast a shadow and sadness over the people of Ukraine, the ordinary people of Russia and emerging markets as an asset class. They cannot fail to be caught by what is happening and therefore as investors they must learn to navigate this.

Like many emerging market funds, they have exposure to Russia, and at the last update this was around 6%. They made the decision to write these assets down to zero so this is reflected in the performance. The companies they invested in were high quality businesses and when markets open, they don't want to sell at any price to any person. Therefore they will assess what to do when the time comes.

We discussed whether geo-political factors are considered when investing. They explained that ultimately they look to invest in the very best companies. They do consider political issues but they look to businesses which can navigate the political backdrop. Russia is different because effectively it is the first time in the 21st century that action by a country has cancelled its whole economy. This is very rare.

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The conversation turned to China and the manager explained that it is a complex country. They have the Autumn Party Conference and this is important. Two factors often missed are the desire to achieve common prosperity, and that China wants to be connected with the rest of the world. They are finding good opportunities and adding to holdings on weakness.

In terms of Templeton and the fund, Templeton are pioneers in emerging markets with over 35 years' experience and during this they have seen many regime changes. They have the advantage of teams based across the world who can provide in depth insight into companies.

They are active investors, investing across the market cap space and across industries. Active management is important as there is no such thing as the perfect company so engaging and working with companies is important. They are happy to back their judgement and will invest across industries. In the top-ten there are eight different industries and there are well known names like TSMC and Samsung, and lesser known names like MediaTek and Cognizant.

They added that they focus on quality growth companies but are not prepared to invest just at any price.

In summary, this has had a difficult year and the performance has dropped back. However, this is one of the most established and best emerging market fund teams. We therefore believe they are best placed to turnaround this performance. The fund remains on our watch list.

The source of information in this note has been provided by Templeton and is correct as of April 2022. 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.