

QUARTERLY PORTFOLIO INSIGHT - Three months to 30 June 2009

Summary of investment objective

The Company seeks long-term capital appreciation through investment in companies operating in emerging markets or whose stocks are listed on the stock markets of such countries.

Company characteristics (30/06/09)

Launch date	12/06/1989
Benchmark	MSCI Emerging Markets Index (£)
Lead manager	Mark Mobius
Total Net Assets	£1,288.3m
Market Capitalisation	£1,215m
Gearing	100.0%
TER	1.34%
TER (excluding tender costs to revenue)	1.25%

Pricing information (30/06/09)

NAV (Cum-Income)	390.2p
Share price	368.0p
Discount to NAV (Cum-Income)	5.7%
Current Yield (net)	0.9%

Pricing information (Cum-income – 12 months to 30/06/09)

Highest NAV	438.0p
Lowest NAV	229.1p
Highest share price	402.0p
Lowest share price	207.5p

For the most up-to-date information, please visit www.temit.co.uk

MARKET OVERVIEW (All figures are based in sterling)

- Emerging markets maintained an upward trend in the second quarter of 2009 with the MSCI Emerging Markets Index increasing by 17.4%. A return of confidence in emerging markets, the desire for higher returns and the search for undervalued companies supported the markets' uptrend.
- Latin American and Eastern European markets were among the strongest performers during the quarter, while most Asian markets also recorded strong double-digit returns. A rebound in commodity prices and stronger domestic currencies supported markets in Latin America. Asian markets continued to attract significant portfolio inflows allowing markets such as China, India, Indonesia and Thailand to outperform their regional counterparts. In Eastern Europe, Hungary returned 47.7%, in part due to a strong forint. Russia ended the quarter up 19.9%. Turkey was among the top emerging market performers with a return of 36.8%.
- The growing assertiveness and importance of emerging markets in the global economy was demonstrated when Brazil, Russia, India and China held an inaugural summit in Russia where they called for greater involvement from emerging economies in global financial institutions. Leaders from the four countries also voiced their desire for increased economic reform.

INVESTMENT OUTLOOK

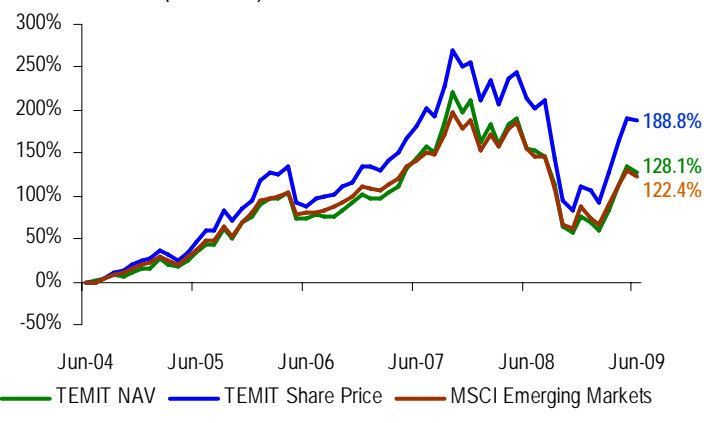
The outlook for emerging markets remains positive due to their relatively strong fundamental characteristics and faster growth than their developed counterparts. While some emerging economies contracted in early 2009, most are expected to return to positive growth by end 2009 or 2010. In the face of the global economic slowdown, the major markets of China and India continue to record exceptionally robust growth rates. China and India are expected to grow by 8% and 6%, respectively, in 2009. The accumulation of foreign exchange reserves also puts emerging economies in a much stronger position to weather external shocks.

Moreover, an important and strong contributor to growth in emerging markets has been the growing middle class. Emerging markets account for more than 80% of the world's population, providing them with a strong purchasing power and the ability to spend their way into growth. At the forefront are markets such as China, India and Brazil. Another area that is poised to support economic growth in emerging markets is investment, particularly in infrastructure and we have seen governments boost public spending in markets such as China and India. More importantly, the current valuations of emerging markets remain attractive.

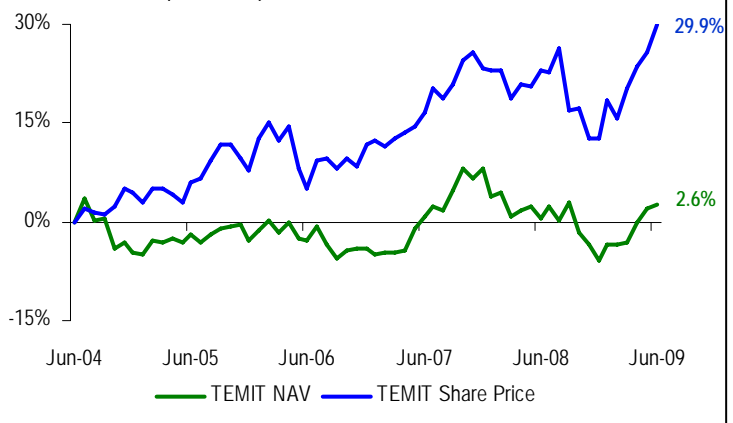
PERFORMANCE

- For the three months to 30 June 2009, TEMIT's share price rose 26.9% compared to the MSCI Emerging Markets Index, which rose 17.4%¹. **Please note that past performance is not a guide to future performance.**

5 Year Cumulative Performance¹
30 June 2009 (rebased)



5 Year Relative Performance v MSCI Emerging Markets Index¹
30 June 2009 (rebased)



Cumulative Performance¹
30 June 2009

	3 Months	6 Months	Year To Date	1 Year	3 Years	5 Years	Since Launch*
TEMIT (NAV)	24.1%	29.6%	29.6%	-10.9%	30.6%	128.1%	1,106.9%
TEMIT (Share Price)	26.9%	37.2%	37.2%	-8.0%	53.0%	188.8%	1,196.5%
MSCI Emerging Mkts Index	17.4%	18.9%	18.9%	-12.7%	23.7%	122.4%	612.4%

Discrete Annual Performance¹
To end of June each year

	Jun 08/ Jun 09	Jun 07/ Jun 08	Jun 06/ Jun 07	Jun 05/ Jun 06	Jun 04/ Jun 05
TEMIT (NAV)	-10.9%	5.3%	39.2%	30.7%	33.7%
TEMIT (Share Price)	-8.0%	11.8%	48.7%	30.7%	44.5%
MSCI Emerging Mkts Index	-12.8%	5.7%	34.1%	31.7%	36.5%

*TEMIT was launched on 12/06/89.

PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE.

1. Please see pages 5-6 for glossary and important information.

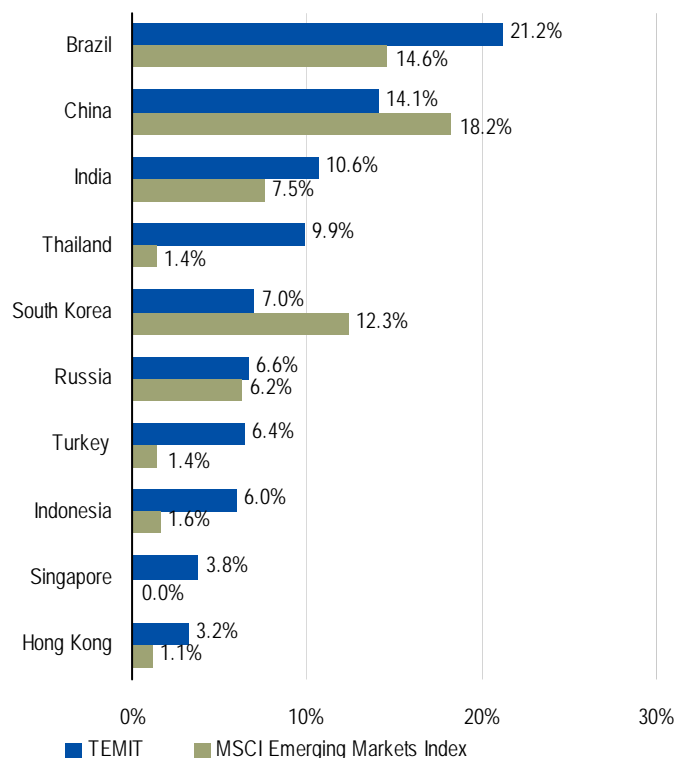
PORTFOLIO CHANGES AND POSITIONING

1 April 2009 – 30 June 2009

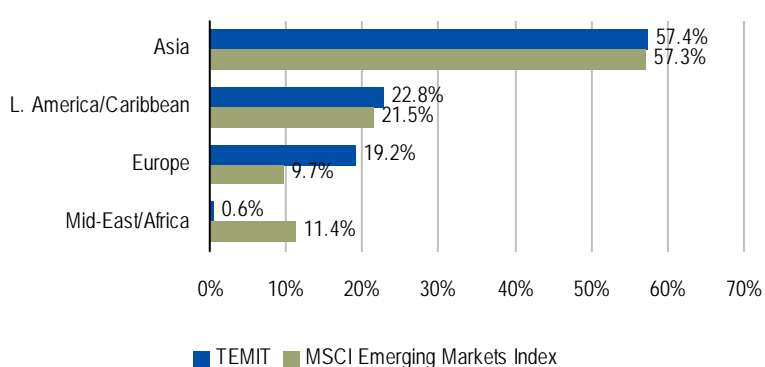
During the quarter, TEMIT increased its investments in Mexico, South Africa and India as the portfolio team continued to search for undervalued stocks trading at attractive valuations. We increased TEMIT's exposure to the food retail, precious metals & minerals and real estate management & development sectors due to their attractive fundamentals. Conversely, selective sales were undertaken in Turkey, Sweden and Taiwan.

GEOGRAPHIC INFORMATION

10 Largest Country Weightings vs. Benchmark (%)²
30 June 2009



Regional Weightings vs. Benchmark (%)²
30 June 2009



Largest contributors and detractors to performance³

1 April 2009 – 30 June 2009

Top Country Contributors

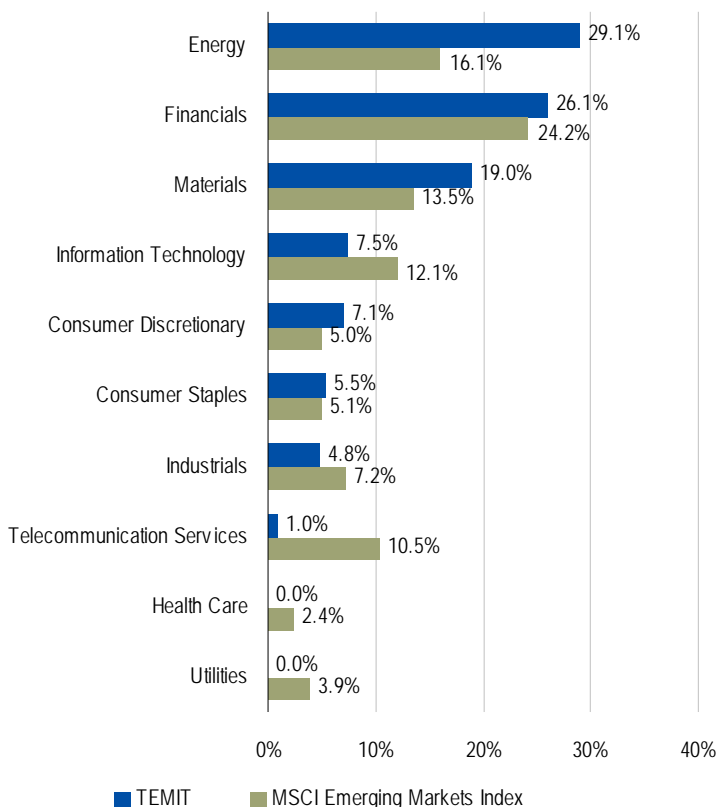
Country	Contribution
Brazil	5.9%
India	3.6%
Thailand	2.9%
China	2.9%
Indonesia	2.7%

Top Country Detractors

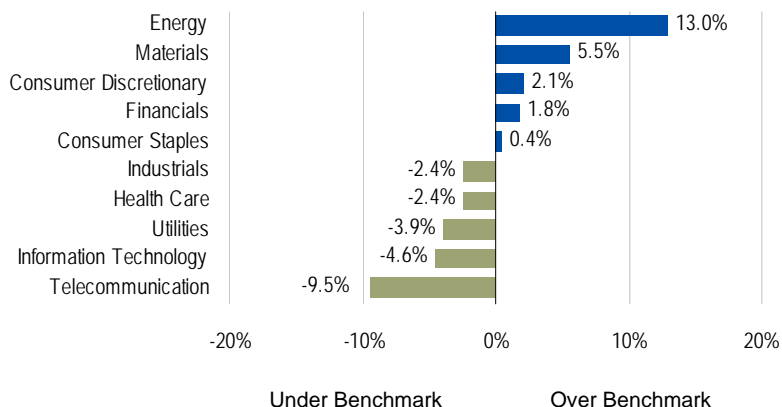
Country	Contribution
Pakistan	-0.2%
Mexico	-0.0%
Austria	-0.0%

SECTOR INFORMATION

Sector Weightings vs. Benchmark (%)²
30 June 2009



Sector Overweights/Underweights vs. Benchmark (%)²
30 June 2009



Largest contributors and detractors to performance³

1 April 2009 – 30 June 2009

Top Sector Contributors

Sector	Contribution
Financials	8.6%
Materials	6.4%
Energy	5.9%
Information Technology	2.0%
Consumer Discretionary	1.6%

Top Sector Detractors

Sector	Contribution
All sectors made a positive contribution this quarter	

TEMIT HOLDINGS
Top Ten Equity Issuers⁴

30 June 2009

Security	Sector	Country	% of total assets
Itau Unibanco Banco Multiplo S/A (ADS)	Financials	Brazil	5.7%
Vale SA, ADR, pfd	Materials	Brazil	5.3%
Petrobras Petroleo Brasileiro	Energy	Brazil	5.2%
Banco Bradesco S/A (ADS)	Financials	Brazil	5.0%
Akbank T.A.S.	Financials	Turkey	4.7%
PetroChina Co. Ltd.	Energy	China	3.9%
Hyundai Development Co.	Industrials	South Korea	3.9%
Dairy Farm International Holdings Ltd.	Consumer Staples	Hong Kong	3.8%
Sesa Goa Ltd.	Materials	India	3.6%
Aluminum Corp. of China Ltd.	Materials	China	3.4%
		TOTAL	44.5%

Portfolio Turnover Rate⁵

12 months to 30 June 2009

	Turnover Rate
Portfolio Turnover Rate (annualised)	26.8%

Note: the dates for which this value is calculated covers part of the tender period.

Largest Contributors and Detractors to Performance

1 April 2009 – 30 June 2009

Top 10 security contributors⁴

Security	Sector	Country	Contribution
Itau Unibanco Banco Multiplo S/A (ADS)	Financials	Brazil	1.8%
Akbank T.A.S.	Financials	Turkey	1.7%
Banco Bradesco S/A (ADS)	Financials	Brazil	1.6%
Sesa Goa Ltd.	Materials	India	1.5%
Bank Danamon Indonesia	Financials	Indonesia	1.5%
Vale SA, ADR, pfd	Materials	Brazil	1.4%
Aluminum Corp. of China Ltd.	Materials	China	1.3%
Petrobras Petroleo Brasileiro	Energy	Brazil	1.2%
Vtech Holdings Ltd.	Information Technology	Hong Kong	1.1%
Astra International	Consumer Discretionary	Indonesia	1.0%

Top security detractors⁴

Security	Sector	Country	Contribution
Denway Motors Ltd.	Consumer Discretionary	China	-0.3%
Faysal Bank Ltd.	Financials	Pakistan	-0.2%
Compal Communications Inc.	Information Technology	Taiwan	-0.1%
Wal-Mart de Mexico S.A.B. de C.V.	Consumer Staples	Mexico	-0.0%
Taiwan Semiconductor Manufacturing Co. Ltd.	Information Technology	Taiwan	-0.0%
OMV AG	Energy	Austria	-0.0%
Turkcell Iletisim Hizmetleri A.S.	Telecommunications Services	Turkey	-0.0%

Significant Purchases and Sales⁴

1 April–30 June 2009

Significant purchases

Walmart (Existing Holding)—The largest retailing chain in Mexico.

Buy reason: In a strong position to benefit from the continued demand for its staple products—food and clothing. The company also has solid growth potential based on good demographics and gains in market share.

Impala Platinum (New purchase)—One of the leading platinum producers in the world.

Buy reason: Well positioned to benefit from the longer-term up trend in commodity prices.

Anglo American (Existing holding)—An international natural resources group.

Buy reason: Well positioned to benefit from the longer-term up trend in commodity prices.

Peninsula Land (Existing holding)—An Indian real estate developer based in Mumbai.

Buy reason: Attractive due to its share price discount to net book value.

Polnord (Existing holding)—A real estate developer in Poland with the largest and most diversified land bank in the country.

Buy reason: Increased holdings because of the large share price discount to the net asset value per share.

Significant sales

Turkcell Iletisim (Complete sale)—A leading provider of mobile communications services in Turkey.

Sell Reason: Divested due to regulatory and competition concerns.

Oriflame (Complete sale)—A cosmetics company that sells natural skincare and cosmetic products through an independent sales force.

Sell Reason: The portfolio team felt there were better bargains elsewhere.

Significant sales continued on next page

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4, 5. Please see pages 5-6 for glossary and important information.

TEMIT HOLDINGS (cont'd)

Significant Sales⁴

Tainan Enterprise (Complete sale)—One of the largest garment manufacturers in Taiwan.

Sell Reason: Sold due to the disappointing quarterly results and intensifying competition.

Kiatnakin Bank (Partial sale)—Thailand's third largest finance company.

Sell reason: Position decreased due to the cash requirement for share buybacks.

PTT (partial sale)—Thailand's only fully-integrated gas company.

Sell reason: Position decreased due to the cash requirement for share buybacks.

STATISTICS

(Please refer to glossary on page 5 for definitions of these items)

Fundamental Portfolio Characteristics⁶

as at 30 June 2009

	Price to Earnings	Price to Book Value	Price to Cash Flow	Dividend Yield	Average Market Cap (Millions)
TEMIT (Weighted Average)	10.9x	1.6x	6.3x	3.3%	£12,662*
MSCI Emerging Markets Index (Weighted Average)	14.3x	1.8x	8.2x	2.9%	£21,457

*Average Market Cap figure for the portfolio covers 90.1% of holdings.

Risk Statistics⁷

as at 30 June 2009

	1 Year	3 Years (annualised)		1 Year	3 Years (annualised)		1 Year	3 Years
Annualised Alpha	28.2	8.8	R ²	0.9	0.9	Maximum Gain	51.0	51.0
Beta	1.3	1.2	Sharpe Ratio	-0.1	0.4	Maximum Loss	-41.2	-41.2
Annualised Downside Risk	18.2	9.8	Annualised Tracking Error	15.8	10.6	Negative Months	6	13
Information Ratio (Relative)	1.1	0.8	Annualised Volatility	45.3	31.4	Positive Months	6	23

INVESTMENT STYLE

- The Investment Manager and his team use in-depth company research to find securities in any emerging market country or industry sector, regardless of company size, that they believe are undervalued by the market, but have the potential to increase in value over time.
- Templeton Emerging Markets Investment Trust, PLC (TEMIT) is actively managed, aiming to invest in those securities that the Investment Manager believes have the best potential to grow in value over a five year period. Although performance is measured against the MSCI Emerging Markets Index for reporting purposes, there is no requirement for the Investment Manager to invest in the same companies or in the same amount as the index. TEMIT's performance or portfolio positioning may therefore be very different to the index.
- TEMIT invests in emerging markets; these markets can experience significant and sudden changes in price and can carry a higher degree of risk than developed markets. An investment in TEMIT should be considered as long-term.

INVESTMENT MANAGER AND TEAM

Mark Mobius, Ph.D., Executive Chairman of Templeton Asset Management, LLC, is the Head of the Templeton Emerging Markets Team.

The Templeton Emerging Markets Team is one of the pioneers of emerging market investment. Established in 1987, the Team has over 20 years of experience and now manages £14.4 billion in emerging markets assets for retail, institutional and professional investors across the globe.

The Templeton Emerging Markets Team is one of the largest of its kind and has a presence in 15 offices around the world.

The Team includes 35 dedicated emerging markets portfolio managers, analysts and product specialists; senior members of the Team include Allan Lam, Tom Wu, Dennis Lim, Carlos Hardenberg, Grzegorz Konieczny and Gustavo Stenzel. Together, they speak 22 different languages and dialects. On average, each of the Team's investment professionals has 11 years of relevant industry experience, and has been with the company for 9 years (all information as at 30/06/09).



The Templeton Emerging Markets Team is based in 15 offices around the world (as at 30/06/09). The Team's on the ground presence ensures that it is able to gain a better understanding of local issues affecting emerging markets companies around the globe.

INVESTOR SUITABILITY

TEMIT may be appropriate for investors who want to invest in emerging markets and are willing to take some risk for the potential of strong capital growth over the long-term.

Emerging market companies can be more volatile than developed markets and an investment in TEMIT could occasionally change in value significantly over the short-term. Shareholders in TEMIT should therefore consider it as a long-term financial commitment.

Please refer to the latest annual report for more details of the risks associated with an investment in TEMIT.

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6, 7 Please see pages 5-6 for glossary and important information.

GLOSSARY OF TERMS

Alpha - Alpha measures the difference between a portfolio's actual returns and its expected performance, given its level of risk (as measured by beta). A positive alpha means that the portfolio has over performed, a negative alpha means the portfolio has under performed; for example, an alpha of 1.0 means the portfolio outperformed the market 1.0%.

Beta - Beta is a measure of a portfolio's sensitivity to market movements. It measures the relationship between a portfolio's excess return over an investment in a risk-free investment such as cash (we have used a return of 3.5%) and the excess return of the benchmark index. For TMIT, this is the Investment Trusts Global Emerging Markets Universe. By definition, the beta of the benchmark (in this case, an index) is 1.00. Accordingly, a portfolio with a 1.10 beta has performed 10% better (after deducting the cash rate) than the index in up markets and 10% worse in down markets, assuming all other factors remain constant. A portfolio with a high beta will tend to move more than the benchmark, a portfolio with a low beta will tend to move less.

Contributor - The amount an individual stock, country or sector has added to the performance of the entire portfolio for a given period.

Detractor - The amount an individual stock, country or sector has subtracted from the performance of the entire portfolio for a given period.

Dividend Yield - The yield a company pays out to its shareholders in the form of dividends. It is calculated by the dividends paid per share over a year divided by the stock's price. For a vehicle like TMIT, which invests in a number of companies, this figure represents the weighted average annual dividend paid by all of the companies in which it invests. Because of share types, fees and other considerations, the dividend yield quoted here should not be used as an indication of the income to be received from this portfolio.

Downside Risk - Downside risk is a measurement which only considers negative returns. It is calculated as a downside deviation of returns below the Risk Free Rate (this is the amount a manager could expect to receive by investing in a "risk free" asset, such as with a cash deposit).

Gearing - Borrowings by an investment trust to boost the return on capital and income via additional investment. This may also be called leverage.

Information Ratio - This ratio divides the annualised average return for the portfolio by the Tracking Error (Relative). The higher the ratio, the better, as it reflects the extent to which a portfolio has outperformed the benchmark.

Market Capitalisation - The total market value of a company's shares. For a vehicle like TMIT, which invests in a number of companies, this is calculated by the share price on a certain date multiplied by the number of shares in issue.

Market Cap (average) - The weighted average of all the companies in which it invests.

Maximum Gain - The best possible investment period in the period analysed. This includes temporary down periods.

Maximum Loss - The worst possible investment period in the period analysed. This includes temporary up periods.

NAV - Net Asset Value, or the total value of the portfolio at any one time, including all shares and cash, divided by the number of shares in issue.

Portfolio Turnover Rate - The frequency with which assets within a portfolio are bought and sold by the manager. Portfolio turnover is calculated by taking either the total amount of new securities purchased or the amount of securities sold - whichever is less - over a particular period, divided by the total net asset value (NAV) of the portfolio. The measurement for a 12-month time period.

Positive & Negative Periods - This shows how many positive/negative months returns that a portfolio experiences across a period.

Price to Book (P/B) - The price per share of a stock divided by its book value (i.e. net worth) per share. For a portfolio, the ratio is the weighted average price/book ratio of the stocks it holds.

Price to Cash Flow (P/CF) - Supplements price/earnings ratio as a measure of relative value; it represents a weighted average of the price/cash flow ratios for the underlying portfolio holdings.

Price to Earnings (P/E) - The share price of a stock, divided by its per-share earnings over the past year. For a portfolio, it is the weighted average P/E ratio of the stocks in the portfolio. P/E is a good indicator of market expectations about a company's prospects; the higher the P/E, the greater the expectations for a company's future growth in earnings.

R² - R² or R squared, is an indication of how closely aligned the portfolio and the benchmark index are. R² ranges between 0 and 1, with 0 indicating a lot of difference and 1 indicating a perfect match. A value of 0.7 and upwards generally suggests that a portfolio's performance is very closely linked to the performance of the benchmark index.

Share Price - The cost of a unit of ownership in a company as purchased through the stock exchange.

Sharpe Ratio - Sharpe Ratio judges whether the relationship between a portfolio's risk and its return is good or bad. The underlying assumption is that a portfolio manager could invest in a riskless asset (such as cash), therefore the return of the risk free asset is deducted from the annualised average return. This net return is then divided by the total risk (annualised volatility). The higher the ratio the better the return for investors for the risk taken.

Total Net Assets - The total value of a company's shares. For a vehicle like TMIT, which invests in a number of companies, this is calculated by the Net Asset Value (NAV) on a certain date multiplied by the number of shares in issue.

Tracking Error (Relative) - Tracking Error (Relative) measures how much the return of the portfolio deviates from the benchmark index. The lower the tracking error of the portfolio, the more it resembles the benchmark in terms of risk and return characteristics.

Trust - A Trust, or Investment Trust, is a closed ended vehicle investing in a wide variety of underlying investments. Investment Trusts are traded in exactly the same way as any other equity on the London Stock Exchange. The price at which they are traded (share price) depends on the demand for the shares in the investment trust and is often at a variance with the value of their underlying holdings (or NAV).

Volatility - This is a statistical measure of the amount of movement in the price of a share or portfolio over a given period of time. If a portfolio's share price hardly moves over time, it is said to have a low volatility. Volatility is a simple measure of the consistency of returns.

IMPORTANT INFORMATION

1. Performance is calculated NAV-NAV, GBP net of UK basic rate tax and gross of fees. Source: ©Morningstar as at 30/06/09. **Past performance is not a guide to future performance.** Emerging markets can carry a higher degree of risk than developed markets.
2. Source for the Company's "Geographic Weightings" and "Sector Weightings": Franklin Templeton Investments as at 30/06/09. Holdings of the same issuer have been combined. Weightings as percent of equity. Source for the benchmark's "Geographic Weightings" and "Sector Weightings": MSCI, as at 30/06/09. The MSCI Index, the primary benchmark for this Company, is an equity index calculated by Morgan Stanley Capital International (MSCI). The index measures the total return (gross dividends are reinvested) of equity securities available to foreign (nonlocal) investors in the relevant geographic region as reflected in the name of the index or as defined by MSCI. Securities included in the index are weighted according to their Free Float adjusted market capitalisation (Price*Shares outstanding*Foreign Inclusion Factor).
3. Source for "Top Country and Sector Contributors and Detractors": FactSet Research System, Inc. as at 30/06/09. Profile data is calculated as a percentage of total. Holdings of the same issuer have been combined.
4. For the "Top Ten Equity Issuers", please note that top ten equity holdings information is historical and may not reflect current or future composite characteristics. All holdings are subject to change. Holdings of the same issuers have been combined. The information provided is not a recommendation to purchase, sell, or hold any particular security. The securities identified do not represent the Company's entire holdings and in the aggregate may represent only a small percentage of such holdings. There is no assurance that securities purchased will remain in TEMIT, or that securities sold will not be repurchased. In addition, it should not be assumed that any securities mentioned were or will prove to be profitable. Stocks mentioned in this report are not a solicitation to purchase those stocks, and are for example purposes only.
The portfolio manager for TEMIT reserves the right to withhold release of information with respect to holdings that would otherwise be included in a top 10 holdings list.
"Top Ten Security Contributors" and "Top Security Detractors" are holdings based on the last 3 months period. These securities do not represent all the securities purchased, sold or recommended, and the reader should not assume that investment in the security listed was or will be profitable. Holdings are subject to change, holdings of the same issuer have been combined. The information provided is not a recommendation to purchase, sell or hold any particular security.
Source for "Top Security Contributors and Detractors": FactSet Research System, Inc. three months as at 30/06/09. Profile data is calculated as a percentage of total. Holdings of the same issuer have been combined.
5. Source for "Portfolio Turnover Rate", Franklin Templeton Investments as at 30/06/09.
6. Source for "Fundamental Portfolio Characteristics", FactSet Research System, Inc. as at 30/06/09. The Price to Earnings, Price to Cash Flow and Price to Book Value calculations shown herein use harmonic means. Values less than 0.01 (i.e. negative value) are excluded and values in excess of 200x are capped at 200x. Yields above 100% are also excluded. For the benchmarks, no limits are applied to these ratios in keeping with the benchmark's calculation methodology. Market capitalisation statistics are indicated in the base currency for the portfolio presenter.
7. Source for "Risk Statistics", Financial Express as at 30/06/09. Total return, annualised ratios (30/06/09). Statistics calculated using a "risk free rate" at 3.5% and the Investment Trusts Global Emerging Markets universe as a benchmark.

The price of shares in TEMIT and income from them can go down as well as up and you may not get back the full amount that you invested. **Past performance is not a guide to future performance.** Currency fluctuations will affect the value of overseas investments. In emerging markets, the risks can be greater than in developed markets.

This document does not constitute or form part of an offer for shares or an invitation to apply for shares. An investment in this Company entails risks which are described in the Annual Report and Accounts. Please consult your professional adviser before deciding to invest.

Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalisation figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. The dividend yield quoted here should not be used as an indication of the income to be received from this portfolio.

Performance figures are not based on audited financial statements and, unless indicated otherwise, assume reinvestment of interest and dividends. When comparing the performance of TEMIT with the benchmark index, it is important to note that the securities in which TEMIT invests may be substantially different than those represented by the benchmark index. Furthermore, an investment in TEMIT represents an investment in a managed investment company in which certain charges and expenses, including management fees, are applicable. These charges and expenses are not applicable to indices. Lastly, please note that indices are unmanaged and are not available for direct investment. Certain data and other information shown have been supplied by outside sources. While we consider that information to be reliable, we give no assurance that such data and information is accurate or complete.

The indices are provided only to show the investment environment during the specific periods shown. The performance of each index does not include the deduction of expenses and does not represent the performance of any Franklin Templeton portfolio. The indices include a greater number of securities than those held in the portfolio. An index is unmanaged.

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