Templeton Emerging Markets Investment Trust PLC

Securities Lending Disclosure

The Company may for the purpose of generating additional capital or income or for reducing costs or risks or otherwise engage in securities lending transactions using securities held in the portfolio from time to time. Initially, JPMorgan Chase Bank, N.A., London Branch, has been appointed to act as lending agent for securities lending on behalf of the Company. Additional lending agents may be used in future.

The lending agent generally receives a fee of up to 10% of the gross revenue generated as a result of lending the securities for its services, the remainder of the revenue being received and retained by the Company. Any incremental income generated from securities lending transactions will be accrued.

The Company may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure to securities lending transactions amounts to 5% of the Company's net assets, subject to a maximum of 50%

The Company will be entitled to request the return of securities lent at all times, although in certain situations, the counterparty may no longer hold the securities or otherwise be unable to return them and instead be obliged to return replacement securities.

The securities lending agent receives a fee of up to 10% of the gross revenue generated as a result of the lent securities for its services, the remainder of the revenue being received and retained by the Company. Any incremental income generated from securities lending transactions will be accrued to the Company.

Costs and revenues of securities lending transactions

Direct and indirect operational costs and fees arising from securities lending transactions may be deducted from the revenue delivered to the Company. These costs and fees shall not include hidden revenue. All the revenues arising from such transactions, net of direct and indirect operational costs, will be returned to the Company. The Company will report in its annual report details of the revenues arising from securities lending transactions for the entire reporting period together with the direct and indirect operational costs and fees incurred in that period. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers or other financial institutions or intermediaries and may be related parties to J.P. Morgan Europe Limited who act as the depositary ("Depositary").

Counterparties

The counterparties to securities lending transactions are selected following an initial analysis, and subsequent annual review thereafter, of financial statements, company announcements, credit ratings and other market information which includes general market movements. Consistent with the emerging market driven investment objective(s) of the Company, no pre-determined legal status, geographical criteria or credit rating is applied, although these elements are typically taken into account in the selection process.

Collateral

Collateral received by the Company in relation to any of these transactions may offset net exposure by the counterparty if it complies with the requirements set out below.

Eligible collateral for securities lending transactions are negotiable debt obligations issued by governments (such as Australia, Belgium, Canada, Denmark, France, Germany, the Netherlands, Norway, New Zealand, Sweden, Switzerland, the United States, the United Kingdom, etc.), having a credit rating of at least AA- from S&P and/or Aa3 from Moody's, respectively and denominated in the official currency of the relevant country and issued on the relevant domestic market (but excluding derivatives of other securities and inflation-linked securities). No predetermined maturity criteria apply.

Valuation of Collateral

The collateral required to cover any counterparty risk exposure is determined in accordance with market standard securities lending master agreements, that require collateral and risk exposure to be marked to market daily using the last available market prices and depending on the current market exposure and collateral balance, the collateral may be subject to variation margin movement where the Company is required to either receive collateral from, or post collateral to the counterparty. The market standard securities lending master agreements do not require fixed haircuts or maturities to be applied to assets that can be provided as collateral because the amount of collateral that is required is equal to or greater than 102% of the total risk exposure. For this reason, no review of the applicable haircut levels is undertaken in the context of the daily valuation.

The value of the securities received as collateral will be equal to, or greater than, 102% of the amount of the counterparty risk exposure. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. Net exposures are calculated daily subject to the terms of the agreements, which may include a minimum transfer amount. Collateral levels may fluctuate between the Company and the counterparty depending on the market movement of the exposure.

Securities Lending Risk

This section explains some of the risks that apply to all the Company with respect to securities lending. It does not purport to be a complete explanation and other risks may also be relevant from time to time. In particular, the Company's performance may be affected by changes in market and/or economic and political conditions, and in legal, regulatory and tax requirements. No guarantee or representation is made that the investment programme will be successful and there can be no assurance that the Company's investment objective(s) will be attained.

The entering by the Company into securities lending transactions, involves certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

The Company may reinvest any cash collateral received from borrowers. There is a risk that the value or return of any reinvested cash collateral may decline below the amount owed to those borrowers, and those losses may exceed the amount earned by the Company on lending the securities. This may also create volatility and introduce market exposures inconsistent with the objectives of the Company.

Counterparty risk

Counterparty risk is the risk to each party of a contract that the counterparty will fail to perform its contractual obligations and/or to respect its commitments under the term of such contract, whether due to insolvency, bankruptcy or other cause.

When security lending transactions are entered into, the Company may find itself exposed to risks arising from the solvency of its counterparties and from their inability to respect the conditions of these contracts.

Investors must notably be aware that in case of default, bankruptcy or insolvency of the borrower of securities lent by the Company, there is a risk of delay in recovery (that may restrict the ability of the Company to meet delivery obligations under security sales or payment obligations arising from sale requests) or even loss of rights in collateral received, which risks are mitigated by a careful creditworthiness analysis of borrowers to determine their degree of risk for said borrowers to become involved in insolvency/bankruptcy proceedings within the timeframe contemplated by the loan. If the borrower of securities lent by the Company fails to return these securities there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral or the illiquidity on the market in which the collateral is traded.

Operational Risk

The Company may be exposed to operational risks, being the risks that operational processes, including those related to the safekeeping of assets, valuation and transaction processing may fail, resulting in losses. Potential causes of failure may arise from human errors, physical and electronic system failures and other business execution risks as well as external events.

Custody Risk

The Depositary is liable to the Company or its Investors for the loss of financial instruments (including any collateral) held in custody by the Depositary or any of its delegates. The Depositary is, however, not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary is also liable to the Company or its Investors for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its duties in accordance with applicable laws.

Conflicts of Interest

In carrying out its functions, the Depositary is required to act honestly, fairly, professionally, independently and solely in the interest of the Shareholders.

As part of the normal course of global custody business, the Depositary may from time to time have entered into arrangements with other clients, funds or other third parties for the provision of safekeeping and related services. Within a multi-service banking group such as JPMorgan Chase Group, from time to time conflicts may arise between the Depositary and its safekeeping delegates, for example, where an appointed delegate is an affiliated group company and is providing a product or service to the Company and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related custodial products or services it provides to the Company, for instance foreign exchange, securities lending, pricing or valuation services. Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Company (under applicable laws including the AIFM Directive) and will treat the Company fairly and such that, so far as is practicable, any contracts with service providers are entered into on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of Depositary’s depositary functions from its other potentially conflicting tasks and by the Depositary adhering to its own conflicts of interest policy.

Reuse of Collateral

In accordance with market standard securities lending master agreements, when securities are lent to a borrower, the borrower will obtain, either (i) a full legal title to the securities it receives, under a title transfer collateral arrangement; or (ii) a right to use the securities it receives, under a security collateral arrangement.

As required by Article 15 of the Securities Financing Transactions Regulation, the Company will be informed in writing by the borrowers of the risks and consequences that may be involved in either (i) concluding a title transfer collateral arrangement; and (ii) granting a right of use of collateral provided under a security collateral arrangement; as summarized below:

- All rights, including any proprietary rights that the Company may have had, in those financial instruments will be replaced by an unsecured contractual claim for delivery of equivalent financial instruments subject to the terms of the relevant securities lending master agreement;

- The borrower will not hold financial instruments in accordance with client asset rules and any asset protection rights will not apply (for example, the financial instruments will not be segregated from our assets and will not be held subject to a trust);

- If the borrower enters insolvency or defaults under the relevant securities lending master agreement the Company's claim against the borrower for delivery of equivalent financial instruments will not be secured and will be subject to the terms of the relevant securities lending master agreement and applicable law and, accordingly, the Company may not receive such equivalent financial instruments or recover the full value of the financial instruments (although the Company's exposure may be reduced to the extent that the borrower has liabilities to it which can be set off or netted against or discharged by reference to the borrowers obligation to deliver equivalent financial instruments to the Company);

- In the event that a resolution authority exercises its powers under any relevant resolution regime in relation to a borrower any rights the Company may have to take any action against the borrower, such as to terminate the relevant securities lending master agreement, may be subject to a stay by the relevant resolution authority and:

    a. the Company's claim for delivery of equivalent financial instruments may be reduced (in part or in full) or converted into equity; or
    b. a transfer of assets or liabilities may result in the Company's claim on the borrower, or the borrowers claim on the Company, being transferred to different entities although the Company may be protected to the extent that the exercise of resolution powers is restricted by the availability of set-off or netting rights;

- Subject to the terms of the relevant securities lending master agreement, (i) the Company will not be entitled to exercise any voting, consent or similar rights attached to the financial instruments and (ii) the borrower will have no obligation to inform you of any corporate events or actions in relation to those financial instruments;

- If the borrower is unable to readily obtain equivalent financial instruments to deliver to the Company at the time required, the Company may be unable to fulfil its settlement obligations under any other transaction it has entered into in relation to those financial instruments;

- The Company will not be entitled to receive any dividends, coupon or other payments, interests or rights (including securities or property accruing or offered at any time) payable in relation to those financial instruments, although the Company may be credited with a payment by reference to such dividend, coupon or other payment (a "manufactured payment");

- The tax treatment applicable to (i) financial instruments (and any equivalent financial instruments) that have been lend or used as collateral and (ii) manufactured payments may differ from the tax treatment in respect of the original dividend, coupon or other payment in relation to those financial instruments.

Local Restrictions

To facilitate the lending of a broad range of the Company's assets, the Company may lend securities in multiple jurisdictions, including emerging market jurisdictions. These jurisdictions allow securities to be loaned in accordance with a wide variety of jurisdiction specific rules and regulations, that require certain provisions including, specific documentation, disclaimers, representations, powers of attorney, indemnities and in some cases, they may specifically require the appointment of certain agents to perform various duties. This may result in additional costs and charges being applied to the Company to enable it to lend securities in these jurisdictions. The Company may be exposed to risks that are outside its control – for example legal and regulatory risks from investments in countries with unclear and changing laws or the lack of established or effective avenues for legal redress. The Company may be subject, without any notice to the shareholders, to more restrictive regulatory regimes potentially preventing the Company from making the fullest possible use of the investment limits.

Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Company could be substantial and adverse. The Company may be exposed to the risk of terrorist actions, to the risk that economic and diplomatic sanctions may be in place or imposed on certain States and military action may be commenced. The impact of such events is unclear but could have a material effect on general economic conditions and market liquidity. Investors are reminded that in certain circumstances their right to redeem shares may be suspended.