

Press Release

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UKSA Says Attack on Templeton Emerging Markets Investment Trust is Unjustified

Templeton Emerging Markets Investment Trust (TEMIT) has been the subject of an attack by City of London Investment Management (CLIM) for alleged poor investment performance and unwillingness to tackle the discount to net asset value. But the UK Shareholders Association (UKSA) believes the former is unjustified and the proposed solutions to the latter are very questionable.

TEMIT is the UK's largest emerging markets investment trust, by some distance. Mark Mobius has been the fund manager for the trust's entire life, which is well over 10 years; he is also fund manager for various other Templeton emerging market funds, based offshore, in the US and elsewhere.

City of London Investment Management has accumulated a large shareholding in TEMIT. It accuses the fund managers of failing to take steps to manage the fund's NAV discount, and failing to tackle lacklustre performance by the fund. It calls on the Board to take steps to tackle these issues, and is threatening to requisition an EGM if the Board fails to take action.

In summary, UKSA suggests that the performance of TEMIT has been better than most emerging market funds, and therefore any proposal to change the fund management seems to us to be a bad idea. Also although the discount to NAV may be of some concern to shareholders, the suggested solutions are problematic.

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UKSA has published a detailed note that explains our views on these issues on our web site at: www.uksa.org.uk/Templeton_Emerging_Markets.pdf

The company has called a meeting of shareholders for the 7th February - details are in the note.

About The UK Shareholders Association (UKSA)

UKSA is the leading independent organisation which represents the interests of private shareholders in the United Kingdom. We campaign to protect the rights of shareholders in public companies, and to promote improved standards of corporate governance. Our educational activities, regular regional meetings, company "analyst" meetings and the resources of our web site, help to inform the public on investment management. UKSA is a "not for profit" organisation which is financially supported primarily by its individual members.

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