



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2014

GENESIS EMERGING MARKETS FUND LIMITED

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NOTE: All reference to ‘US dollars’ or ‘\$’ throughout this report are to the United States currency.

INTRODUCTION

OBJECTIVE

To provide shareholders with a broadly diversified means of investing in developing countries and immature stock markets, and thus to provide access to superior returns offered by high rates of economic and corporate growth, whilst limiting individual country risk.

STRUCTURE

Genesis Emerging Markets Fund Limited ('Fund' or 'GEMF') is a Guernsey based Closed-Ended Investment Scheme with the ability to issue additional shares. The Fund's shares are listed on the premium segment of the Official List of the UK Listing Authority, traded on the London Stock Exchange and are included in the FTSE 250. The number of Participating Preference Shares outstanding is 134,963,060 as at 30th June 2014 (30th June 2013: 134,963,060).

MANAGER

Genesis Asset Managers, LLP ('Manager' or 'Genesis').

INVESTMENT APPROACH

The investment approach is to identify companies which are able to take advantage of growth opportunities in emerging markets for the benefit of shareholders, and invest in them when they are trading at an attractive discount to the Manager's assessment of their intrinsic value.

NEW SHARES

Shares may be issued twice monthly subject to the following conditions:

- i) the Fund is invested as to at least 75% in emerging market securities;
- ii) the Fund will only issue new shares if it is unable, on behalf of the new subscriber, to acquire shares in the secondary market at a price equivalent to or below the price at which new shares would be issued; and
- iii) the issued share capital of the Fund is not increased by more than 10% in any twelve month period.

HIGHLIGHTS

	30 th June 2014	30 th June 2013	% change
Published net asset value*	£780.1m	£757.6m	3.0
Published net asset value per Participating Preference Share*	£5.78	£5.61	3.0
Published net asset value per Participating Preference Share**†	US\$9.88	US\$8.51	16.1
Share price	£5.43	£4.96	9.6
Ongoing charges ratio	1.67%	1.69%	
Discount	6.1%	11.7%	
Countries represented in portfolio	41	44	
Stocks in portfolio	166	174	

	Year to 30 th June 2014		Year to 30 th June 2013	
	Low	High	Low	High
Share price	£4.77	£5.57	£4.74	£6.05
Net asset value	£5.19	£5.90	£5.07	£6.20
Discount/(Premium)	10.3%	(0.1%)	11.7%	(1.5%)

£ Returns

	Annualised			
	1 Year	3 Year	5 Year	Since Inception
	%	%	%	%
Fund share price	9.6	0.9	12.7	12.0
Fund NAV (net of fees)	3.0	0.3	11.7	12.2
MSCI EM (TR)	1.7	(2.1)	8.8	10.0
MSCI World (TR)	10.6	10.1	14.8	7.1

Past performance is no guarantee of future performance.

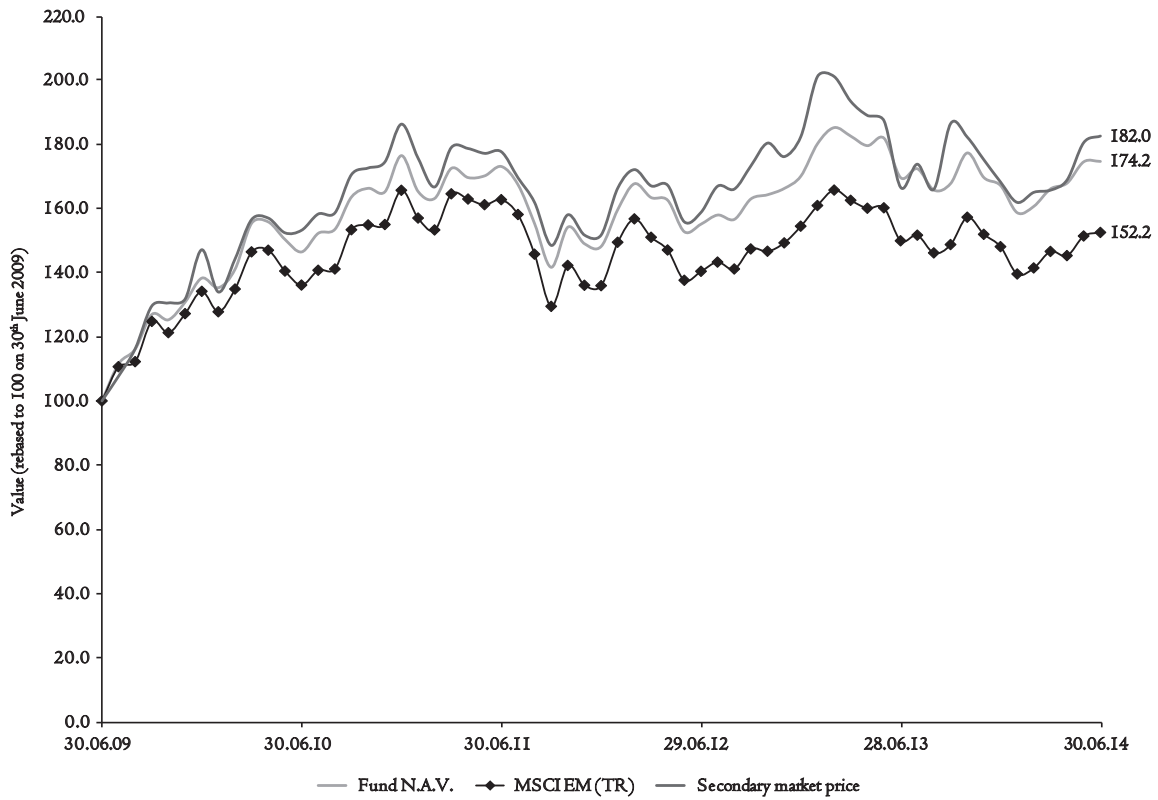
* Figures are based on the last traded price for investments.

† A reconciliation to the 30th June 2013 net asset value per Participating Preference Share under International Financial Reporting Standards is shown in note I4.

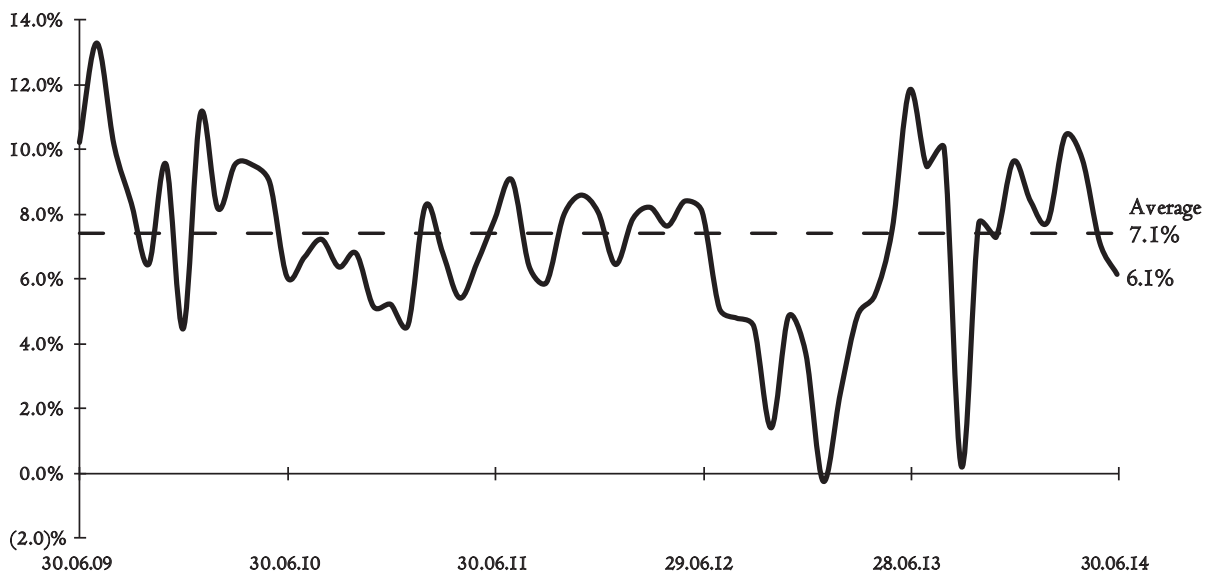
HIGHLIGHTS

CONTINUED

Performance – last 5 Years*



Discount to NAV – last 5 Years*



* Based on month-end Net Asset Values

DIRECTORS

COEN TEULINGS (Chairman) †

Coen Teulings (Dutch) is based in Belgium and is Chairman of Merifin Capital, an independent European private group investing worldwide in diversified industries. He was formerly with leading merchant bank Kleinwort Benson in London and prior to this with Heineken Breweries in Amsterdam. He is or has been a Director of Charterhouse Group, Inc. (New York), Viscardi AG (Munich), TMW Immobilien AG (Munich), The International Yehudi Menuhin Foundation (Brussels) and The American European Community Association (Brussels). He serves or has served on the Advisory Board of TCR Capital (Paris), Activa Capital (Paris), von Braun & Scheiber (Munich), Arsenal Capital (New York) and Red Abbey (Baltimore).

SUJIT BANERJI

(elected 31st October 2013)

Sujit Banerji (Indian) is an independent advisor on corporate strategy to a number of companies in the finance, and finance-related technology sectors globally. In 2009 he completed a 33 year career at Citigroup where he had been a Managing Director since 1996, latterly serving as Head of Strategy and Institutional M&A for Europe, the Middle East and Africa (MENA). His career at Citi covered a number of regional roles including strategy and corporate finance, and relationships with multinational clients across the MENA region. He has also served as the country and region head for Citi in India, and as the head of the corporate business in Thailand. An Indian national, over the course of his career he has been based in India, Bangladesh and Thailand as well as in Europe, and is currently based in Singapore. He was educated at the University of Poona (Pune) and the University of Bombay (Mumbai).

MICHAEL HAMSON †

Michael Hamson was born in Scotland but is now an Australian citizen and based in Melbourne. He was a Director of Newmont Mining Inc. for eleven years until 2012, and is Chairman of Hamson Consultants Pty Ltd and Technology Venture Partners, as well as a number of other companies. Michael was the former Deputy Chairman of Normandy Mining Limited and was the founding partner, Chief Executive and Joint Chairman of McIntosh Griffen Hamson & Co (now Merrill Lynch Australia), a leading stockbroker in Australia.

SAFFET KARPAT †*

Saffet Karpat (Swiss/Turkish) is based in Istanbul and is a member of the executive committee of Turkish food company Süttaş and a board member of Eczacıbaşı, a Turkish conglomerate. Previously he was General Manager for Procter & Gamble's business in Turkey and the Caucasian and Central Asian Republics. He started his career at Procter and Gamble in 1983 and after fulfilling Finance Director positions based in Egypt and Saudi Arabia, he then served as Finance Director for Central and Eastern Europe, the Middle East and Africa. He was educated at the University of Istanbul and Lausanne University.

DR. JOHN LLEWELLYN

Dr. John Llewellyn (British) is the founder of Llewellyn Consulting, a London-based consultancy specialising in macroeconomics and environmental economics. From 1995 to 2008 he was Global Chief Economist and then Senior Economic Policy Advisor at Lehman Brothers. Previously he spent seventeen years at the OECD in Paris, in charge of international economic forecasting and policy analysis and, latterly, as Head of the Secretary-General's Private Office (Chief of Staff). Prior to that, Dr. Llewellyn spent ten years in academia (University of Cambridge).

† Member of Audit Committee

* Chairman of Audit Committee

DIRECTORS

CONTINUED

HÉLÈNE PLOIX

Hélène Ploix (French) is Chairman of Paris-based private equity firm Pechel Industries. She has had an extensive career in finance and investment in the public and private sectors, both in France (primarily at the French state-owned Caisse des Dépôts et Consignations) and internationally (notably as an Executive Director at the IMF, World Bank and as a Member of the Investments Committee of the UN Joint Staff Pension Fund). She currently is a Non-Executive Director of BNP Paribas, Lafarge and Sofina (Brussels), serves on the Advisory Board of Publicis and was previously at a number of other companies, including The Boots Company PLC. Mrs Ploix was educated at the Institut d'Etudes Politiques, the University of California at Berkeley and INSEAD.

CHAIRMAN'S STATEMENT

I have pleasure in presenting to shareholders the twenty fifth Annual Report of the Genesis Emerging Markets Fund Limited, for the year ended 30th June 2014.

Performance

Despite an environment of continued uncertainty for the global economy, stock markets have generally performed extremely well over the last year. Emerging markets shared in this performance, with GEMF returning 16.1% and the MSCI EM (TR) Index returning 14.7% in US dollar terms. The rapid appreciation of sterling against other currencies during the second half of 2013, however, reduced the return for UK-based investors. In sterling terms the Fund's net asset value per share ('NAV') increased from £5.61 at the end of June 2013 to close the financial year at £5.78. This represented a return of 3.0% for shareholders, whilst the index performance translated to a more modest 1.7%.

The share price rose by 9.6% over the year but this was largely a reflection of the share price discount to NAV having been unusually wide at the end of the last financial year in June 2013, and narrowing during the year to a more typical level of 6.1%. The average level of discount over the twelve-month period was 7.7%, and while there was variation around that as a consequence of transactions by some of the Fund's larger shareholders the majority of the period saw the discount in the range of between 5% and 10%.

While this report is focused primarily on the last twelve months, shareholders will of course be aware that the objective of the Fund is to generate consistent returns over a long-term horizon. It is fair to say that the last three years have been challenging for emerging markets investors with the market broadly flat: the MSCI EM (TR) Index has fallen by 2.1% p.a. (and the Fund a small positive return) in sterling over this period. But we believe that the Fund's performance over the longer term (11.7% p.a. over 5 years and 14.9% p.a. over 10 years, both comfortably ahead of the MSCI EM (TR) Index) means that the Fund is achieving its objective, to the benefit of its shareholders.

The Fund's Portfolio and the Manager

An essential role for the Board is to engage regularly with the Manager in order to assess its ongoing ability to generate returns through investments in emerging markets. The Manager's approach is to identify high-quality companies in which it feels able to invest capital over at least (and usually in excess of) a five-year horizon, and which the market appears to be pricing cheaply. This approach has consistently added value for shareholders over the 25 years of the Fund's existence and we continue to believe it is appropriate for the Fund; and hence that the shareholders' interests are well-served by the ongoing appointment of the Manager.

The Fund holds a diversified portfolio of companies from a wide number of emerging market countries, and include a number of smaller companies (although within that overall framework a significant part of the portfolio is concentrated in a relatively small number of larger stocks in which the Manager's conviction is particularly strong). As one would expect given the fundamental long-term approach being followed, the average holding period for companies in the Fund's portfolio is currently around seven years, with turnover correspondingly low at around 18% over the last twelve months.

The Manager's Review which follows the Directors' Report elaborates on the investment environment and highlights some of the companies that have contributed to performance over the last year.

CHAIRMAN'S STATEMENT

CONTINUED

The Board of Directors

The Fund's Annual General Meeting last October saw Dr. Geng Xiao retire as a Director, and the formal election of Sujit Banerji. The number of Directors therefore remains at six.

In accordance with the requirements of the AIC Code of Corporate Governance and the UK Corporate Governance Code, all Directors are required to retire and stand for re-election each year. I hope that shareholders will feel able to vote in favour of the re-election of all Directors at this year's AGM, and allow us to continue to serve them as members of the Board of the Fund.

Regulatory Developments

A number of regulatory developments in recent months have necessitated consideration by the Board. Foremost amongst these is the introduction of the European Union's Alternative Investment Fund Managers' Directive ('AIFMD'), whose aim is the establishment of common requirements governing the authorisation and supervision of Alternative Investment Funds ('AIF'). GEMF, as an AIF that is not based in the EU, is only impacted by the marketing elements of the Directive. However, it seems likely that over time many of the operating requirements of the Directive (for example in terms of reporting disclosure) will be applied to all funds; naturally the Board will look to ensure compliance with all relevant points as soon as they become clear.

AGM and Shareholder Meeting

The notice convening the Annual General Meeting to be held on 30th October 2014 in Guernsey will be found at the end of this Annual Financial Report, along with the schedule of resolutions to be considered. We would strongly encourage all shareholders to vote on the resolutions thereby allowing the Board to gain the clearest insight into your views.

Accompanying this Annual Financial Report is an invitation to the Fund's Information Meeting, which will take place on 30th October at the Investment Adviser's office in London. This will provide an opportunity for shareholders to hear directly from representatives of the Manager, and we hope to see as many of you as possible at this event.

Outlook

In many ways the economic environment for emerging markets companies has become more positive in recent months. It seems that concerns over the 'tapering' of the United States' quantitative easing programme are lessening as the gradual pace of change makes it more likely that the majority of countries can adjust to a new environment.

The Manager's Review on page 20 sounds a longer-term note of caution for investors, however. As you will read, the Manager suggests that emerging markets companies may not be able to maintain the same levels of profitability over the next few years as they have over the last decade, and hence that future stock market returns may be lower than those to which investors have become accustomed.

CHAIRMAN'S STATEMENT

CONTINUED

That said, taken as a whole the companies held in the Fund's portfolio are still trading at very reasonable valuations. As a Board we take the view that in this environment the variation in performance between good and bad companies is likely to widen, and therefore that the importance of good stock selection only increases. A well-diversified portfolio of high-quality stocks – managed by a proven stock-focused manager – remains, we believe, the best way of generating attractive returns from emerging markets over the medium to long term.

Coen Teulings

Chairman

24th September 2014

DIRECTORS' REPORT

The Directors are pleased to present their twenty fifth Annual Financial Report of the Fund, covering the year ended 30th June 2014.

CORPORATE GOVERNANCE

The Board is accountable to shareholders for the governance of the Fund's affairs. The Directors use this Report to detail the Fund's corporate governance statement.

The Fund is a member of the Association of Investment Companies ('AIC') and the Board has considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Fund.

As a Guernsey incorporated company listed on the London Stock Exchange within the FTSE 250, the Fund is required to comply with Listing Rule 9.8.7 (for overseas incorporated companies). This requires the Fund to state how it has applied the main principles set out in the UK Corporate Governance Code and whether it has complied with these provisions throughout the accounting period.

The Fund is an authorised closed-ended Investment Scheme regulated by the Guernsey Financial Services Commission ('GFSC'). The GFSC requires compliance with the principles set out in the Finance Sector Code of Corporate Governance ('Guernsey Code'), or alternative codes accepted by the GFSC, in the context of the nature, scale and complexity of the business.

The Board considers that by reporting against the principles and recommendations of the AIC Code, the Fund complies with the UK Corporate Governance Code and the Guernsey Code.

STATEMENT OF COMPLIANCE

The Directors believe that during the year under review, they have complied with the provisions of the AIC Code and therefore, insofar as they apply to the Fund's business, with the provisions of the UK Corporate Governance Code and Guernsey Code except as noted below.

- The role of Chief Executive

Since all Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Fund does not have a Chief Executive.

- Executive Directors' remuneration

As the Board has no Executive Directors, it is not required to comply with the principles of the UK Corporate Governance Code in respect of Executive Directors' remuneration and does not have a Remuneration Committee.

DIRECTORS' REPORT

CONTINUED

STATEMENT OF COMPLIANCE (continued)

- Audit Committee

From the beginning of the Fund's financial year until 19th September 2013, the Chairman of the Board also served as Chairman of the Audit Committee due to his relevant experience and, through being based in Belgium, the ease with which he could communicate with all involved in the Fund's operations and audit. Thereafter the Audit Committee was chaired by Saffet Karpat, a Director since 1st October 2011 who has previously held various Finance Director positions with Procter and Gamble. The Chairman of the Board remains a member of the Audit Committee due to his extensive experience in the performance of its duties and responsibilities.

- Internal audit function

As the Fund delegates to third parties its day-to-day operations and has no employees, the Board has determined that there is no requirement for an internal audit function. The Directors annually review whether a function equivalent to internal audit is needed and will continue to monitor the Fund's systems of internal controls in order to provide assurance that they operate as intended.

THE BOARD

The Board, chaired by Coen Teulings, consists of non-executive Directors, all of whom are considered to be independent under the Listing Rules of the London Stock Exchange. Coen Teulings and Michael Hamson have served on the Board for more than nine years and continue to perform their duties independently of the Manager. The Board has consisted of no more than six Directors during the year and the Board feels that given its size and the fact that the Directors do not have executive roles, it is not necessary to appoint a Senior Independent Director or to establish separate Remuneration or Management Engagement Committees. The Audit Committee has formally delegated duties and responsibilities within written terms of reference, which are available on request from the Manager. The Audit Committee comprises Saffet Karpat (Chairman), Coen Teulings and Michael Hamson. All six Directors form the Nomination Committee, chaired by Coen Teulings.

The Fund has no Executive Directors or employees and there is therefore no requirement for a Chief Executive. A management agreement between the Fund and Genesis sets out matters over which the Manager has authority. This includes management of the Fund's assets and the provision of administrative duties, including accounting, secretarial and administrative services. The agreement further permits the Manager to delegate its administrative duties, subject to the Fund's prior consent. All other matters are reserved for the approval of the Board. Under this agreement, the Manager is entitled to receive a management fee from the Fund, payable monthly, equal to 1.5% per annum, calculated and accrued on the Net Asset Value of the Fund as at each Valuation Day. The Manager's appointment is under a rolling contract which may be determined by three months' written notice given by the Fund, and twelve months' written notice given by the Manager.

The Board regularly reviews both the performance of, and the contractual arrangements with, the Manager and is satisfied that the continuing appointment of the Manager is in the best interests of shareholders. The Audit Committee reviews the performance of, and the contractual arrangements with JPM Administration Services (CI) Limited ('Administrator') and JP Morgan Chase Bank ('Custodian'). The Board is satisfied that the continuing appointment of the Administrator and the Custodian is in the best interests of shareholders.

DIRECTORS' REPORT

CONTINUED

THE BOARD (continued)

The Board meets at least three times during the year and between these meetings there is regular contact with the Manager who provides the Board with appropriate and timely information. Attendance at those meetings is given in the table below.

Director	Board Meetings Attended	Audit Committee Meetings Attended
Coen Teulings	3	3
Sujit Banerji (elected 31 st October 2013)	3	–
Michael Hamson	3	3
Saffet Karpat	3	3
Dr. John Llewellyn	3	–
Hélène Ploix	3	–
Dr. Geng Xiao (resigned 30 th October 2013)	1	–

BOARD APPOINTMENTS AND RE-ELECTION

All members of the Board consider new Board appointments. The Chairman, Manager or other appropriate persons provide new appointees to the Board with a preliminary briefing on the workings of the Fund. When appointing a new Director, the Board takes care to ensure that the new Director enhances the balance of skills and experience appropriate to the requirements of the Fund and that a new Director has enough time available to properly fulfil their duties. The Directors also have access, where necessary in the furtherance of their duties, to independent professional advice at the Fund's expense. Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Incorporation, it is required that they be elected by shareholders.

Sujit Banerji was elected as a Director from 31st October 2013 and Dr. Geng Xiao resigned on 30th October 2013.

All the Directors are retiring in accordance with the AIC Code and offer themselves for re-election. As each Director has maintained their effectiveness and commitment to the Fund, the Board endorses them and commends their re-election to the shareholders.

The Board evaluates its performance on an annual basis, and considers that the blend of skills, experience, age, gender and length of service is appropriate for the requirements of the Fund. In accordance with the AIC Code, an independent evaluation of the Board's performance was carried out in 2013 by Stephenson & Co and further reviews will be performed on a tri-annual basis in future. The Board is aware of the requirements of the UK Corporate Governance Code and regularly reviews its succession plan.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements for each financial year so that they give a true and fair view, in accordance with applicable Guernsey Law and International Financial Reporting Standards as adopted by the European Union, of the state of affairs of the Fund and of the profit or loss of the Fund for that year.

DIRECTORS' REPORT

CONTINUED

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

In the preparation of these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- ensure the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Fund will continue in business; and
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for ensuring that the Fund keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for ensuring the safeguarding of the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Having taken all available information into consideration, the Board has concluded that the Annual Financial Report for the year ended 30th June 2014, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Fund's performance, business model and strategy.

The financial statements are published on the website, www.giml.co.uk, which is maintained by Genesis Investment Management LLP ('Investment Adviser'). The maintenance and integrity of the website is, so far as relates to the Fund, the responsibility of the Investment Adviser. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDIT COMMITTEE

The Board has established an Audit Committee whose responsibilities are, inter alia:

- To review the draft Annual and Half Year Financial Reports;
- To review the Fund's accounting policies and any significant financial reporting judgements;
- To monitor and review the internal financial control and risk management systems on which the Fund is reliant;
- To provide advice to the Board on whether they consider the Annual Financial Report, taken as a whole, is fair, balanced and understandable;
- To make recommendations to the Board in relation to the appointment of external auditors;
- To monitor the independence and objectivity of auditors; and
- To review the audit fees, terms of engagement and provision of non-audit services by the external auditor.

The Audit Committee usually meets twice a year to review the Annual and Half Year Financial Reports, audit timetable and other risk management and governance matters. It may meet more often if deemed necessary, or if required by the Fund's auditors.

DIRECTORS' REPORT

CONTINUED

SIGNIFICANT ACCOUNTING MATTERS

During the review of the Fund's financial statements for the year ended 30th June 2014, the Audit Committee considered the following matters to be significant issues, both of which were satisfactorily addressed:

Issue considered	How the issue was addressed
Valuation of the investment portfolio	98.5% of the investment portfolio was valued using quoted prices or prices which were observable. The Administrator's weekly valuation of these securities were checked by the Manager to independent price sources. The Manager's monthly Valuation Committee monitors the fair value of all securities and the Manager regularly provides information to the Directors on any stale, unquoted and illiquid securities contained within the investment portfolio. 1.4% of the remaining investment portfolio was invested in other funds ('Investee Funds') valued at their net asset value. Other valuation techniques were applied to only 0.1% (\$1,121,000) of the investment portfolio.
Loss of assets and custody risk	All securities are held by an independent Custodian and the Manager reconciles the Custodian's investment portfolio records on a weekly basis. The Manager monitors the Custodian's service levels throughout the year with a formal performance review conducted annually. The latest annual review was in May 2014.

AUDITOR INDEPENDENCE AND ASSESSMENT

The Fund's Auditors, PricewaterhouseCoopers CI LLP ('PwC'), have acted in this role for more than ten years and although no tender for the audit of the Fund has taken place since their appointment, rotation of the Audit Partner has regularly taken place, most recently in 2013. The Audit Committee is aware of the provisions of the UK Code requiring FTSE 350 companies to put the external audit contract out to tender at least every ten years, however in light of the recent change in Audit Partner, the Audit Committee does not feel that the benefits of such an external tender process will bring the most benefits at this stage.

As part of its review of the continuing appointment of the Auditors, the Audit Committee considered the independence of the Auditor along with the effectiveness of the audit. The Auditor was asked to attest that PwC and the audit team members were independent of the Fund. PwC also confirmed that they had not been engaged in the provision of any non-audit services to the Fund during the year. Audit effectiveness was assessed by means of the Auditors' direct engagement with the Board at Audit Committee meetings and also by reference to feedback from the Manager. The Audit Committee reviewed the Auditor's risk assessment and audit approach at the planning stage and were briefed on the fulfilment of that plan at the completion stage. The Board concluded, on the recommendation of the Audit Committee, that the auditors continue to be independent of the Fund and that their reappointment be proposed at the Annual General Meeting.

The fees paid to PricewaterhouseCoopers CI LLP in respect of audit services were \$100,000 (2013: \$95,000).

DIRECTORS' REPORT

CONTINUED

INTERNAL CONTROLS

The Board is responsible for the Fund's system of internal control and for reviewing its effectiveness.

As there is delegation of daily operational activity, described below, there is no requirement for a direct internal audit function. The internal control systems are designed to meet the Fund's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The services provided to the Fund by the Administrator, such as administration services, accounting services and company secretarial duties reflect the system of internal controls operating at the Administrator. The relevant control regime for other services, such as the Manager, Investment Adviser, Custodian and Registrar, reflect the internal controls operated by these respective service providers.

The Administrator provides semi-annual and annual financial statements based on the requirements of the Fund. The financial statements are based on data from the Administrator's accounting system including the trial balance, net asset valuation, purchase and sales report and other investment schedules. All statements are reconciled and reviewed by the Administrator using pre-defined checklists and reviewed by the Manager prior to distribution.

In order for the Directors to review their effectiveness for the Fund's business, an annual review of all out-sourced functions has taken place. Their performance was monitored against obligations specified in the relevant contracts and was found to be in order.

Service providers report annually on the design and effectiveness of internal controls operating over the functions provided. Reports are reviewed by the Audit Committee and any material findings are considered by the Board of Directors as a whole.

The Audit Committee has carried out its annual assessment of the internal controls of the Fund's service providers for the year ended 30th June 2014 and considered the internal control procedures to be adequate based on the findings of their respective ISAE 3402 or SSAE 16 reports.

GOING CONCERN

The Directors believe that the Fund has adequate resources to continue in operational existence for the foreseeable future. This is based on various factors including the Fund's forecast expenditure, its ability to meet its current liabilities, the highly liquid nature of its assets, its market price volatility and its closed-ended legal structure. For these reasons, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

PRINCIPAL RISKS AND RISK MANAGEMENT

The investment objective of the Fund is to achieve capital growth over the medium to long term, primarily through investment in equity securities quoted on emerging markets. The main risks to the value of its assets arising from the Fund's investment in financial instruments are unanticipated adverse changes in market prices and foreign currency exchange rates and an absence of liquidity. The Board reviews and agrees with the Manager policies for managing each of these risks and they are summarised on the following page. These policies have remained unchanged since the beginning of the period to which these financial statements relate.

DIRECTORS' REPORT

CONTINUED

PRINCIPAL RISKS AND RISK MANAGEMENT (continued)

The economies, currencies and the financial markets of a number of developing countries in which the Fund invests may be extremely volatile. To manage the risks posed by adverse price fluctuations the Fund's investments are geographically diversified, and will continue to be so. The Fund will not normally invest more than 25% of its assets (at the time the investment is made) in any one country. Further, the exposure to any one company or group (other than an investment company, unit trust or mutual fund) is unlikely to exceed 5% of the Fund's net assets at the time the investment is made. The Articles of Incorporation place a limit of 10% for securities issued by one company but the Directors use 5% for monitoring purposes.

The Fund's assets will be invested in securities of companies in various countries and income will be received by the Fund in a variety of currencies. However, the Fund will compute its net asset value and make any distributions in US dollars. The value of the assets of the Fund as measured in US dollars may be affected favourably or unfavourably by fluctuations in currency rates and exchange control regulations. Further, the Fund may incur costs in connection with conversions between various currencies.

Trading volumes on the stock exchanges of developing countries can be substantially less than in the leading stock markets of the developed world. This lower level of liquidity exaggerates the fluctuations in the value of investments described previously. The restrictions on concentration and the diversification requirements detailed above also serve normally to protect the overall value of the Fund from the risks created by the lower level of liquidity in the markets in which the Fund operates.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the Custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the Custodian, in the event of its failure, the ability of the Fund to transfer the securities might be temporarily impaired. The day to day management of these risks is carried out by the Manager under policies approved by the Board.

AUTHORITY TO PURCHASE OWN SHARES

Under Resolution 10 of the Annual General Meeting held on 31st October 2013, the shareholders authorised the Company to purchase its own shares. This authority is limited to the maximum number of 20,200,000 Participating Preference Shares of no par value (equivalent to approximately 14.9% of the issued share capital of the Company). This authority expires at this year's Annual General Meeting of the Company. The maximum price that may be paid for a Participating Preference Share will be the amount that is equal to 5% above the average of the middle market prices shown in quotations for a Participating Preference Share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Participating Preference Share is purchased.

Renewal of the Company's power to purchase its own shares will be sought at the Annual General Meeting on 30th October 2014. In the event that the Company should purchase shares for cancellation, the Directors would only do so after consideration of the effect on earnings per share and the longer term benefits for shareholders.

DIRECTORS' REPORT

CONTINUED

SHAREHOLDER RELATIONS

The Board recognises the need for good communications with its shareholders. The primary medium through which the Fund communicates with shareholders is the Annual and Half Year Financial Report and the monthly Fact Sheet, which is available via the Investment Adviser's website, www.giml.co.uk. The Chairman of the Fund (and other Directors, periodically) is available for meetings with the Fund's major shareholders at their request, and all Members of the Board are available for shareholders' questions and significant matters arising. On behalf of the Board, the Manager holds periodic meetings with the Fund's major shareholders to discuss aspects of the Fund's positioning, performance and outlook. In addition, all shareholders are invited to attend the Fund's annual Information Meeting. The Board monitors the trading in the Fund's shares and shareholder profile on a regular basis and maintains regular contact with the Fund's brokers to ascertain the views of the market. Sentiment is also ascertained by careful monitoring of the discount/premium that the shares trade on versus their NAV and the comparison with the Fund's peer group.

DIRECTORS' REMUNERATION

The Directors are entitled to receive fees for their services which shall not exceed \$400,000, exclusive of relevant expenses, in aggregate per annum. This was approved by Shareholders at the AGM on 2nd November 2012 and can only be amended by Shareholder approval at a general meeting.

With effect from 1st July 2013, the level of Directors' Fees were increased and brought in line with market rates, as advised last year by Stephenson & Co, to £30,000 per annum for each Director, £5,000 per annum for Audit Committee Directors and £10,000 for the Chairman. Such remuneration is deemed to accrue on a daily basis.

The Directors are also entitled to be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Fund.

DIRECTORS' INTERESTS

The Directors listed on pages 5 and 6 served throughout the year under review (except Sujit Banerji who was elected on 31st October 2013). The following (who were Directors during the financial year) had a beneficial interest in the share capital of the Fund at 30th June 2014:

Directors	Beneficial interest in Participating Preference Shares at 30 th June 2014
Coen Teulings	40,000
Michael Hamson (including family interests)	8,700
Saffet Karpas	7,500
Hélène Ploix	7,690

DIRECTORS' REPORT

CONTINUED

DIRECTORS' INSURANCE AND INDEMNIFICATION

Directors' and Officers' liability insurance cover is held by the Company to cover Directors against certain liabilities that may arise in the course of their duties.

VOTING POLICY

The Directors have given the Manager discretion to exercise the Fund's voting rights and the Manager, so far as is practicable, will exercise them in respect of resolutions proposed by investee companies. A summary of the Manager's voting policy is disclosed on the website, www.giml.co.uk and a summary of the Fund's voting record is available on request.

BORROWING FACILITIES

The Articles of Incorporation permit the Fund to borrow up to 10% of the value of its Net Assets. This borrowing facility was not used in either 2014 or 2013.

SECRETARY

JPM Administration Services (CI) Limited has been in office for the whole year under review.

INDEPENDENT AUDITORS

The Fund's Independent Auditors, PricewaterhouseCoopers CI LLP, have indicated their willingness to continue in office. Resolutions re-appointing them and authorising the Directors to agree their remuneration will be proposed at the Annual General Meeting.

NON-AUDIT SERVICES

PricewaterhouseCoopers CI LLP were not engaged as advisors to the Fund in any capacity during the year. In order to maintain their independence, such appointments for non-audit services are only made when the Audit Committee is satisfied that there are no matters that would compromise the independence of the auditors or affect the performance of their statutory duties. PricewaterhouseCoopers CI LLP have also considered their position and have confirmed their independence to the Fund in writing.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are Directors at the time when the report is approved, the following applies:

- so far as the Director is aware, there is no relevant audit information of which the Fund's auditors are unaware; and
- they have taken all steps that ought to have been taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Fund's auditors are aware of that information.

DIRECTORS' REPORT

CONTINUED

COMPLIANCE WITH DISCLOSURE AND TRANSPARENCY DIRECTIVE

The Directors confirm to the best of their knowledge that:

- the financial statements are prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Fund, and
- this Annual Financial Report includes a fair review of the development and performance of the business and the position of the Fund, together with a description of the principal risks and uncertainties that exist.

RESULTS

The total gain for the year for the Fund amounted to \$188,714,000 compared to a total gain of \$63,745,000 in the previous year. The Directors do not recommend the payment of a dividend in respect of the year ended 30th June 2014 (2013: nil).

CAPITAL VALUES

At 30th June 2014, the value of Equity Shareholders' Funds was \$1,334,019,000 (2013: \$1,145,305,000), the Net Asset Value per Participating Preference Share was \$9.88 (2013: \$8.48, refer note 14).

SIGNIFICANT SHAREHOLDINGS

The Fund has a diversified shareholder population, however the Directors are aware of the following shareholdings which represented beneficial interests of 3% or more of the issued share capital of the Fund.

Name	Participating Preference Shares Held	31 st August 2014 Percentage
Strathclyde Pension Fund	29,374,124	22%
Banque Degroof SA	14,203,055	11%
Banque Degroof Luxembourg SA	13,022,568	10%
Lazard Asset Management LLC Group	12,168,898	9%
BAE Pension Fund Investment Management	6,630,000	5%

Signed on behalf of the Board

Coen Teulings

Saffet Karpat

24th September 2014

MANAGER'S REVIEW

Despite continued concerns about global growth, emerging market stock markets gathered momentum over the Fund's financial year with the MSCI EM (TR) Index closing up some 14.7% in US dollar terms, although this translated to a return of only 1.7% in sterling terms. The Fund's NAV slightly outperformed the index over the period, with a 3.0% gain in sterling.

In recent months political events in a number of countries have dominated the investment environment, including in two of the major markets, Brazil and India.

The October 2014 Presidential election campaign in Brazil has been turned on its head by the death of the PSB candidate, Eduardo Campos, in a tragic plane accident in August. The nomination of Marina Silva as the replacement candidate has led to a rapid swing in voter intentions and at the time of writing, the incumbent Dilma Rousseff is unlikely to win in a second round run-off against Silva. After three Workers' Party administrations, the economy is underperforming and the voting public are seemingly looking for a change. Our focus has turned to assessing the governability of the country in a Silva administration. The 2015 outlook remains difficult and whoever wins will have to normalise fiscal accounts while pursuing reforms to introduce productivity growth, but Brazil boasts a fantastic collection of high quality businesses and a deep pool of sophisticated management and entrepreneurs.

In India, the BJP-led National Democratic Alliance won an absolute majority with its leader Narendra Modi chosen as the new Prime Minister. Mr Modi, erstwhile governor of the western state of Gujarat, ran on a platform of "less government, more governance" which found widespread appeal in the wake of previous administrations being seen as ineffective and mired in corruption scandals. With a majority on a scale not seen in 30 years, Mr Modi has a clear mandate to move his agenda forward. Immediate priorities are likely to focus on stimulating investment through, for example, the faster clearing of permits for new projects. The rise in the stockmarket reflects investors' confidence that Mr Modi will be able to deliver on his pre-election promises.

Over the Fund's financial year, the best performing sector was IT, which benefitted from both the recovery in developed markets and the strong sentiment in Chinese internet stocks. In terms of countries, there was strong performance from India, whose weaker currency has further helped those IT services companies who export to the developed world, while domestic businesses, particularly banks, performed well post-election. The Fund's weight in banks – which are well placed to benefit from continued financial deepening – was increased, with new positions in Thai retail bank Kasikornbank and Hungarian sector leader OTP Bank.

Looking at market allocations, despite taking some profits in the strongly performing health care (Sun Pharmaceutical) and IT (Cognizant, Infosys) sectors, India became the country with the largest weight in the Fund as a result of market movements. In contrast, the largest market reduction in the Fund was in China, primarily due to the sales of richly valued internet stocks (Ctrip, Tencent, Baidu).

A number of new positions have been introduced to the portfolio in recent months, including new positions in Jiangsu Yanghe Brewery (China), mobile payments operator Safaricom (Kenya), 7-Eleven Malaysia, and within the financials sector Kasikornbank, AIA Group (China), First Cash (Mexico) and OTP Bank. Turning to sales, there were notable reductions to holdings in the IT sector – Baidu and Tencent (both China) exited the portfolio following strong share price performance and there were significant reductions to Infosys and Cognizant (both India). Elsewhere, China Life Insurance and MOL (Hungary) were both sold and we further took advantage of the strong Indian market by reducing a number of holdings there, most notably Maruti Suzuki.

MANAGER'S REVIEW

CONTINUED

In terms of outlook, whilst we continue to believe that the long-term outlook for emerging market companies remains strong, our bottom-up analysis suggests the portfolio is likely to deliver a lower return going forward than over the previous decade (which produced an annualised return of 18.4% from January 2003 to March 2014).

Over the last three years, the portfolio return on equity has fallen from over 22% to around 16%, and our analysis indicates that, although there may be a recovery in some sectors, we do not anticipate the portfolio profitability recovering to previous levels. In addition, growth in many industries is likely to be slower as penetration rates in emerging markets have increased, for example beverage consumption, bank credit, mobile telephones, the shift to modern retail trade, cement and steel consumption in China. There are still many areas of under-penetration (e.g. banking in India, consumer goods in Africa, e-commerce globally) but looking at the portfolio in aggregate, companies have fewer opportunities for reinvestment than a decade ago. Companies may deliver results that exceed our expectations but we prefer to be cautious, especially given the challenges China faces in rebalancing its economy and the uncertain impact of an eventual normalisation of interest rates in developed and some developing economies.

Despite the compression of profitability in certain key sectors and a slightly lower growth environment, we believe the portfolio holdings represent a diversified range of attractively-priced, high-quality businesses that should continue to deliver attractive returns to its shareholders over the long term.

Genesis Asset Managers, LLP
24th September 2014

TWENTY LARGEST HOLDINGS

as at 30th June 2014

Genesis Indian Investment Company (India)	6.46%
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Investment Company

An open-ended Mauritian company whose objective is to achieve capital growth over the medium to long term through investment in equities listed on the Indian stock market. It held positions in 10 listed stocks as at 30th June 2014.

Taiwan Semiconductor Manufacturing (Taiwan)	5.46%
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Information Technology

Taiwan Semiconductor Manufacturing is the world's largest dedicated semiconductor foundry, manufacturing integrated circuits for computer, communications, and consumer electronics applications.

Samsung Electronics (South Korea)	4.47%
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Information Technology

Samsung Electronics is a global leader in the IT hardware industry, producing handsets, semiconductors (mostly memory), LCD panels and a wide range of consumer electronics and digital appliances.

Genesis Smaller Companies SICAV (Luxembourg)	4.45%
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Investment Company

An open-ended Luxembourg SICAV whose objective is to achieve capital growth over the medium to long term through investment in smaller emerging market companies. It held positions in 33 listed stocks as at 30th June 2014.

Anglo American (South Africa)	4.16%
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Materials

Anglo American is one of the world's largest diversified mining and natural resource groups and is a global leader in the production of copper, coal, platinum group metals and iron ore.

SABMiller (South Africa)	3.88%
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Consumer Staples

SABMiller is one of the world's largest brewers, having brewing interests and distribution agreements across six continents with a bias towards fast-growing developing markets.

First Quantum Minerals (Zambia)	2.92%
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Materials

First Quantum Minerals explores for, mines, and produces copper, nickel and gold.

TWENTY LARGEST HOLDINGS

CONTINUED

Tullow Oil (United Kingdom)	2.79%
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Energy

Tullow Oil is a UK-listed independent oil exploration and production company with a major focus on Africa, where it is already a dominant player.

Samsung Fire and Marine (South Korea)	2.38%
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Financials

Samsung Fire and Marine Insurance is a leading South Korean company, with automobile insurance prominent amongst its products.

Banco Santander Brasil (Brazil)	2.22%
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Financials

Banco Santander Brasil is a leading full-service bank strategically concentrated in the south and south-east of Brazil.

Novatek (Russia)	2.09%
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Energy

Novatek is Russia's second largest producer of natural gas, operating principally in western Siberia.

Sberbank (Russia)	1.64%
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Financials

Sberbank is one of Russia's oldest banks and the largest credit institution there, accounting for over a quarter of aggregate Russian banking assets and capital.

Kotak Mahindra Bank (India)	1.61%
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Financials

Kotak Mahindra Bank is one of the leading integrated financial services groups in India, with interests in retail banking, asset management, life insurance and investment banking.

Shinhan Financial Group (South Korea)	1.59%
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Financials

Shinhan Financial Group is a holding company that offers a full range of financial services to retail and corporate customers in South Korea through its subsidiaries, which include one of the largest banks in the country.

TWENTY LARGEST HOLDINGS

CONTINUED

Central Pattana (Thailand)	I.36%
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Financials

Central Pattana is Thailand's largest developer and operator of shopping malls, accounting for a quarter of Bangkok's retail market.

MediaTek (Taiwan)	I.35%
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Information Technology

MediaTek is Taiwan's largest chip designer and a leading fabless semiconductor company for wireless communications and digital multimedia solutions.

China Merchants Bank (China)	I.26%
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Financials

China Merchants Bank is headquartered in Shenzhen and mainly focuses on the Chinese domestic market, providing a wide range of commercial banking services.

América Móvil (Mexico)	I.23%
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Telecommunications

América Móvil is the leading wireless service provider in Latin America and one of the largest in the world in terms of subscribers.

Bidvest Group (South Africa)	I.22%
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Industrials

Bidvest, based in South Africa, is a trading and distribution services business, with the largest food service business outside of North America.

China Resources Enterprise (China)	I.22%
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Consumer Staples

China Resources Enterprise is a conglomerate uniting several fast-growing consumer businesses in mainland China, including breweries, hypermarkets, supermarkets and food manufacturers.

COUNTRY EXPOSURE OF THE PORTFOLIO*

Country	June 2014 %	June 2013 %	June 2012 %
India	13.03	11.29	9.41
South Africa	11.35	10.89	9.97
China	10.89	12.98	13.28
South Korea	9.04	8.36	10.13
Russia	6.99	7.50	7.32
Taiwan	6.98	7.20	5.54
Brazil	6.22	5.58	7.08
Thailand	5.36	5.54	3.67
Mexico	4.54	5.48	5.57
Turkey	3.03	3.11	3.09
Zambia	2.92	2.32	2.38
United Kingdom	2.79	2.69	2.97
Nigeria	2.25	2.23	1.42
Indonesia	2.06	2.09	4.17
Egypt	1.17	1.00	1.54
Malaysia	1.08	1.01	1.77
Saudi Arabia	1.04	0.75	0.51
Colombia	0.75	0.88	1.01
Chile	0.65	0.72	0.59
Argentina	0.62	0.59	0.47
Greece	0.62	0.69	0.55
Philippines	0.61	0.53	0.85
Romania	0.58	0.66	0.67
Mauritius	0.53	0.73	0.65
Peru	0.45	0.20	0.17
Austria	0.42	0.43	0.40
Poland	0.29	0.32	–
Senegal	0.29	0.27	0.18
Vietnam	0.29	0.32	0.46
Ghana	0.22	0.26	0.25
Hungary	0.22	1.04	1.06
Zimbabwe	0.20	0.35	0.17
Estonia	0.16	0.21	0.14
Kenya	0.16	0.08	0.21
Ukraine	0.16	0.18	0.23
Lebanon	0.10	0.11	0.11
Tanzania	0.05	0.09	0.11
Mongolia	0.04	0.13	0.25
Sri Lanka	0.04	0.04	0.03
Mozambique	0.02	0.03	–
Croatia	0.01	0.02	0.11
Jordan	–	0.11	0.11
Czech Republic	–	0.04	0.04
Botswana	–	0.01	0.04
Iran	–	–	0.04
Kazakhstan	–	–	0.04
Net current assets	1.78	0.94	1.24
Total	100.00	100.0	100.0

* Treating Genesis Smaller Companies SICAV and Genesis Indian Investment Company Limited on a 'look-through' basis.

SECTOR EXPOSURE OF THE PORTFOLIO*

Industry	June 2014 %	June 2013 %	June 2012 %
Financials	29.03	26.99	25.83
Information Technology	16.21	16.51	13.56
Consumer Staples	16.21	15.67	14.75
Materials	14.83	13.41	12.55
Energy	6.10	7.17	8.56
Health Care	4.62	3.93	3.75
Industrials	3.91	4.62	6.40
Consumer Discretionary	3.10	3.13	2.34
Telecommunications	2.50	4.54	6.16
Investment Companies	1.47	1.75	1.87
Utilities	0.24	1.34	2.99
Net current assets	1.78	0.94	1.24
Total	100.00	100.00	100.00

* Treating Genesis Smaller Companies SICAV and Genesis Indian Investment Company Limited on a 'look-through' basis.

THE PORTFOLIO

as at 30th June 2014

	Fair Value \$'000	Proportion of Fund (%)
ARGENTINA (2013 – 0.49%)		
Ternium ADR	5,168	0.39
AUSTRIA (2013 – 0.43%)		
Vienna Insurance Group	5,642	0.42
BRAZIL (2013 – 5.26%)		
All America Latina Logistica	6,515	0.49
Banco Santander Brasil	19,641	1.47
Banco Santander Brasil ADS	10,088	0.75
BTG Pactual (Preferred)	8,355	0.63
CCR	7,153	0.54
Gerdau	64	–
Gerdau ADR	1,154	0.09
Gerdau (Preferred)	362	0.03
Itaúsa Investimentos Itau	7,156	0.54
Linx	1,384	0.10
Lojas Renner	4,152	0.31
Pão de Açúcar	6,605	0.49
Tractebel Energia	3,241	0.24
Ultrapar Participações (Preferred)	3,606	0.27
	79,476	5.95
CHILE (2013 – 0.57%)		
Embotelladora Andina 'A'	1,796	0.13
Embotelladora Andina ADR 'A'	217	0.02
Embotelladora Andina 'B'	2,657	0.20
	4,670	0.35
CHINA (2013 – 12.71%)		
AAC Technologies Holdings	7,401	0.56
AIA Group	6,264	0.47
Anhui Conch Cement 'A'	3,726	0.28
Anhui Conch Cement 'H'	11,145	0.84
ASM Pacific Technology	10,497	0.79
Beijing Yanjing Brewery 'A'	5,175	0.39
Belle International Holdings	7,016	0.53
China Foods	1,121	0.08
China Mengniu Dairy	9,862	0.74
China Merchants Bank 'H'	16,860	1.26
China Mobile 'H'	10,704	0.80
China Overseas Land & Investment 'H'	8,201	0.62
China Resources Enterprise 'H'	16,305	1.22
Gree Electrical 'A'	320	0.02

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
CHINA (continued)		
Jiangsu Yanghe Brewery 'A'	1,239	0.09
Li Ning	5,063	0.38
Longfor Properties	5,370	0.40
Mindray Medical ADR	4,954	0.37
Parkson Retail Group	1,679	0.13
Tingyi	8,635	0.65
West China Cement	1,006	0.08
Wumart Stores	1,908	0.14
	144,451	10.83
COLOMBIA (2013 – 0.87%)		
Bancolombia	5,365	0.40
Bancolombia ADR	3,911	0.29
Bancolombia (Preferred)	702	0.06
	9,978	0.75
CROATIA (2013 – 0.02%)		
IO Adria *	140	0.01
EGYPT (2013 – 0.83%)		
OCI	12,757	0.96
GHANA (2013 – 0.17%)		
Kosmos Energy	2,085	0.16
GREECE (2013 – 0.68%)		
Coca-Cola Hellenic Bottling	8,213	0.62
HUNGARY (2013 – 1.03%)		
OTP Bank	3,001	0.22
INDIA (2013 – 11.33%)		
Ambuja Cements	3,639	0.27
Axis Bank	8,760	0.66
Cognizant Technology Solutions	12,154	0.91
Dabur India	438	0.03
Genesis Indian Investment Company**^	86,134	6.46
Hero Motocorp	7,161	0.54
Infosys	7,019	0.53
Infosys ADR	5,516	0.41
Kotak Mahindra Bank	21,468	1.61
Lupin	4,280	0.32
Maruti Suzuki India	3,192	0.24
Shriram Transport	540	0.04
Tata Consultancy Services	13,534	1.01
	173,835	13.03

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
INDONESIA (2013 – 1.75%)		
Bank Tabungan Pensiunan	786	0.06
Indocement Tunggal Prakarsa	11,127	0.83
Ramayana Lestari Sentosa	1,893	0.14
Semen Indonesia Persero	9,001	0.68
	<u>22,807</u>	<u>1.71</u>
LUXEMBOURG (2013 – 6.22%)		
Genesis Smaller Companies SICAV*^	59,361	4.45
MALAYSIA (2013 – 0.78%)		
7-Eleven Malaysia Holdings	1,660	0.12
CIMB Group Holdings	8,258	0.62
Lafarge Malayan Cement	2,690	0.20
Westports Holdings	1,847	0.14
	<u>14,455</u>	<u>1.08</u>
MAURITIUS (2013 – 0.73%)		
ECP Africa Fund II*	7,014	0.53
MEXICO (2013 – 5.01%)		
América Móvil ADR	16,495	1.23
Corp Moctezuma	3,697	0.28
First Cash Financial Services	1,423	0.11
Grupo Financiero Banorte	13,971	1.05
Grupo Financiero Inbursa	8,693	0.65
Megacable Holdings	6,146	0.46
Torex Gold Resources	2,385	0.18
	<u>52,810</u>	<u>3.96</u>
MONGOLIA (2013 – 0.13%)		
Mongolian Mining	525	0.04
NIGERIA (2013 – 2.23%)		
FBN Holdings	1,108	0.08
First City Monument Bank	1,851	0.14
Guaranty Trust Bank	8,086	0.61
Guaranty Trust Bank GDR	6,073	0.45
Nigerian Breweries	9,109	0.68
United Bank for Africa	3,849	0.29
	<u>30,076</u>	<u>2.25</u>

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
PERU (2013 – 0.00%)		
Credicorp	3,374	0.25
POLAND (2013 – 0.32%)		
Alior Bank	3,833	0.29
ROMANIA (2013 – 0.66%)		
NCH Balkan Fund*	7,678	0.58
RUSSIA (2013 – 7.22%)		
Alrosa	9,670	0.72
Eurasia Drilling GDR Reg S	5,057	0.38
FESCO	987	0.07
Global Ports Investments GDR Reg S	2,779	0.21
LSR Group	393	0.03
LSR Group GDR	2,744	0.21
Novatek GDR Reg S	27,919	2.09
Novolipetsk Iron & Steel GDR Reg S	6,205	0.46
O'Key Group GDR Reg S	533	0.04
QIWI ADR	1,003	0.08
Raspadskaya	742	0.06
Sberbank RF	21,824	1.64
X5 Retail Group GDR Reg S	11,770	0.88
	91,626	6.87
SAUDI ARABIA (2013 – 0.75%)		
Almarai – Deutsche Bank Participatory note maturing 13 th September 2016	5,259	0.39
Almarai – HSBC Bank Participatory note maturing 29 th September 2014	6,196	0.46
Saudi British Bank – Deutsche Bank Participatory note maturing 27 th March 2015	2,474	0.19
	13,929	1.04
SOUTH AFRICA (2013 – 10.79%)		
African Bank Investments	1,977	0.15
Anglo American	43,056	3.23
Anglo American (London Listing)	12,375	0.93
Bidvest Group	16,343	1.22
Capitec Bank Holdings	1,992	0.15
Discovery	2,397	0.18
Pick 'n' Pay Holdings	382	0.03

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
SOUTH AFRICA (2013 – 10.79%) (continued)		
Pick 'n' Pay Stores	4,257	0.32
SABMiller	41,180	3.09
SABMiller (London Listing)	10,510	0.79
Standard Bank Group	14,742	1.10
	149,211	11.19
SOUTH KOREA (2013 – 8.19%)		
Amorepacific	828	0.06
Daum Communications	1,913	0.14
E-Mart	3,626	0.27
Orion	157	0.01
Samsung Electronics (Ordinary)	36,042	2.70
Samsung Electronics (Preferred)	23,549	1.77
Samsung Fire & Marine	31,684	2.38
Shinhan Financial Group	21,204	1.59
	119,003	8.92
TAIWAN (2013 – 7.03%)		
MediaTek	18,010	1.35
Richtek Technology	2,189	0.17
Taiwan Semiconductor Manufacturing	72,872	5.46
	93,071	6.98
THAILAND (2013 – 4.35%)		
Big C Supercenter (Foreign)	3,426	0.26
Big C Supercenter NVDR	4,864	0.36
Central Pattana (Foreign)	18,161	1.36
Kasikorn Bank (Foreign)	1,517	0.11
Kasikorn Bank NVDR	10,525	0.79
Robinson Department Store (Foreign)	3,695	0.28
Siam Commercial Bank (Foreign)	10,547	0.79
Thai Beverage	15,192	1.14
TMB Bank (Foreign)	3,532	0.27
	71,459	5.36

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
TURKEY (2013 – 2.66%)		
Akfen Holdings	1,467	0.11
Anadolu Efes Biracilik	10,548	0.79
Turkiye Garanti Bankasi	12,922	0.97
Ulker Biskuvi Sanayi	4,365	0.32
Yapi ve Kredi Bankasi	7,583	0.57
	36,885	2.76
UKRAINE (2013 – 0.05%)		
Ukraine Opportunity*	981	0.07
UNITED KINGDOM (2013 – 2.70%)		
Tullow Oil	37,267	2.79
VIETNAM (2013 – 0.32%)		
Mekong Enterprise Fund II*	3,867	0.29
ZAMBIA (2013 – 2.32%)		
First Quantum Minerals	38,898	2.92
ZIMBABWE (2013 – 0.34%)		
Delta Corp	2,673	0.20
TOTAL INVESTMENTS	1,310,219	98.22
Net current assets	23,800	1.78
TOTAL NET ASSETS	1,334,019	100.00

* Unquoted securities, not traded on an official Stock Exchange or other Regulated Market.

^ Treating Genesis Smaller Companies SICAV and Genesis Indian Investment Company on a 'non-look-through' basis.

ADR American Depositary Receipt. A negotiable certificate issued by a U.S. bank representing a specific number of shares of a foreign stock traded on a U.S. stock exchange.

ADS American Depositary Share. The share issued under an American Depositary Receipt agreement which is actually traded.

GDR Global Depositary Receipt. A negotiable certificate held in the bank of one country representing a specific number of shares of a stock traded on an exchange of another country.

NVDR Non-Voting Depositary Receipt.

Reg S Security restricted from sale in the US under Regulation S of the Securities Act 1933. These securities may be resold to investors outside of the US.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GENESIS EMERGING MARKETS FUND LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Genesis Emerging Markets Fund Limited ('the Fund') which comprise the statement of financial position as of 30th June 2014 and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the requirements of Guernsey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 30th June 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the introduction, the highlights pages, the directors pages, the chairman's statement, the directors' report, the manager's review, the twenty largest holdings, the country exposure of the portfolio, the sector exposure of the portfolio, the performance record, the administration page and the notice of meeting.

In our opinion the information given in the directors' report is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GENESIS EMERGING MARKETS FUND LIMITED
CONTINUED

This report, including the opinion, has been prepared for and only for the Fund's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters which we are required to review under the Listing Rules:

- the directors' statement set out on page 15 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Fund's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Evelyn Brady
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands

24th September 2014

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2014

<i>Note</i>	2014 \$'000	2013 \$'000
ASSETS		
Current assets		
2(b), 10	1,310,219	1,134,380
2(g)	7,637	4,067
2(d)	1,426	1,845
	167	167
2(f)	17,416	9,389
	1,336,865	1,149,848
LIABILITIES		
Current Liabilities		
2(j)	267	247
2(g)	265	2,216
7	2,314	2,080
	2,846	4,543
	1,334,019	1,145,305
EQUITY		
4	134,349	134,349
6	1,169,925	982,168
	29,745	28,788
	1,334,019	1,145,305
14	\$9.88	\$8.48

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2013: 134,963,060).

Signed on behalf of the Board
Coen Teulings
Saffet Karpat
24th September 2014

The notes on pages 39 to 63 form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2014

<i>Note</i>	2014 \$'000	2013 \$'000	
	<hr/>	<hr/>	
	INCOME		
2(b), 10	Net change in financial assets at fair value through profit or loss	187,622	66,311
2(c)	Net exchange gains/(losses)	135	(338)
2(d)	Dividend income	25,201	20,694
	Miscellaneous income	7	130
	<hr/>	<hr/>	
	212,965	86,797	
	EXPENSES		
9(a)	Management fees	(18,440)	(17,927)
9(c)	Custodian fees	(1,008)	(1,386)
11	Transaction costs	(1,455)	(1,350)
9(d)	Directors' fees and expenses	(523)	(332)
9(b)	Administration fees	(298)	(181)
	Audit fees	(100)	(95)
	Other expenses	(151)	(191)
	<hr/>	<hr/>	
	TOTAL OPERATING EXPENSES	(21,975)	(21,462)
	<hr/>	<hr/>	
	OPERATING PROFIT	190,990	65,335
	FINANCE COSTS		
	Bank charges	–	(1)
	<hr/>	<hr/>	
	TOTAL FINANCE COSTS	–	(1)
2(j), 8	Capital gains tax	(20)	701
2(j), 8	Withholding taxes	(2,256)	(2,290)
	<hr/>	<hr/>	
	(2,276)	(1,589)	
	PROFIT AFTER TAX FOR THE YEAR ATTRIBUTABLE TO PARTICIPATING PREFERENCE SHARES		
	<hr/>	<hr/>	
	188,714	63,745	
	<hr/>	<hr/>	
	Other Comprehensive Income	–	–
	<hr/>	<hr/>	
	TOTAL COMPREHENSIVE INCOME	188,714	63,745
	<hr/> <hr/>	<hr/> <hr/>	
5	EARNINGS PER PARTICIPATING PREFERENCE SHARE*	\$1.40	\$0.47
	<hr/> <hr/>	<hr/> <hr/>	

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2013: 134,963,060).

The notes on pages 39 to 63 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2014

	2014			
	Share Premium \$'000	Capital Reserve \$'000	Revenue Account \$'000	Total \$'000
Balance at the beginning of the year	134,349	982,168	28,788	1,145,305
Total Comprehensive Income	–	–	188,714	188,714
Transfer to Capital Reserve	–	187,757	(187,757)	–
Balance at the end of the year	134,349	1,169,925	29,745	1,334,019

	2013			
	Share Premium \$'000	Capital Reserve \$'000	Revenue Account \$'000	Total \$'000
Balance at the beginning of the year	134,349	916,195	31,016	1,081,560
Total Comprehensive Income	–	–	63,745	63,745
Transfer to Capital Reserve	–	65,973	(65,973)	–
Balance at the end of the year	134,349	982,168	28,788	1,145,305

The notes on pages 39 to 63 form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES		
Dividends received	25,627	21,789
Taxation paid	(2,256)	(3,006)
Purchase of investments	(227,103)	(227,597)
Proceeds from sale of investments	233,365	229,572
Operating expenses paid	(21,741)	(21,438)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>7,892</u>	<u>(680)</u>
Effect of exchange gains/(losses) on cash and cash equivalents	<u>135</u>	<u>(338)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,027	(1,018)
Net cash and cash equivalents at the beginning of the year	<u>9,389</u>	<u>10,407</u>
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>17,416</u>	<u>9,389</u>
Comprising:		
Cash and cash equivalents	<u>17,416</u>	<u>9,389</u>

The notes on pages 39 to 63 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2014

I. GENERAL Genesis Emerging Markets Fund Limited (the 'Fund') was incorporated in Guernsey on 7th June 1989 and commenced activities on 19th September 1989. The Fund is an authorised Closed-Ended Investment Scheme as defined by the Authorised Closed-ended Investment Schemes Rules (2008) (and, as such, is subject to ongoing supervision by the Guernsey Financial Services Commission). The Fund is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.

The Fund's registered office is 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey, GY1 6JB, Channel Islands.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS') and interpretations by the International Financial Reporting Interpretations Committee of the International Accounting Standards Board.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS may require management to make critical accounting judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions about the future which are made by management relating to unlisted securities, are made using models generally recognised as standard within the industry and inputs are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Valuations use observable data to the extent practicable. Changes in any assumptions could affect the reported fair value of the financial instruments. The determination of what constitutes observable requires significant judgement by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Preparation (continued)

New standards, amendments and interpretations effective from 1st July 2013

The following new standards and amendments to existing standards are relevant to the Fund's operations and are mandatory for accounting periods ending on 30th June 2014:

Amendments to IFRS 7, 'Financial instruments: disclosures' (effective 1st January 2013) on asset and liability offsetting.

Amendments to IFRS 10, 11 and 12 on Transition guidance (effective 1st January 2013).

IFRS 13, 'Fair value measurements' (effective 1st January 2013).

Annual improvements 2011 (effective 1st January 2013).

The application of these new and revised standards did not materially impact the Fund, apart from IFRS 13, which enabled the Fund's valuation under IFRS to be valued in a consistent way as per the Funds published weekly NAV's (refer note 2(b) Fair value measurement).

New standards, amendments and interpretations issued but not yet effective

The following standards and interpretations have been issued and are expected to be relevant to the Fund in future periods, with effective dates on or after 1st July 2014:

Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment Entities' (effective 1st January 2015).

Amendments to IAS 32, 'Financial instruments: assets and liabilities offsetting' (effective 1st January 2014).

Amendments to IAS 36, 'Recoverable Amount Disclosures for Non-Financial Assets' (effective 1st January 2015).

The Directors are currently reviewing these standards with a view to implementation on their effective date, however they do not believe their adoption will have a significant impact on the financial statements.

Early adoption of standards

The Fund did not early adopt any new or amended standards/interpretations for the year ended 30th June 2014.

(b) Financial Instruments

Classification

The Fund has designated all of its investments as at fair value through profit or loss. This category comprises financial instruments designated at fair value through profit or loss upon initial recognition and includes financial assets that are not held for trading purposes and which may be sold. These investments are managed and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The investments of the Fund are principally in listed equities.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

(b) Financial Instruments (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category cash and cash equivalents, due from brokers and other short term receivables.

Other financial liabilities include all financial liabilities, other than those classified as held for trading. The Fund includes in this category bank overdraft, due to brokers and other short term liabilities.

Recognition/derecognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Regular-way purchases and sales of investments are recognised on their trade date, the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

Measurement

Financial assets and financial liabilities at fair value through profit or loss are measured initially at fair value being the transaction price. Transaction costs incurred to acquire financial assets at fair value through profit or loss are expensed in the Statement of Comprehensive Income. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the year in which they arise.

Loans and receivables and financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Fair value measurement

Fair value is the amount by which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Securities listed on active markets are valued based on their last traded price for valuation and financial statement purposes. In prior years, for the purpose of preparing the financial statements in accordance with IFRS, these securities were revalued at their closing bid prices, as quoted on the principal exchange on which they were listed. Following the adoption of IFRS 13 the Fund is no longer required to make this adjustment and the financial statements show the securities listed on active markets valued at the last traded price which is recognised as a standard pricing convention within the industry. Positions held in affiliated investment companies, Genesis Smaller Companies SICAV (open-ended and listed but not traded) and Genesis Indian Investment Company (closed-ended and non-listed), are valued at their fair value at the reporting end date.

In the normal course of business, the Fund utilises Participatory notes ('P Notes') to gain access to markets that otherwise would not be allowable as a foreign investor. P Notes are issued by banks or broker-dealers and allow the Fund to gain exposure to local shares in foreign markets. They are valued based on the last price of the underlying equity at the valuation date.

The Fund's investment in other Funds ('Investee Funds') are subject to the terms and conditions of the respective Investee Fund's offering documentation. The investments in Investee Funds are primarily valued based on the latest available redemption price for such units in each Investee Fund, as determined by the Investee Funds' administrators. The Fund reviews the details of the reported information obtained for the Investee Funds and considers the liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, any restrictions on redemptions and the basis of the Investee Funds accounting. If necessary, the Fund makes adjustments to the net asset value of the Investee Funds to obtain the best estimate of fair value.

Private placements are not registered for public sale and, excluding the two Genesis affiliated investment companies, are carried at an estimated fair value at the end of the year, as determined in good faith by the Valuation Committee of the Manager, in consultation with the Board of Directors of the Fund. Factors considered in determining fair value will include a review of the most recent statement of financial position and operating results of the private placement and such other factors as may be relevant. Private placements are classified either in Level 2 or 3 of the fair value hierarchy, depending on whether they are valued based on observable or unobservable inputs.

For other investments held, where market prices are not readily available (or if available market quotations are not reliable), securities are valued at their fair value as determined in good faith by the Valuation Committee of the Manager, using procedures approved by the Board of Directors. In such circumstances the value of the security will be determined after considering factors such as cost, type of investment, subsequent trades by the Fund or other investors and other factors as may be relevant.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

(b) Financial Instruments (continued)

The Fund may make adjustments to the value of a security if it has been materially affected by events occurring before the Fund's calculation of NAV but after the close of the primary markets on which the security is traded. The Fund may also make adjustment to the value of its investments if reliable market quotations are unavailable due to infrequent trading or if trading in a particular security was halted during the day and did not resume prior to the Fund's NAV calculation.

Amortised cost measurement

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Financial liabilities, other than those classified at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation of these liabilities.

Identification and measurement of impairment

At each reporting date the Fund assesses whether there is objective evidence that financial assets measured at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through profit or loss.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount.

The Fund writes off financial assets carried at amortised cost when they are determined to be uncollectible.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

(c) Foreign Currency Translation

Functional and Presentation Currency

The books and records of the Fund are maintained in the currency of the primary economic environment in which it operates (its functional currency). The Directors have considered the primary economic environment of the Fund and considered the currency in which the original capital was raised, past distributions have been made and ultimately the currency in which capital would be returned on a break up basis. The Directors have also considered the currency to which underlying investments are exposed.

On balance, the Directors believe that US dollars best represent the functional currency of the Fund. The financial statements, results and financial position of the Fund are also expressed in US dollars which is the presentation currency of the Fund.

Transactions and Balances

Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are retranslated at rates prevailing at the end of the reporting period. Gains and losses arising on translation are included in the Statement of Comprehensive Income for the year. Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within 'Net exchange gains or losses'. Foreign exchange gains and losses relating to financial assets at fair value through profit or loss are presented in the Statement of Comprehensive Income within 'Net change in financial assets at fair value through profit or loss'.

(d) Recognition of Dividend and Interest Income

Dividends arising on the Fund's investments are accounted for on an ex-dividend basis, gross of applicable withholding taxes. Deposit interest and interest on short-term paper is accrued on a day-to-day basis using the effective interest method. Dividends and interest income are recognised in the Statement of Comprehensive Income.

(e) Dividend Distribution

Dividend distributions are at the discretion of the Fund. A proposed dividend is recognised as a liability in the period in which it is approved at the annual general meeting of the shareholders and is recognised in the Statement of Changes in Equity.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

(f) Cash and Cash Equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible within three months to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank overdrafts are accounted for as short term liabilities on the Statement of Financial Position and the interest expense is recorded using the effective interest rate method. Bank overdrafts are classified as other financial liabilities.

(g) Due To and Due From Brokers

Amounts due to brokers are payables for securities purchased that have been contracted for but not yet delivered on the statement of financial position date. Amounts due from brokers include receivables for securities sold that have been contracted for but not yet delivered on the statement of financial position date.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired.

(h) Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker ('CODM'). The CODM, who is responsible for allocation of resources and assisting performance of the operating segments, has been identified as the Manager, as the Manager is responsible for investment decisions.

(i) Expenses

All expenses are accounted for on an accruals basis and are charged to the Statement of Comprehensive Income.

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Taxation

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains taxes upon realisation of its investments. Such income or gains are recorded gross of withholding taxes and capital gains taxes in the Statement of Comprehensive Income. Withholding taxes and capital gains taxes are shown as separate items in the Statement of Comprehensive Income.

In accordance with IAS 12, 'Income taxes', the Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's capital gains sourced from such foreign country, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities, using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Fund. Therefore, when measuring any uncertain tax liabilities, management considers all of the relevant facts and circumstances available at the time that could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

(k) Share Capital

Participating Preference Shares have no fixed redemption date and do not automatically participate in the net income of the Fund or accrue dividends and are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds net of tax.

(l) Purchase of Own Shares

The cost of purchases of the Company's own shares is shown as a reduction in Shareholders' Funds. The Fund's net asset value and return per Participating Preference Share are calculated using the number of shares outstanding after adjusting for purchases.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

As stated in note 2(b) Fair value measurement, the preparation of financial statements, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Fund's accounting policies. For example, the Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as minority holdings in investment and private equity companies. Fair values of such instruments are determined using different valuation techniques validated and periodically reviewed by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4. SHARE CAPITAL	(a) Authorised
AND SHARE	1,000 Founder shares of no par value
PREMIUM	335,000,000 Unclassified shares of no par value

(b) Issued	Number of Shares	Share Capital \$'000	Share Premium \$'000
As at 30 th June 2014	<u>134,964,060</u>	<u>–</u>	<u>134,349</u>
As at 1 st July 2013	<u>134,964,060</u>	<u>–</u>	<u>134,349</u>

Consists of:

Founder shares of no par value	1,000
Participating Preference Shares of no par value adjusted for purchase of own shares (note 2(1))	<u>134,963,060</u>
As at 30 th June 2014	<u>134,964,060</u>

Share Premium

Share Premium is the amount by which the value of shares subscribed for exceeded their nominal value at the date of issue.

Founder Shares

All of the Founder Shares were issued on 6th June 1989 to the Manager or its nominees. The Founder Shares were issued at \$1 each par value. The Founder Shares are not redeemable. At the Extraordinary General Meeting of the Company on 30th October 2009 and in accordance with The Companies (Guernsey) Law, 2008 it was approved that each Founder Share be redesignated as no par value shares.

The Founder Shares confer no rights upon holders other than at general meetings, on a poll, every holder is entitled to one vote in respect of each Founder Share held.

Participating Preference Shares

At the Extraordinary General Meeting of the Company on 30th October 2009 it was approved that each Participating Preference Share be divided into ten Participating Preference Shares. Under the The Companies (Guernsey) Law, 2008 (as amended) the nominal values of the shares were also converted into sterling and redesignated as no par value shares.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED) Participating Preference Shares (continued)

The holders of Participating Preference Shares rank ahead of holders of any other class of share in issue in a winding up. They have the right to receive any surplus assets available for distribution. The Participating Preference Shares grant the right to dividends declared, and at general meetings, on a poll, grant the right to one vote in respect of each Participating Preference Share held. Participating Preference Shares are classed as equity as they have a residual interest in the assets of the Fund.

All of the above classes of shares are considered as Equity under the definitions set out in IAS 32, 'Financial instruments: presentation', because the shares are not redeemable and there is no obligation to pay cash or another financial asset to the holder.

5. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of Participating Preference Shares in issue during the year.

	2014 \$'000	2013 \$'000
Profit after tax for the year attributable to Participating Preference Shares	188,714	63,745
Weighted average number of Participating Preference Shares outstanding	134,963,060	134,963,060
Basic earnings per Participating Preference Shares – basic and diluted	<u>\$1.40</u>	<u>\$0.47</u>

The Fund has not issued any shares or other instruments that will dilute basic earnings.

All gains and losses derived from the sale, realisation or transfer of investments, and any other sums which in the opinion of the Directors are of a capital nature are applied to the capital reserve.

6. CAPITAL RESERVE

The capital reserve as at 30th June 2014 consists of the following accumulated amounts:

	2014 \$'000	2013 \$'000
Realised gains on investments sold	857,594	819,083
Unrealised appreciation on revaluation of investments	321,467	172,356
Exchange losses	(9,109)	(9,244)
Transfer to share premium	(27)	(27)
	<u>1,169,925</u>	<u>982,168</u>

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

7. PAYABLES AND ACCRUED EXPENSES	2014 \$'000	2013 \$'000
Management fees	1,662	1,433
Custodian fees	150	272
Directors' fees	331	215
Audit fees	82	92
Administration fees	–	43
Other accrued expenses	89	25
	<u>2,314</u>	<u>2,080</u>

8. TAXATION The Fund is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. As such, the Fund is only liable to pay a fixed annual fee, currently £600.

Income due to the Fund is subject to withholding taxes. The Manager undertakes a biannual review of the tax situation of the Fund and believes that withholding taxes on dividend income and capital gains taxes on capital gains are currently the material transactions that generate the amounts of tax payable.

In accordance with IAS 12, 'Income taxes', where necessary the Fund provides for deferred taxes on any capital gains/losses on the revaluation of securities in such jurisdictions where capital gains tax is levied.

The capital gains charge has been calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in the countries where the Fund's investments generate taxable income on realisation. The Manager, on behalf of the Board, periodically evaluates which applicable tax regulations are subject to interpretation and establishes provisions when appropriate.

9. RELATED PARTIES AND OTHER MATERIAL AGREEMENTS Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) Manager's remuneration and terms of appointment

The Manager's appointment is under a rolling contract which may be terminated by three months written notice given by the Fund and twelve months by the Manager.

Under the Management Agreement, the Manager is entitled to receive a management fee from the Fund, payable monthly in arrears and is equal to 1.5% per annum, calculated and accrued on the Net Asset Value of the Fund as at each weekly Valuation Day, except for investments in Investee Funds, where the Manager will absorb the expenses of the management of such funds to a maximum of 1% per annum of the value of the Fund's holding in the relevant fund at the relevant time. The effective management fee on the average Net Assets of the Fund was 1.50% (2013: 1.50%). Where, in order to gain access to a particular market, investment is made in a vehicle directly managed by Genesis, no fee will be payable by the Fund on that proportion of its assets so invested, unless no management fee is charged to that vehicle.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

9. RELATED
PARTIES AND
OTHER
MATERIAL
AGREEMENTS
(CONTINUED)

(b) Administration fees

The Administrator is entitled to receive a fee, payable monthly, based on time incurred. Administration fees for the year were \$298,000 and charged by JPM Administration Services (CI) Limited (2013: \$181,000 being \$141,000 charged by HSBC Securities Services (Guernsey) and \$40,000 charged by JPM Administration Services (CI) Limited).

(c) Custodian fee

Under the Custodian Agreement, the Custodian to the Fund is entitled to receive a fee payable monthly, based on the Net Asset Value of the Fund. Since 1st May 2013 all custody services have been performed by JP Morgan Chase Bank. Prior to 1st May 2013, HSBC Custody Services (Guernsey) Limited was the Custodian and JP Morgan Chase Bank the Sub-Custodian, with the latter entitled to receive a fee calculated on the same basis as the Custodian's fee.

The Fund also reimburses the charges and expenses of other organisations with whom securities are held. The total of all Custodian fees for the year represented approximately 0.08% (2013: 0.12%) per annum of the average Net Assets of the Fund.

(d) Directors' fees and expenses

Included in Directors' fees and expenses are Directors' fees for the year of \$374,000 (2013: \$193,000). Refer to page 17, Directors Remuneration, for an explanation of the increase. Also included are travelling, hotel and other expenses which the Directors are entitled to when properly incurred by them in travelling to, attending and returning from meetings and while on other business of the Fund.

Directors' related party interests are stated on page 17 as part of the Directors' Report.

(e) Other group investments

The Genesis Indian Investment Company Limited and Genesis Smaller Companies SICAV are related parties of the Fund by virtue of having a common Manager in Genesis Asset Managers, LLP. The Fund's holdings in these funds are summarised in the portfolio statement on pages 27 to 32, subscriptions and redemptions during the year under review are detailed in the table below. No dividends were received from these funds during the year (2013: nil).

There were no other transactions between the Fund and such related parties during the year except as disclosed in Notes 9 (a), (b), (c) and (d) above and there were no outstanding balances between these entities at 30th June 2014.

	2014	
	Subscriptions	Redemptions
	\$'000	\$'000
Genesis Indian Investment Company Limited	–	3,987
Genesis Smaller Companies SICAV	–	5,267
	2013	
	Subscriptions	Redemptions
	\$'000	\$'000
Genesis Indian Investment Company Limited	–	13,279
Genesis Smaller Companies SICAV	370	26,345

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2014 \$'000	2013 \$'000
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss:		
Listed equity securities	1,145,044	970,739
Unlisted equity securities	165,175	163,641
Total financial assets at fair value through profit or loss:	<u>1,310,219</u>	<u>1,134,380</u>
Other net changes in fair value of financial assets at fair value through profit or loss:		
Realised gains	37,056	76,011
Net change in unrealised depreciation	150,566	(9,700)
Net change in financial assets at fair value through profit or loss	<u>187,622</u>	<u>66,311</u>

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs. Fair value measurements are disclosed below by the source of inputs using the following three-level hierarchy:

<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Quoted prices (unadjusted) in active markets for identical assets or liabilities.	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In some instances, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest input level that is significant to the fair value measurement in its entirety.

Investments in Level 2 include both P Notes and listed equity securities held via affiliated investment companies (refer page 42).

The underlying investments categorised in Level 3 of the hierarchy are those securities whose price is not available in observable markets, or whose prices were stale (not pricing on an exchange for some time). These investments are reviewed on a monthly basis by the Manager's Valuation Committee and the results reported to the Board on a regular basis. The Manager considers the appropriateness of the valuation inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The following table summarises the valuation of the Fund's securities using the fair value hierarchy:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
At 30th June 2014			
Investment in equity securities	1,131,115	145,495	–
Participatory notes	–	13,929	–
Investee Funds	–	–	19,680
	<u>1,131,115</u>	<u>159,424</u>	<u>19,680</u>
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
At 30th June 2013			
Investment in equity securities	961,625	143,803	–
Participatory notes	–	8,576	–
Investee Funds	–	–	20,376
	<u>961,625</u>	<u>152,379</u>	<u>20,376</u>

The valuation techniques used for the Level 3 investments are detailed below:

	2014 \$'000	2013 \$'000
Valuation basis for Investee Funds	<u>\$'000</u>	<u>\$'000</u>
Administrator's Net Asset value	18,559	19,572
Most recently traded price	981	266
Indicative broker quotes	140	–
Most recently traded price adjusted for market movement	–	538
	<u>19,680</u>	<u>20,376</u>

As at 30th June 2014 there were five holdings classified as Level 3 investments. Three holdings in Investee Funds were valued using the most recently available valuation statements as received from the respective general partner/manager/administrator, updated to include subsequent cash flows. One holding was valued using indicative broker quotes as a recently traded price was unavailable. The remaining holding was classified Level 3 due to low recent trading volumes. No liquidity discount was deemed necessary.

As the key input into the valuation of Level 3 investments is official valuation statements, we do not consider it appropriate to put forward a sensitivity analysis on the basis insufficient value is likely to be derived by the end user.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)	The following table summarises the change in value associated with Level 3 financial instruments carried at fair value during the year:	2014	2013
		Level 3	Level 3
		\$'000	\$'000
	Balance at 1 st July	<u>20,376</u>	21,563
	Net purchases	–	108
	Realised gain/(loss)	–	–
	Net change in unrealised depreciation	<u>(696)</u>	<u>(1,295)</u>
	Balance at 30 th June	<u><u>19,680</u></u>	<u><u>20,376</u></u>

Unrealised losses as at year end amounting to \$5,275,000 (2013: unrealised losses of \$5,259,000) related to Level 3 securities. Gains and losses (realised and unrealised) included in the Statement of Comprehensive Income for the year are reported in 'Net change in financial assets at fair value through profit or loss'.

There were no movements between the levels during the year.

II. TRANSACTION COSTS		2014	2013
		\$'000	\$'000
	Acquiring	<u>656</u>	695
	Disposing	<u>799</u>	655
		<u><u>1,455</u></u>	<u><u>1,350</u></u>

12. SEGMENT INFORMATION
The Directors, after having considered the way in which internal reporting is provided to them, are of the opinion that the Fund is engaged in a single segment of business, being the provision of a diversified portfolio of investments in emerging markets.

All of the Funds' activities are interrelated, and each activity is dependant on the others. Accordingly, all significant operating decisions are based upon analysis of the Fund operating in one segment.

The financial positions and results from this segment are equivalent to those per the financial statements of the Fund as whole, as internal reports are prepared on a consistent basis in accordance with the measurement and recognition principles of IFRS.

There were no changes in reportable segments during the year.

The table overleaf demonstrates the level of diversification achieved within its single segment and analyses the Fund's operating income by geographical location in a consistent basis with the portfolio statement on pages 27 to 32.

The Board and Manager, however, do not consider the geographical location of its investments constitute separate operating segments.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

I2. SEGMENT INFORMATION (CONTINUED)	2014 \$'000	2013 \$'000
Argentina	1,464	900
Austria	970	803
Brazil	11,682	(6,820)
Chile	(1,922)	792
China	19,802	6,800
Colombia	655	(888)
Croatia	(126)	(1,033)
Egypt	4,574	(5,154)
Ghana	199	(165)
Greece	(242)	2,193
Hungary	(2,945)	672
India	57,950	10,252
Indonesia	(3,202)	21,719
Iran	–	(377)
Jordan	939	487
Luxembourg	2,585	18,265
Malaysia	(110)	2,390
Mauritius	(145)	1,429
Mexico	10,016	(1,553)
Mongolia	(996)	(2,812)
Nigeria	4,523	10,565
Peru	601	–
Poland	154	1,140
Romania	417	249
Russia	2,075	10,834
Saudi Arabia	4,279	748
South Africa	30,309	(21,166)
South Korea	27,972	13,372
Taiwan	19,095	20,940
Thailand	8,576	11,302
Turkey	(831)	4,050
Ukraine	444	25
United Kingdom	(321)	(12,323)
Vietnam	2,157	(768)
Zambia	12,294	(3,576)
Zimbabwe	73	3,505
TOTAL INCOME	212,965	86,797

The Fund is domiciled in Guernsey. All of the Fund's income from investment is from entities in countries other than Guernsey.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

12. SEGMENT INFORMATION (CONTINUED) The table below analyses the Fund's operating income by investment type.

	2014 \$'000	2013 \$'000
Investments	212,823	87,003
Miscellaneous income	7	130
Cash and cash equivalents	135	(338)
	<u>212,965</u>	<u>86,797</u>

As at 30th June 2014 and 30th June 2013, the Fund has no assets classified as non-current assets. A full breakdown of the Fund's financial assets at fair value through profit and loss is shown in the Country exposure of the Fund's portfolio on page 25.

13. FINANCIAL RISK MANAGEMENT The Fund's financial instruments comprise equities, holdings in investment companies/private placements, cash and cash equivalents and short-term receivables and payables that arise directly from its operations including amounts due to and due from brokers.

(a) Strategy in using Financial Instruments

(i) Objective of the Fund

The Fund's objective is to provide shareholders with a broadly diversified means of investing in developing countries and immature stock markets, and thus to provide access to superior returns offered by high rates of economic and corporate growth, whilst limiting individual country risk.

(ii) Investment Strategy and Process

The Manager employs a research driven approach at the stock specific level to identify undervalued investments. In doing so, the Manager emphasises the importance of sustainable cash-flow returns on invested capital when assessing organisations.

Portfolios are constructed with reference to the following consideration:

- the Manager seeks to build a portfolio of quoted shares of approximately 160 to 200 issuers. The portfolio will consist of those stocks identified from the Manager's fundamental research.

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), liquidity risk and credit risk. The Fund's approach to the management of these risks is set out as follows:

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK
MANAGEMENT
(CONTINUED)

(b) Market Price Risk

Market price risk is the risk that value of the instrument will experience unanticipated fluctuations as a result of changes in market prices (other than those arising from foreign currency risk and interest rate risk), whether caused by factors specific to an individual investment, its issuer, or all factors influencing all instruments traded in the market.

Market price risk exposure

The Fund invests predominantly in quoted equity securities, the fair value of which may fluctuate because of changes in market prices. All investments in securities present a risk of loss of capital, due to poor performance of the individual company, or a sharp deterioration in the sector, country, or region's economic environment. The Fund also invests in securities and investments, including Investee Funds, that are not traded in active markets and are susceptible to market price risk from uncertainties about their future values of those securities and investments.

Market price risk management

Market price risk can be moderated in a number of ways by the Manager through:

- (i) a disciplined stock selection and investment process; and
- (ii) limitation of exposure to a single investment through diversification and through amongst others, the implementation of investment restrictions.

The Board reviews the prices of the portfolio's holdings and investment performance at their meetings.

The Fund's portfolio at the end of reporting period reflects the diversified strategy. The tables on Country Exposure of the Portfolio, Sector Exposure of the Portfolio and composition of the Portfolio (see pages 25 to 32) illustrate the allocation of the portfolio assets according to these criteria as at 30th June 2014.

The Fund Manager has identified the MSCI EM (TR) Index as a relevant reference point for the markets in which it operates. However, the Manager does not manage the Fund's investment strategy to track the MSCI EM (TR) Index or any other index or benchmark. The recent performance of the Fund and its correlation to the MSCI EM (TR) Index is shown in the Highlights section on pages 3 and 4 and is expected to change over time.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK
MANAGEMENT
(CONTINUED)

(b) Market Price Risk (continued)

Given that a historical volatility of 11.09% (2013: 10.42%) of the Fund's ('NAV') was observed during the year, and assuming the same level of volatility in the coming year, the NAV and profit stands to increase or decrease by the amounts set out below:

	2014 \$'000	2013 \$'000
Financial assets at fair value through profit or loss	1,310,219	1,134,380
Net asset value and profit impact	145,303	118,202

(c) Foreign Currency Risk

The Fund invests in financial instruments and enters into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the US dollar.

Foreign currency risk exposure

The following table sets out the Fund's material exposures to foreign currency risk as at 30th June 2014:

Currency	Net		Total foreign currency risk \$'000
	non-monetary assets and (liabilities) \$'000	Net monetary assets and (liabilities) \$'000	
Brazilian real	58,681	6	58,687
Canadian dollar	41,283	–	41,283
Hong Kong dollar	129,563	278	129,841
Hungarian forint	3,001	–	3,001
Indian rupee	70,030	206	70,236
Indonesian rupiah	22,807	394	23,201
Korean won	119,003	293	119,296
Malaysian ringgit	14,455	25	14,480
Mexican peso	32,507	–	32,507
Nigerian naira	24,003	–	24,003
Singapore dollar	15,192	–	15,192
South African rand	126,326	6	126,332
Sterling	68,365	–	68,365
Taiwan dollar	93,071	–	93,071
Thailand baht	56,266	–	56,266
Turkish lira	36,885	–	36,885
United States dollar	355,429	21,497	376,926
Other currencies	43,352	1,095	44,447
	<u>1,310,219</u>	<u>23,800</u>	<u>1,334,019</u>

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK MANAGEMENT (CONTINUED) **(c) Foreign Currency Risk (continued)**
Foreign currency risk exposure
 Comparative figures as at 30th June 2013 are as follows:

Currency	Net non-monetary assets and (liabilities) \$'000	Net monetary assets and (liabilities) \$'000	Total foreign currency risk \$'000
Brazilian real	37,328	(295)	37,033
Canadian dollar	28,109	(40)	28,069
Hong Kong dollar	129,724	3,642	133,366
Hungarian forint	11,760	–	11,760
Indian rupee	38,023	55	38,078
Indonesian rupiah	19,981	101	20,082
Korean won	93,895	301	94,196
Malaysian ringgit	8,943	166	9,109
Mexican peso	19,961	–	19,961
Nigerian naira	20,974	225	21,199
Singapore dollar	13,350	–	13,350
South African rand	107,865	(303)	107,562
Sterling	55,638	147	55,785
Taiwan dollar	80,566	–	80,566
Thailand baht	36,283	–	36,283
Turkish lira	30,413	–	30,413
United States dollar	380,791	7,091	387,882
Other currencies	20,596	(165)	20,431
	<u>1,134,380</u>	<u>10,925</u>	<u>1,145,305</u>

Foreign currency risk management

The Fund has opted not to engage in any active management of foreign currency risk, and therefore all its open foreign exchange positions are unhedged at the end of the reporting period.

The degree of sensitivity of the Fund's assets to foreign currency risk depends on the net exposure of the Fund to each specific currency and the volatility of that specific currency in the year. At 30th June 2014, had the average exchange rate of the US dollar weakened by a reasonable possible movement of 500 basis points in relation to the basket of currencies in which the Fund's net assets are denominated, weighted by the Fund's exposure to each currency with all other variables held constant, the Fund estimates net assets and the change in net assets per the Statement of Comprehensive Income would have increased by \$47,855,000 (2013: \$37,885,000).

An increase in the US dollar by 500 basis points in relation to the basket of currencies in which the Fund's net assets are denominated would have resulted in a decline in net assets by the same amount but in the opposite direction, under the assumption that all other factors remain constant.

The Manager does not consider it realistic or useful to examine foreign currency risk in isolation. The Manager considers the standard deviation of the NAV (which is struck in US dollars) as the appropriate risk measurement for the portfolio as a whole as it reflects market price risk generally. Please see Market Price Risk section in Note 13(b).

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK
MANAGEMENT
(CONTINUED)

(d) Liquidity Risk

Liquidity risk exposure

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations as they arise for settlement associated with financial liabilities or can do so on terms that are materially disadvantageous. Liquidity risk also arises because the Fund's assets may be invested in equities in emerging markets which may be less liquid than developing markets. The Fund is closed-ended; therefore risk arising from redemption requests from investors does not exist. Furthermore, the risk of the Fund not having sufficient liquidity at any time is not considered by the Board to be significant, given the large number of listed investments held in the portfolio and the liquid nature of the portfolio of investments.

The liquidity risk profile of the Fund as at 30th June 2014 was as follows:

	2014	2013
	\$'000	\$'000
	<hr/>	<hr/>
Amounts due within one month		
Amounts due to brokers	265	2,216
Payables and accrued expenses	2,314	2,080
Amounts due within one year		
Capital gains tax payable	267	247
	<hr/>	<hr/>
Total liabilities	<u>2,846</u>	<u>4,543</u>

There were no amounts due beyond one year.

Liquidity risk management

The restrictions on concentration and the diversification requirements detailed above (see market price risk) also serve normally to protect the overall value of the Fund from the risks created by the lower level of liquidity in the markets in which the Fund operates.

(e) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It arises on interest-bearing financial instruments recognised at the end of the reporting period.

Interest rate risk exposure

The Fund has the ability to borrow funds in order to increase the amount of capital available for investment subject to the limits set out in the Offering Memorandum. It may also hold interest bearing securities and cash. Interest rate movements may affect the level of income receivable on cash deposits and cash equivalents and interest payable on borrowing. However, the majority of the Fund's net financial assets are non interest bearing (98.69% on average over the 12 month period to 30th June 2014 (2013: 99.18%)). As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates other than the impact such fluctuations may have on capital returns.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK
MANAGEMENT
(CONTINUED)

(e) Interest rate risk exposure (continued)

The following table summarises the Fund's exposure to interest rate risk as at 30th June 2014. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

	Interest- bearing \$'000	Non interest- bearing \$'000	Total \$'000
Financial assets at fair value			
through profit or loss	–	1,310,219	1,310,219
Amounts due from brokers	–	7,637	7,637
Dividends receivable	–	1,426	1,426
Other receivables and prepayments	–	167	167
Cash and cash equivalents	17,416	–	17,416
TOTAL ASSETS	17,416	1,319,449	1,336,865
Amounts due to brokers	–	265	265
Capital gains tax payable	–	267	267
Payables and accrued expenses	–	2,314	2,314
TOTAL LIABILITIES	–	2,846	2,846
Equity shares	–	1,334,019	1,334,019
TOTAL LIABILITIES INCLUDING EQUITY SHARES	–	1,336,865	1,336,865

Interest rate risk exposure as at 30th June 2013

	Interest- bearing \$'000	Non interest- bearing \$'000	Total \$'000
Financial assets at fair value through			
profit or loss	–	1,134,380	1,134,380
Amounts due from brokers	–	4,067	4,067
Dividends receivable	–	1,845	1,845
Other receivables and prepayments	–	167	167
Cash and cash equivalents	9,389	–	9,389
TOTAL ASSETS	9,389	1,140,459	1,149,848
Amounts due to brokers	–	2,216	2,216
Capital gains tax payable	–	247	247
Payables and accrued expenses	–	2,080	2,080
TOTAL LIABILITIES	–	4,543	4,543
Equity shares	–	1,145,305	1,145,305
TOTAL LIABILITIES INCLUDING EQUITY SHARES	–	1,149,848	1,149,848

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK (e) Interest Rate Risk (continued)

MANAGEMENT *Interest rate risk management*

(CONTINUED)

The Fund has the capacity to leverage its investments up to 10% of net assets. The Fund aims to keep its use of the overdraft facility for trading purposes to a minimum only using the facility to enable settlements. The Directors do not consider the exposure to interest rate risk as being material to the Fund.

(f) Credit Risk

Credit risk exposure

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Fund. The Fund is exposed to counterparty credit risk on cash and cash equivalents and amounts due from brokers. The risk relating to unsettled transactions is considered small due to the credit quality of the custodians used by the Fund. The Manager, on behalf of the Board, regularly reviews the brokers and Custodian used by the Fund, including their internal controls, in order to mitigate these risks. The Fund has no receivables past their due dates as at 30th June 2014 (2013: nil).

Credit risk management

All transactions in securities are settled upon delivery using brokers which either have a minimum investment grade credit rating or have been formally approved by the Investment Adviser. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. Payment is made on a purchase once the securities have been received by the Custodian. The trade will fail if either party fails to meet its obligation. Cash and cash equivalents are held by the Custodian and third party institutions which are subject to minimum investment grade credit ratings.

The maximum exposure to credit risk before any credit enhancements at 30th June is the carrying amount of the financial assets as set out below.

	2014	2013
	Amounts due	Amounts due
	within 1 year	within 1 year
	\$'000	\$'000
	<hr/>	<hr/>
Amounts due to brokers	7,637	4,067
Dividends receivable	1,426	1,845
Other receivable and prepayments	167	167
Cash and cash equivalents	17,416	9,389
	<hr/>	<hr/>
	26,646	15,468
	<hr/> <hr/>	<hr/> <hr/>

None of these assets are impaired nor past due but not impaired.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK *Credit Risk – Participatory Notes*

MANAGEMENT (CONTINUED)

Investments in P Notes involve similar risks associated with a direct investment in the underlying foreign companies or foreign markets that they seek to replicate. The P Notes held by the Fund are disclosed in the Portfolio (page 30) and are provided by Deutsche Bank and HSBC which allows the Fund to trade in equity securities in Saudi Arabia. P Notes are not used for the purposes of hedging risk. Although each P Note is structured with a defined maturity date, early redemption may be possible. Other risks associated with P Notes include the possible failure of a counterparty to perform in accordance with the terms of the agreement and potential delays or an inability to redeem before maturity under certain market conditions. The Fund minimizes this risk by entering into agreements only with the counterparties that the Investment Advisor deems credit worthy. Standard and Poor's long-term credit ratings for Deutsche Bank and HSBC are A and AA- respectively. Due to liquidity and transfer restrictions, the secondary markets on which the P notes are traded may be less liquid than the markets for other securities, or may be completely liquid.

(g) Capital Risk Management

The capital of the Fund is represented by the equity attributable to holders of Participating Preference Shares. The amount of equity attributable to holders of Participating Preference Shares is subject to change, at most, twice monthly as the Fund is a closed-ended fund with the ability to issue additional shares only if certain conditions are met as set out in the Fund's scheme particulars. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

14. RECONCILIATION OF PUBLISHED NET ASSET VALUE ATTRIBUTABLE TO EQUITY SHAREHOLDERS TO THE IFRS EQUIVALENT

Following the adoption of IFRS 13 for the year ending 30th June 2014 the published net asset value equals the Net Asset Value presented in the financial statements under IFRS, please refer to note 2(b).

	2013 Total \$'000	Per Participating Preference Share \$
Published net asset value	1,148,987	8.51
Change from last traded price to bid pricing for investments	(3,682)	(0.03)
Net asset value under IFRS	<u>1,145,305</u>	<u>8.48</u>

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

15. ULTIMATE CONTROLLING PARTY In the opinion of the Directors on the basis of the shareholdings advised to them, the Fund has no immediate or ultimate controlling party.
16. EVENTS AFTER REPORTING DATE There were no significant events to disclose since the reporting date.

PERFORMANCE RECORD

Date	Fund NAV (\$)	FX Rate	Fund NAV (£)	MSCI EM (TR) (\$)	MSCI EM (TR) (£)	Percentage increase from	Percentage increase from
						6 th July 1989	30 th June 1989
						Fund NAV (£)	MSCI EM (TR) (£)
29.12.89	0.58	1.61	0.36	231.65	143.61	11.85	28.00
29.06.90	0.77	1.74	0.44	258.08	147.93	35.93	31.85
31.12.90	0.61	1.93	0.31	207.21	107.25	(2.36)	(4.41)
28.06.91	0.78	1.62	0.48	281.28	173.52	48.98	54.66
31.12.91	0.93	1.87	0.50	331.35	177.67	54.92	58.35
30.06.92	1.07	1.90	0.56	355.82	186.90	74.15	66.58
31.12.92	0.95	1.51	0.63	369.14	244.02	95.19	117.49
30.06.93	1.11	1.49	0.74	421.83	282.35	129.80	151.65
31.12.93	1.58	1.48	1.07	645.38	436.81	231.72	289.32
30.06.94	1.47	1.55	0.95	578.58	373.77	194.69	233.14
30.12.94	1.58	1.56	1.01	598.17	382.26	213.61	240.71
30.06.95	1.53	1.59	0.96	578.48	363.54	197.48	224.02
29.12.95	1.46	1.55	0.94	567.01	364.99	190.54	225.31
28.06.96	1.70	1.55	1.10	627.49	403.71	239.66	259.82
31.12.96	1.75	1.71	1.02	601.21	351.17	217.06	212.99
30.06.97	2.21	1.67	1.33	707.94	425.11	310.84	278.89
31.12.97	1.82	1.64	1.11	531.56	323.41	243.65	188.25
30.06.98	1.52	1.67	0.91	431.27	258.25	182.34	130.17
31.12.98	1.30	1.66	0.78	396.86	238.66	141.60	112.71
30.06.99	1.55	1.57	0.98	555.08	352.48	204.13	214.16
31.12.99	1.86	1.62	1.15	660.41	408.84	257.15	264.40
30.06.00	1.76	1.51	1.17	607.65	401.62	261.43	257.96
29.12.00	1.47	1.50	0.98	458.26	306.40	205.32	173.09
29.06.01	1.55	1.41	1.10	450.73	320.05	241.19	185.26
31.12.01	1.57	1.45	1.08	447.39	308.44	234.47	174.91
28.06.02	1.61	1.52	1.06	456.63	299.88	228.38	167.28
31.12.02	1.55	1.61	0.96	420.54	261.32	197.61	132.91
30.06.03	1.84	1.65	1.11	488.40	295.55	244.99	163.42
31.12.03	2.53	1.79	1.42	657.22	368.02	339.01	228.01
30.06.04	2.61	1.81	1.44	652.07	359.94	346.96	220.81
31.12.04	3.38	1.92	1.76	827.78	431.56	445.78	284.64
30.06.05	3.67	1.79	2.05	879.58	490.86	535.43	337.50
30.12.05	4.59	1.72	2.67	1,113.71	648.45	727.93	477.95
30.06.06	4.80	1.85	2.60	1,195.39	646.51	704.76	476.22
29.12.06	5.92	1.96	3.02	1,476.63	754.15	836.49	572.16
29.06.07	7.05	2.01	3.52	1,738.72	866.89	989.80	672.65
31.12.07	7.96	1.99	4.00	2,064.00	1,036.87	1,139.16	824.15

PERFORMANCE RECORD

CONTINUED

Date	Fund NAV (\$)	FX Rate	Fund NAV (£)	MSCI EM (TR) (\$)	MSCI EM (TR) (£)	Percentage increase from	Percentage increase from
						6 th July 1989	30 th June 1989
						Fund NAV (£)	MSCI EM (TR) (£)
30.06.08	7.40	1.99	3.72	1,823.79	916.43	1,053.17	716.80
31.12.08	3.97	1.44	2.76	966.34	672.10	755.31	499.03
30.06.09	5.47	1.65	3.32	1,316.39	799.36	928.94	612.46
31.12.09	7.40	1.62	4.57	1,729.96	1,070.52	1,318.22	854.14
30.06.10	7.26	1.50	4.85	1,625.46	1,085.95	1,403.59	867.90
31.12.10	9.12	1.56	5.84	2,062.04	1,320.72	1,710.43	1,077.14
31.03.11	8.97	1.60	5.71	2,105.28	1,311.62	1,669.95	1,069.03
30.06.11	9.20	1.61	5.73	2,083.30	1,297.12	1,675.77	1,056.11
30.09.11	7.34	1.56	4.69	1,615.42	1,033.27	1,354.64	820.94
30.12.11	7.64	1.56	4.91	1,687.30	1,084.10	1,421.11	866.25
30.03.12	8.65	1.60	5.40	1,925.64	1,204.33	1,576.88	973.41
29.06.12	8.06	1.57	5.14	1,756.77	1,119.89	1,492.04	898.14
28.09.12	8.70	1.61	5.40	1,895.32	1,175.54	1,572.48	947.74
31.12.12	9.15	1.62	5.65	2,001.60	1,231.60	1,645.11	997.71
29.03.13	9.16	1.52	6.04	1,965.85	1,295.71	1,772.37	1,054.85
30.06.13	8.51	1.52	5.61	1,813.50	1,195.69	1,640.05	965.70
28.09.13	8.99	1.62	5.55	1,920.46	1,185.91	1,621.52	956.99
31.12.13	9.16	1.66	5.53	1,956.22	1,181.12	1,615.08	952.71
31.03.14	9.17	1.67	5.50	1,949.08	1,169.11	1,604.32	942.01
30.06.14	9.88	1.71	5.78	2,079.79	1,216.36	1,691.92	984.12

The \$ and £ NAV figures have been adjusted to reflect the one-for-one capitalisation issue made in September 1993.

The \$ and £ NAV figures have been adjusted to reflect the ten-for-one share split in November 2009.

NAV figures are based on the last traded price for investments.

ADMINISTRATION

REGISTERED OFFICE

1st Floor, Les Echelons Court, Les Echelons, South Esplanade
St. Peter Port, Guernsey GYI 6JB, Channel Islands

WEBSITE

www.giml.co.uk

MANAGER

Genesis Asset Managers, LLP
Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GYI 4HY, Channel Islands

CUSTODIAN

JP Morgan Chase Bank
25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom

INVESTMENT ADVISER

Genesis Investment Management, LLP
21 Grosvenor Place, London SW1X 7HU, United Kingdom
(Authorised and regulated by the United Kingdom's Financial Conduct Authority)

ADMINISTRATOR AND SECRETARY

JPM Administration Services (CI) Limited
1st Floor, Les Echelons Court, Les Echelons, South Esplanade
St. Peter Port, Guernsey GYI 6JB, Channel Islands

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services (Channel Islands) Limited
Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES, Channel Islands

STOCKBROKERS

JP Morgan Cazenove
25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom

Smith & Williamson Securities

25 Moorgate, London EC2R 6AY, United Kingdom

INDEPENDENT AUDITORS

PricewaterhouseCoopers CI LLP
Royal Bank Place, I Glatigny Esplanade, St. Peter Port, Guernsey GYI 4ND, Channel Islands

LEGAL ADVISERS

Mourant Ozannes
1 Le Marchant Street, St. Peter Port, Guernsey GYI 4HP, Channel Islands

NOTICE OF MEETING

Notice is hereby given of the twenty fifth Annual General Meeting of the Shareholders of the Company which is to be held at the Company's registered office at 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey GY1 6JB, Channel Islands on 30th October 2014 at 10 a.m. for the following purposes:

AGENDA

ORDINARY RESOLUTIONS

I

To receive the Report of the Directors and audited Financial Statements for the year ended 30th June 2014;

2

To re-appoint PricewaterhouseCoopers CI LLP as Independent Auditors to the Fund;

3

To authorise the Directors to agree the remuneration of the Independent Auditors;

4

To re-elect Sujit Banerji as a Director of the Company;

5

To re-elect Michael Hamson as a Director of the Company;

6

To re-elect Saffet Karpat as a Director of the Company;

7

To re-elect Dr. John Llewellyn as a Director of the Company;

8

To re-elect Hélène Ploix as a Director of the Company; and

9

To re-elect Coen Teulings as a Director of the Company.

None of the Directors have a service contract.

NOTICE OF MEETING

CONTINUED

SPECIAL RESOLUTION

10

To consider and, if thought fit, pass the following resolutions:

THAT

In substitution for the Company's existing authority to make market purchases of Participating Preference Shares, the Fund is hereby authorised to make market purchases of Participating Preference Shares provided that:

- (i) the maximum number of Participating Preference Shares hereby authorised to be purchased shall be 20,200,000;
- (ii) the maximum price which may be paid for a Participating Preference Share is an amount equal to 105% of the average of the middle market quotations for a Participating Preference Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Participating Preference Share is purchased;
- (iii) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 unless such authority is renewed prior to such time; and
- (iv) the Company may make a contract to purchase Participating Preference Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Participating Preference Shares pursuant to any such contract.

GENESIS EMERGING MARKETS FUND LIMITED

1st Floor, Les Echelons Court, Les Echelons, South Esplanade
St. Peter Port, Guernsey GY1 6JB, Channel Islands