



2018

Annual Financial Report
for the year ended 30th June 2018

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

Introduction

Objective

The objective of the Genesis Emerging Markets Fund (the 'Fund' or 'GEMF') is to achieve long-term capital growth, primarily through investment in equity markets of developing countries.

Structure

GEMF is a Guernsey based Authorised 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 2018 (30th June 2017: 134,963,060).

Manager

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

Investment Approach

The investment approach is to identify companies which are able to take advantage of growth opportunities in emerging markets 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.

Strategic Report



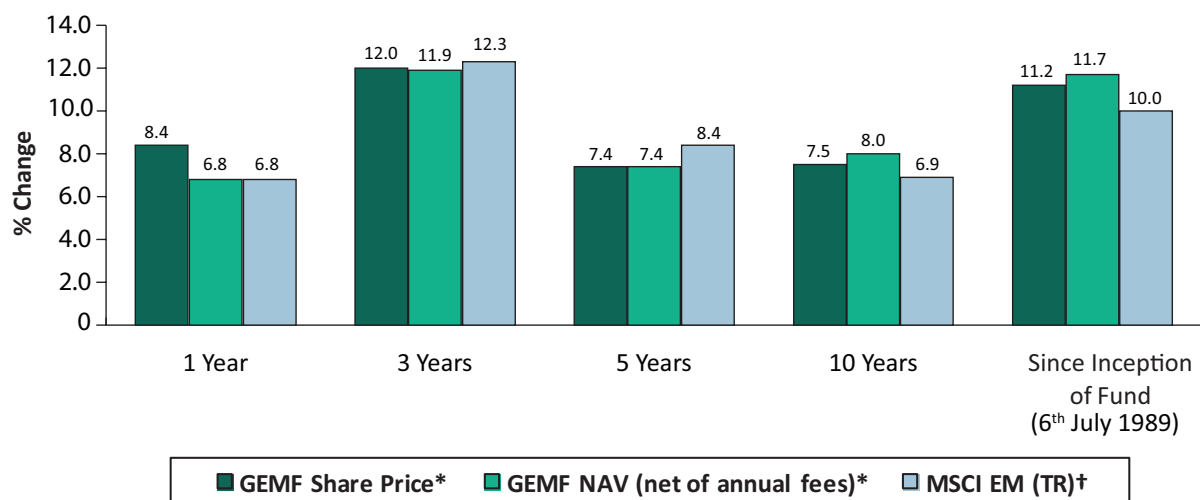
Highlights and Performance

GEMF Total Return in GBP for the Year to 30th June 2018

8.4% Share Price*	6.8% Net asset value per Participating Preference Share*	6.8% MSCI EM (TR) Index†
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Published Data	30 th June 2018	30 th June 2017	% change
Net Assets	£1,066.8m	£1,011.6m	5.4
Net Assets	\$1,408.5m	\$1,314.2m	7.2
Net Asset Value per Participating Preference Share	£7.90	£7.50	5.4
Net Asset Value per Participating Preference Share	\$10.44	\$9.74	7.2
Share Price	£6.97	£6.53	6.8
Discount of Share Price to Net Asset Value per Participating Preference Share	11.9%	12.9%	
Dividend per Participating Preference Share [#]	\$0.190	\$0.140	35.7
Ongoing charges ratio	1.10%	1.43%	
Countries represented in portfolio	35	36	
Number of holdings	126	125	

Annualised Returns in GBP to 30th June 2018



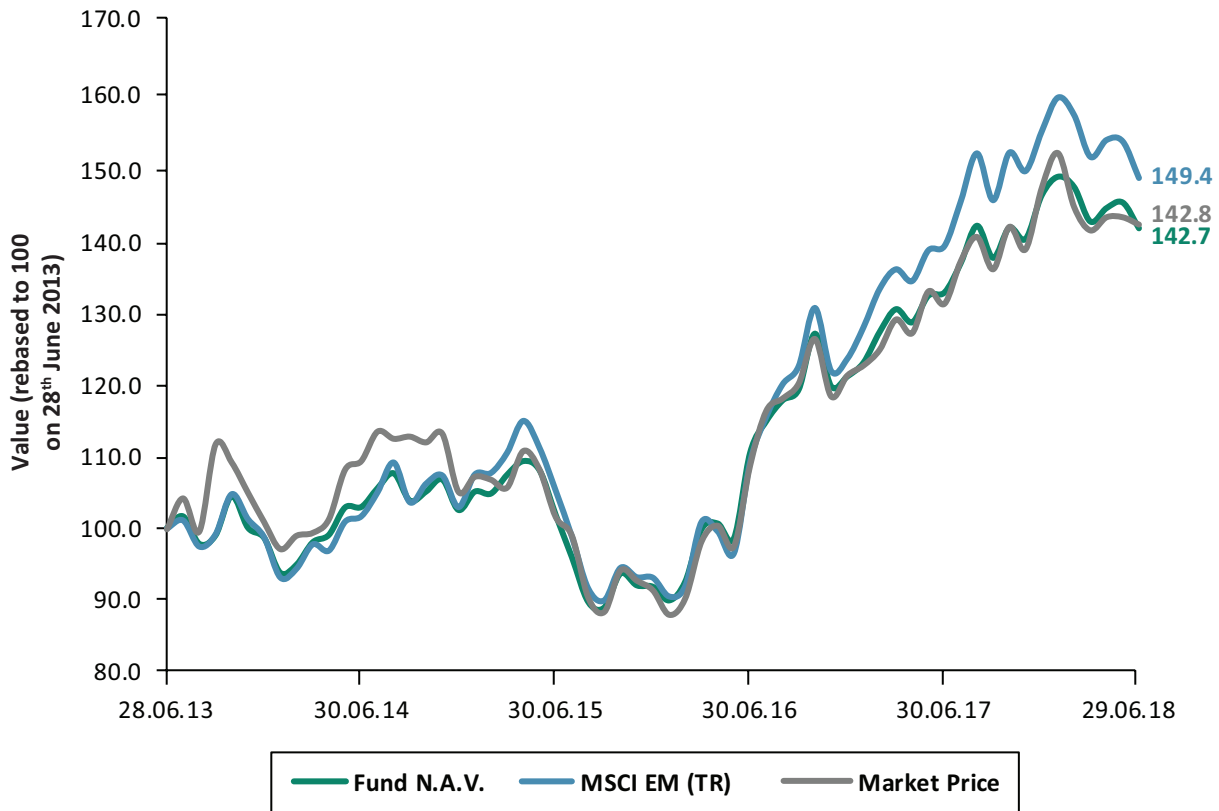
* Actual Returns adjusted for dividends paid

† MSCI Emerging Markets (Total Return) Index

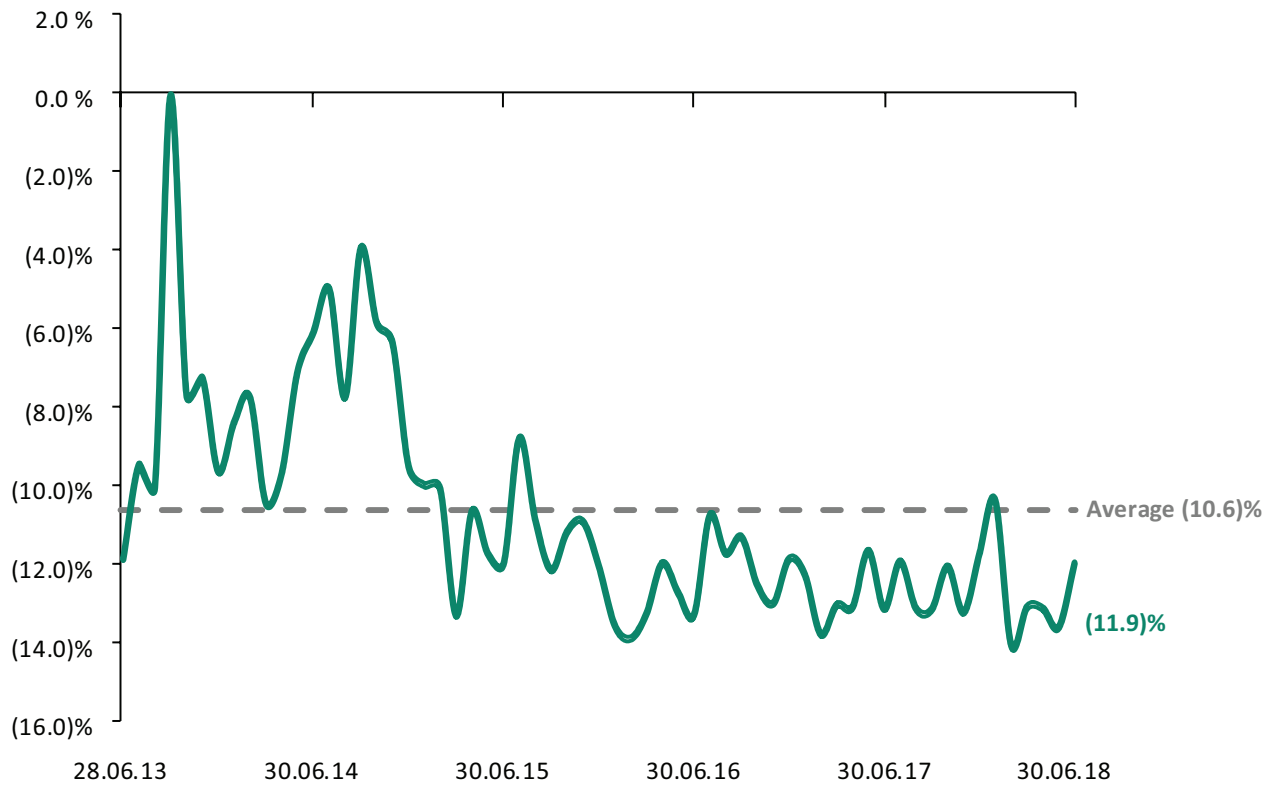
[#] A dividend of \$0.190 per Participating Preference Share on the Fund's profits for the year ended 30th June 2018 has been proposed

Past performance is no guarantee of future performance.

Performance – last 5 Years*



Discount to NAV – last 5 Years*



* Based on month-end Net Asset Values

Chairman's Statement

I have pleasure in presenting to shareholders the twenty-ninth Annual Report of the Genesis Emerging Markets Fund Limited, for the twelve-month period ending 30th June 2018.

Performance

At the beginning of 2018, investors in emerging markets ('EM') could look back over a two-year period of very impressive performance, with the MSCI EM (TR) Index (the 'Index') rising by some 78% in US dollar terms between 31st January 2016 and 31st January 2018. The last few months have, however, delivered a dose of reality: the potential impact on EM companies of a strengthening US dollar, increasing disruption to global trade, and weaker political governance in some countries have all been reflected in the market's decline so far this calendar year. After rising by 16.1% in US dollar terms in the second half of 2017, the Index fell 6.5% in the first half of 2018, returning 8.6% over the twelve-month period.

The strengthening of sterling against the dollar over the year (despite the stronger dollar in recent months) gave UK investors a slightly lower Index return, of 6.8%.

There was an increase in the Fund's net asset value ('NAV') per share from 749.6p to 790.4p, giving a 6.8% return in sterling terms, in line with the Index. The Fund's performance lagged the rapid appreciation of the market in 2017, but protected value as the Index declined during the early part of 2018. (Events in emerging markets, particularly Turkey and Argentina, have contributed to increased volatility since the financial year end).

The Fund's share price rose by slightly more than this over the year; returning 8.4% (adjusted for dividends paid).

Although shareholders have seen positive absolute returns, I have noted on previous occasions, that the Fund's relative performance over the medium term has been less acceptable. The Manager has taken a number of steps over recent years that they, and we, believe will improve their ability to generate strong performance; naturally my fellow Directors and I continue to review and discuss this topic with the Manager on a regular basis.

The Fund's Portfolio and the Manager

The characteristics of the Fund's portfolio typically include a diversified group of investments in companies across different levels of market capitalisations and from a wide range of emerging markets, a relatively long holding period (on average 5 years at present) and correspondingly low turnover.

The Manager's investment approach aims to use rigorous fundamental analysis to identify high-quality companies with reasonable management teams, and invest in them at attractive valuation levels. Importantly, 'quality' in this context is defined by the Manager not only in terms of a company's financial strength, competitive position, and its management's ability to add value for shareholders, but also of an appropriate approach to environmental, social and governance factors.

The Board remains confident that the Manager's team remains appropriately organised, resourced and skilled to implement the long-term fundamental investment approach of the Fund. Consequently, the Board considers that shareholders' interests remain well-served by the ongoing appointment of Genesis Asset Managers.

The management fee payable to Genesis Asset Managers is currently 0.95% of NAV per annum. The Directors currently consider that it represents a competitive rate relative to the Fund's peer group of similar fund vehicles, but naturally the level is reviewed regularly by the Board.

The Manager's Review on page 32 of this Annual Report provides an account of some of the key portfolio activity over the year, and explains the main elements behind absolute and relative performance.

Discount

The share price of the Fund rose by 8.4% from 652.5p to 697.0p during the year. There was a corresponding narrowing of the discount to NAV at which the shares trade, from 12.9% at the beginning of the financial year to 11.9% at the end, during which time the average level of discount was 12.7%.

Through discussion with shareholders in recent years, the Board has been kept abreast of a range of views with respect to the level of the discount to NAV, and it has become clear that – while the Fund's discount has not been out of line with comparable emerging markets funds – a significant number of shareholders would prefer the discount to be somewhat narrower than the 12-14% range it has occupied over the last two years. In response, a number of actions have therefore been taken by the Board, as follows:

- Reduction in management fees in mid-2017 to 0.95%
- Payment of a dividend in December 2017
- Tender Offer for 10% of the Fund's shares, implemented in August 2018
- Announcement of a further potential Tender Offer of 25% of the Fund's shares, to be implemented in 2021 if performance over the five years to June 2021 is not ahead of the Index
- Appointment of Edison Group to carry out additional marketing to existing and potential new shareholders

I believe, as do my fellow Directors, that the combination of these proposals will, over time, help narrow the discount, and that they will ultimately help position the Fund to deliver better returns to shareholders.

Dividend

As reported in last year's Chairman's Statement, the Fund declared a dividend for the first time in many years and this was in response to increased demand from shareholders for available income to be paid out. We also announced that from 1st July 2017, 80% of management fee (and certain other costs) would be allocated to the capital account and this has increased the level of revenue earnings available for distribution.

This year the Directors reviewed the Dividend Policy and propose to pay out substantially all of the Fund's revenue earnings. However, we wish to remind you that the Fund is managed on a total return basis and not to produce a particular level of income. Consequently, the level of the annual dividend will vary year on year.

For the 2018 financial year, we recommend to shareholders that the Fund distributes 19.0 cents per share. This takes into account the revised number of Participating Preference Shares outstanding after the recent Tender Offer and represents 82% of the Fund's revenue earnings in 2017. This is subject to approval at the Annual General Meeting ('AGM') and, whilst declared in US dollars, it will be paid in pounds sterling using the prevailing exchange rate on the payment date.

The Board of Directors

Other than the appointment of Katherine Tsang as a Non-Executive Director one year ago, there were no further changes to the composition of the Board during the Financial Year. Discussions and planning on potential changes, retirements and new appointments, however, form a regular part of our discussions; the better to ensure that shareholders continue to be represented by a group of Directors with the appropriate combination of skills and experience.

All Directors will stand for re-election at the AGM in accordance with the requirements of the AIC Code of Corporate Governance and the UK Corporate Governance Code. Following the Board's internal evaluation process, I wholeheartedly recommend all Directors for re-election; I hope that shareholders will continue to feel confident in our ability to protect their interests, and thus support us with their vote.

AGM, Shareholder Meeting, and Shareholder Communication

At the end of this Annual Report is the notice convening the AGM to be held on 13th November 2018 in Guernsey, along with the schedule of resolutions for consideration. As ever, we encourage all shareholders to avail themselves of the opportunity to vote on the resolutions.

An invitation to the Fund's annual Shareholder Information Meeting also accompanies this Report. This takes place on 14th November 2018 at the Investment Adviser's office in London, and we hope that as many shareholders as possible will be able to attend and hear directly from representatives of the Manager. A range of up-to-date information about the Fund is available to all shareholders. Fund literature, including monthly factsheets (containing details on portfolio activity and performance) as well as the Annual and Half-Year reports, can be found on the Fund's website www.genesisemf.com.

General queries from shareholders will usually be more easily answered by the Manager, but naturally it is very important for shareholders to be able to communicate directly with the Board too. I – along with Russell Edey as the Fund's Senior Independent Director – have spoken regularly with major shareholders over the year, but all shareholders are welcome to contact either of us with comments and feedback. Any members of the Board can be reached via the Manager or the Administrator at the addresses on page 76 of this Report.

Outlook

At the time of writing emerging markets continue to experience considerable volatility, driven by trade disputes, as well as a stronger US dollar and concerns around the economic management of Turkey and Argentina in particular. Consequently markets have fallen significantly over the last few weeks.

This somewhat challenging environment serves to remind investors – especially following two years of particularly strong returns – that the developmental process in emerging markets does not run consistently smoothly, and that market volatility is an ever-present characteristic to be faced by investors.

That said, looking over the longer term, sterling-based investors have been rewarded by emerging markets over the past few years. Of key importance is the fact that the secular development trends remain positive.

As I have noted to shareholders in previous Reports, the populations of low-income countries are seeing income levels rising gradually towards those in high-income markets – a trend likely to continue for many decades to come. The steady progress that countries and companies in the emerging markets universe are making (notwithstanding current issues in Turkey and elsewhere) to improve the quality of their governance is substantial. And the inefficiency of many emerging stock markets – through incomplete or misunderstood information, or of extremes in sentiment driving markets to unwarranted levels, both high and low – provides opportunities for skilful investors to buy and sell at attractively mispriced levels.

The Board shares with the Manager a strong conviction in the long-term attractions of investing in developing countries. We continue to believe that a patient, long-term investment approach, combined with the skill to identify high-quality companies who can sustain business success over many years, will continue to reward investors handsomely for their commitment to emerging markets.

Hélène Ploix

Chairman

1st October 2018

Strategy, Business Model and Principal Risks

Fund Objective

The objective of the Fund is to achieve long-term capital growth, primarily through investment in equity markets of developing countries.

Strategy

The core element of our strategy is to appoint and retain a high-quality manager whose investment philosophy best matches the Fund's objective, and carefully monitor the Fund's performance.

Genesis, the Fund's Manager, believes that it can best deliver excellent long-term performance by working as a team to make investments in quality businesses at attractive prices as explained below.

Business Model and Investment Process

The Fund has no employees or premises and the Board is comprised of non-executive Directors. The day-to-day operations and functions of the Fund have been delegated to third-party service providers who are subject to the oversight of the Board.

During the year under review Genesis provided investment and risk management services, JP Morgan Chase Bank was the Custodian and JP Morgan Administration Services (Guernsey) Limited was the Administrator and Company Secretary. The Board regularly reviews the performance and risks of its primary service providers and checks that they have appropriate frameworks in place for the oversight of their internal controls, monitoring and reporting.

In line with the stated investment philosophy, the Manager employs a bottom-up investment approach with individual members of its investment team taking responsibility for analysis on individual companies. The investment process is founded on proprietary internal research, with the Manager's structure designed to allow a cohesive team of investors to generate fundamental research insights and, subject to rigorous challenge, express those insights in the portfolio. The Fund's portfolio is diversified across countries and industries and comprises approximately 130 holdings (currently representing some 35 different countries), to give a range of 10-15 per team member. The Manager believes that when its team concentrates on a smaller number of ideas, the research can be deeper and insights more valuable. Over the last few years, the Manager has increased this depth of focus and concentration, actively reducing the number of holdings in the Fund's portfolio from 160 three years ago to 126 at the end of the 2018 financial year.

The portfolio comprises holdings in predominantly high-quality, sustainable businesses, both large and small. As part of their analysis the Manager's team determines quality ratings for each company, which primarily measure a business' ability to generate sustainable excess returns on capital and US\$ intrinsic value stability. Many factors are incorporated into this analysis: as well as company-specific elements, the team considers the political and macroeconomic framework in which the company operates. Environmental, Social and Governance ('ESG') considerations are included in the analysis of sustainability, and the team takes ESG factors into account when determining the quality rating of a business. The Manager recognises that governance issues in particular are relevant to all companies and has laid out the key principles that it expects companies to follow from a corporate governance perspective.

Given that the average holding period of investments in client portfolios has consistently been more than five years and that this characteristic is expected to persist, the Manager is comfortable buying into relatively illiquid situations and building positions gradually. In the Manager's experience the trading liquidity of a stock improves as its underlying merits are gradually appreciated by a wider domestic and international investor base. Turnover is correspondingly low; typically of the order of 20-25% per annum (although for the 12 months ended 30th June 2018, it was slightly higher).

There is no specific company market capitalisation range in which the Manager invests, and it is prepared to take positions in smaller-capitalisation stocks where compelling investment cases are found, in the belief that these can be a source of particularly attractive long-term investment opportunities. The Fund invests in a large number of emerging markets, many of which are not represented in the standard indices. The Manager aims to retain as much flexibility as possible with respect to portfolio constraints.

Because the Manager aims to invest in companies that can compound shareholders' capital, but also aims to invest at a discount to intrinsic value, the portfolio tends to have both growth and value characteristics.

The portfolio's investments are primarily listed equity securities. However, the Fund will also hold positions in Genesis affiliated investment companies, Participatory notes and Investee Funds, where appropriate. Details of the Fund's portfolio are shown on pages 39 to 45.

The Fund does not engage in any active management of foreign currency risk and the portfolio is currently unleveraged (refer to notes 14(b) and 14(e) respectively).

The Fund entered into a securities lending programme with JP Morgan Chase Bank N.A. in April 2016 (refer to note 2(n)).

Principal Risks and Risk Management

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.

Volatility of emerging markets and market risk

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 invest more than 25% of its assets (at the time 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.

Foreign currency exposure

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

Lack of liquidity

Trading volumes on the stock exchanges of developing countries can be substantially less than in the leading stockmarkets of the developed world and trading may even be temporarily suspended during certain periods. Liquidity can also be negatively impacted by temporary capital controls in certain markets. A lower level of liquidity can exaggerate 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.

Custody risk

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.

Other Matters

Viability Statement

In accordance with provision C.2.2. of the 2016 UK Corporate Governance Code, as issued by the Financial Reporting Council, the Board has assessed the prospects of the Fund over the next three years. The Board considers that this period of time is appropriate to assess the viability of the Fund given the inherent uncertainty in the global emerging markets and the Fund's investment cycle. As part of its assessment, the Board has considered the Fund's business model including its investment objective and investment policy as well as the principal risks and uncertainties that may affect the Fund.

The Board has noted that:

- The Fund's investment objective is to achieve capital growth over the long term and the Board believes shareholders should regard the Fund as a long-term investment. The average holding period for companies in the Fund's portfolio is currently over five years, with turnover at around 33% over the last twelve months. These attributes reflect the Manager's long-term fundamental approach.
- The Fund's portfolio consists of a diversified group of companies from a large number of emerging market countries. The majority of these are traded on major international stock exchanges. In the opinion of the Manager, the portfolio is sufficiently liquid to meet all ongoing and future liabilities arising from the Fund's day-to-day business.
- No significant increases to ongoing charges or operational expenses are anticipated.
- Announcement of a potential Tender Offer of 25% of the Fund's shares, to be implemented in 2021 if performance over the five years to June 2021 is not ahead of the Index.

The Board has therefore concluded that there is a reasonable expectation that the Fund will be able to continue in operation and meet its liabilities as they fall due over the next three years.

Environmental, Social and Governance Factors

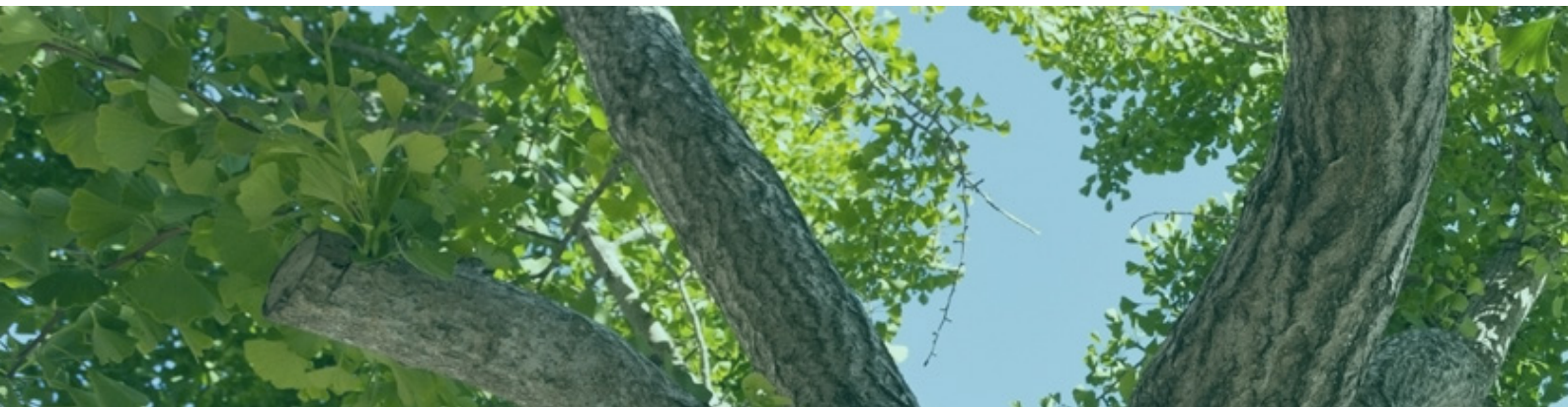
Genesis meaningfully integrates ESG factors into the investment process as part of its ongoing qualitative judgement of a company's sustainable competitive advantage. Genesis recognises that ESG factors can expose potential investment opportunities and risks, reflect the quality of management and impact a company's financial performance. ESG factors are assessed in the context of materiality and particular attention is paid to the quality of company management and the alignment of interests with minority investors.

Signed on behalf of the Board

Hélène Ploix

1st October 2018

Governance Report



Board of Directors

Hélène Ploix *Appointed 2nd November 2012*

Chairman, Member of the Audit and Risk Committee, Chairman of the Nomination Committee



Hélène Ploix (French) is a Partner and former 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 is currently a Non-Executive Director of Ferring (Switzerland) and SES-imagotag, Non-Executive Chairman of Sogama Crédit

Associatif and was previously at a number of other companies, including Sofina, The Boots Company PLC, BNP Paribas and Publicis. Mrs Ploix was educated at the Institut d'Etudes Politiques, the University of California at Berkeley and INSEAD.

Meeting Attendance Board: 3/3, Audit and Risk Committee: 3/3, Nomination Committee: 3/3

Sujit Banerji *Appointed 31st October 2013*

Director



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. 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).

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Meeting Attendance Board: 3/3, Audit and Risk Committee: n/a, Nomination Committee: 3/3

Russell Edey *Appointed 1st January 2015*

Director, Chairman of the Audit and Risk Committee, Senior Independent Director



Russell Edey (British) spent the majority of his career at NM Rothschild & Sons, where he held a number of positions over his 35 years at the bank, including Head of Corporate Finance and subsequently Non-Executive Deputy Chairman. He is a Non-Executive Director of Blackrock World Mining Trust plc. He previously spent 12 years as Chairman of AngloGold Ashanti in South Africa, and in recent years he has also served as a Non- Executive Director of Old Mutual plc, Associated British Ports plc, FKI plc, and Paris Orleans SA. He qualified as a Chartered Accountant and began his career in finance at Anglo American in South Africa. He is based in the UK.

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Meeting Attendance Board: 3/3, Audit and Risk Committee: 3/3, Nomination Committee: 3/3

Saffet Karpat *Appointed 1st October 2011*

Director, Member of the Audit and Risk Committee



Saffet Karpat (Swiss/Turkish) is a consultant on strategy to management teams of organisations based in Turkey. He is a Board member of Eczacıbaşı group, a Turkish conglomerate with businesses in construction materials, consumer goods, mining and medical services. Previously he worked for Procter & Gamble ('P&G') for 30 years in various financial and senior management roles across a number of emerging markets; prior to retiring from P&G in 2013 he was Vice President and General Manager of the Central and Eastern Europe and Middle East and Africa Division, responsible for Turkey, Central Asia, Israel and the Caucasian region. From 2013 to 2016 he was a member of the Board and the Executive Committee of Süttaş Dairy Company, and he has been an investor in agriculture in the Aegean region of Turkey since 2011. He studied Business Administration at Istanbul University and received an MBA from Lausanne University.

Meeting Attendance Board: 2/3, Audit and Risk Committee: 3/3, Nomination Committee: 2/3

Dr John Llewellyn *Appointed 30th October 2009*

Director



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).

Meeting Attendance Board: 3/3, Audit and Risk Committee: n/a, Nomination Committee: 3/3

Katherine Tsang *Appointed 19th July 2017*

Director



Katherine Tsang (Canadian) spent 22 years with Standard Chartered Bank, latterly in the role of Chairperson of Greater China, before retiring in 2014. Following her retirement, Katherine founded Max Giant Capital, an asset management group focusing on direct investments in the financial industry in Asia, particularly in China. Katherine is currently an independent Non-Executive Director on the Board of Gap Inc., and the Board of China CITIC Bank International Limited. She also serves as a member of the Advisory Council for China of the City of London, and is an honorary Board member of Shanghai Jiao Tong University. She has previously served as an independent Non-Executive Director of Baoshan Iron & Steel Co. Limited, a member of the World Economic Forum's Global Agenda Council on China, and a member of Sotheby's Advisory Board.

Meeting Attendance Board: 3/3, Audit and Risk Committee: n/a, Nomination Committee: 3/3

Directors' Report

The Directors are pleased to present their twenty-ninth Annual Financial Report of the Fund, covering the year ended 30th June 2018.

Financial Performance

Results and Dividends

The total profit for the year for the Fund amounted to \$113,177,000 compared to a total profit of \$192,866,000 in the previous year. Refer to the Manager's Review on pages 32 to 34 for an explanation of the Fund's performance.

The Directors propose a dividend of 19.0 US cents per Participating Preference Share in respect of the year ended 30th June 2018 (2017: 14.0 US cents). If approved by shareholders at the AGM on 13th November 2018, the dividend will be payable on 21st December 2018 to shareholders on the register at close of business on 23rd November 2018.

Capital Values

At 30th June 2018, the value of Equity Shareholders' Funds was \$1,408,466,000 (2017: \$1,314,184,000) an increase of \$94,282,000. The Net Asset Value per Participating Preference Share was \$10.44 (2017: \$9.74).

Key Performance Indicators

The Highlights and Performance section on pages 4 and 5 show the Fund's Key Performance Indicators including its performance and discount to its NAV over the last five years.

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 2016 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. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide useful information to shareholders.

As a Guernsey incorporated company with a premium listing 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 2016 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.

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 2016 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 2016 UK Corporate Governance Code in respect of Executive Directors' remuneration and does not have a Remuneration Committee.

- 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. In particular, the Directors review the processes and controls managed by relevant specialist staff at the Manager.

Shareholders

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 are available via the Fund's website, www.genesisemf.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 – and often with members of the Board in attendance – 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.

Significant shareholdings

The Fund has a diversified shareholder population, however the Directors are aware of the following significant shareholdings. As at 30th June 2018, the issued share capital of the Fund was 134,963,060 Participating Preference Shares and as at 3rd September 2018, the issued share capital of the Fund was 121,466,754 Participating Preference Shares.

Shareholder	Participating Preference Shares Held	30 th June 2018 %	Participating Preference Shares Held	3 rd September 2018 %
Strathclyde Pension Fund	29,960,044	22.2	26,992,040	22.2
City of London Investment Management	23,871,139	17.7	21,815,219	18.0
Lazard Asset Management LLC Group	14,419,959	10.7	12,165,564	10.0
Wells Capital Management	10,478,577	7.8	11,212,539	9.2

Website: www.genesisemf.com

The Annual Financial Report is published on the website, www.genesisemf.com, 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 Annual Financial Report 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.

Regulatory Disclosures

The Alternative Investment Fund Managers Directive ('AIFMD')

The Manager is a limited liability partnership organised under the law of Delaware, USA and qualifies as a non-EU alternative investment fund manager ('non-EU AIFM'). Article 22 of AIFMD requires certain qualitative and quantitative disclosures on remuneration to assist the understanding of the risk profile of the Fund. Details of the Remuneration Policy of the Manager and amounts attributable to the Fund are available on the www.giml.co.uk website.

UK Listing Authority Listing Rules ('LR') – compliance with rule 9.8.4

None of the disclosures required under LR 9.8.4 are applicable to the Fund.

The Board

The Board, chaired by Hélène Ploix, consists of non-executive Directors, all of whom are considered to be independent of the Manager. The biographies of the Directors are shown on pages 16 and 17. The Board has consisted of no more than six Directors during the year and the Directors feel that given the fact that they do not have executive roles, it is not necessary to establish a separate Remuneration Committee. There is also no separate Management Engagement Committee as the Board, as a whole, regularly meet with the Manager, the Administrator and the Company Secretary to discuss their performance. Russell Edey held the role of Senior Independent Director during the year. The Audit and Risk Committee and the Nomination Committee both have separate reports on pages 25 and 28 respectively.

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 management agreement sets out matters over which the Manager has authority and includes management of the Fund's assets and the provision of administrative duties. The agreement further permits the Manager to delegate its administrative duties, subject to the Board's prior consent. All other matters are reserved for the approval of the Board. Under this agreement, for the 2018 financial year, the Manager was entitled to receive a management fee from the Fund, payable monthly, equal to 0.95% 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 terminated by three months' written notice given by the Fund, and twelve months' written notice given by the Manager.

As noted on page 26, the Audit and Risk Committee reviews the performance of, and the contractual arrangements with the Administrator and the Custodian. The Board is satisfied that the continuing appointment of the Administrator and the Custodian is in the best interests of shareholders.

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 below each Director's biography on pages 16 and 17. Note that attendance at a Board or Committee meeting by proxy does not count as formal attendance (although it does count towards a quorum).

Directors' Insurance and Indemnification

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

Other Matters

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.

The Manager aims to vote in the best interests of the Fund, and to vote on all shares in all markets. Proxy Voting Guidelines are maintained to outline the overall approach to voting and ensure that it is conducted in an appropriate manner. In evaluating specific voting issues, the Manager's team members may engage directly with company management and directors and may also contact interest groups, other shareholders and research providers. Where appropriate, and particularly where a vote against management is warranted, the Manager will contact the company to explain the decision-making process and promote best practice. In a case where securities are on loan ahead of a General Meeting or corporate action it is the Manager's policy to request that such securities be recalled to enable the shares to be voted.

The Manager has contracted with Institutional Shareholder Services, Inc. (ISS), an independent third-party provider of proxy voting and corporate governance services. ISS provides proxy research and recommendations, executes votes as instructed by the Manager, and keeps various records necessary for tracking proxy voting materials and proxy voting actions taken. ISS recommendations are one form of external research which is factored into the Manager's investment decision-making process. Each voting issue is analysed independently, however, and the Manager's votes are not necessarily in line either with company management or the ISS recommendations.

Further details on voting policy are disclosed on the Manager's website www.giml.co.uk, where a proxy voting report for the Fund over the last five years is also available.

Borrowing Facilities

The Articles of Incorporation permit the Fund to borrow up to 10% of the value of its Net Assets. No borrowing facility was used in either 2018 or 2017.

Company Secretary

JP Morgan Administration Services (Guernsey) Limited has been in office for the whole year under review.

Authority to Purchase Own Shares

Under Resolution 12 of the Annual General Meeting held on 6th November 2017, the shareholders authorised the Fund to purchase its own shares. This authority was 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 Fund). This authority expires at this year's Annual General Meeting of the Fund. 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 Fund's power to purchase its own shares will be sought at the AGM on 13th November 2018. In the event that the Fund 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.

Going Concern

The Directors believe that the Fund has adequate resources to continue in operational existence for twelve months from the approval date of the Annual Financial Report. 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.

Signed on behalf of the Board

Hélène Ploix

1st October 2018

Directors' Remuneration Report

The Directors of the Fund are non-executive and by way of remuneration 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 8th November 2016 and can only be amended by shareholder approval at a general meeting.

The level of Directors' Fees is independently assessed and was last reviewed in 2016 concurrently with the independent evaluation of the Board's performance. The Directors' fees are fixed and not linked to performance. The fees are shown in the table below and are deemed to accrue on a daily basis:

Position	Annual Fee
Director	£30,000
Chairman	additional £10,000
Chairman or Member of the Audit and Risk Committee	additional £5,000
Senior Independent Director	additional £2,500

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 Fund or in connection with the business of the Fund.

Directors' Service Contracts

No Director has a contract of service with the Fund. Accordingly, the Directors are not entitled to any compensation in the event of termination of their appointment or loss of office, other than the payment of any outstanding fees. The Board does not consider it appropriate that Directors should be appointed for a specific term. Any new Director appointed would be subject to election by shareholders at the next AGM following their appointment.

Directors' Emoluments for the Year

The fees paid to each Director for the years ended 30th June 2018 and 2017 are shown in the table below with any year-on-year differences being explained:

Position	30 th June 2018	30 th June 2017
Hélène Ploix	£45,000	£45,000
Sujit Banerji	£30,000	£30,000
Russell Edey	£37,500	£37,500
Saffet Karpat	£35,000	£35,000
John Llewellyn	£30,000	£30,000
Katherine Tsang ⁽¹⁾	£28,521	–
Michael Hamson ⁽²⁾	–	£12,562
	<u>£206,021</u>	<u>£190,062</u>

(1) Assumed the role of Director on 19th July 2017

(2) Retired as Director and Member of the Audit and Risk Committee on 8th November 2016

Directors' Interests

The following Directors had a beneficial interest (including family interests) in the share capital of the Fund. The table shows the number of Participating Preference Shares held by each Director as at 30th June 2018 and 2017:

Position	30 th June 2018	30 th June 2017
Hélène Ploix	15,000	15,000
Sujit Banerji	10,000	10,000
Saffet Karpat	20,000	20,000

An ordinary resolution to approve this Remuneration Report will be put to shareholders at the forthcoming AGM.

Signed on behalf of the Board

Hélène Ploix

1st October 2018

Audit and Risk Committee's Report

The Audit and Risk Committee is chaired by Russell Edey and has formally delegated duties and responsibilities with written terms of reference, which are available on the Fund's website.

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

- To monitor the integrity of the financial statements of the Fund, including its annual and half-yearly reports and any other formal announcement relating to its financial performance;
- To review the Fund's accounting policies and any significant financial reporting judgements;
- To monitor and review the adequacy and effectiveness of the internal financial control and risk management systems on which the Fund is reliant;
- To review and approve statements to be included in the Annual Financial Report concerning controls and risk management;
- To report to the Board that they have carried out a robust assessment of the principal risks facing the Fund;
- 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, re-appointment and removal of external auditors;
- To monitor the independence and objectivity of external auditors; and
- To review the audit fees, terms of engagement and provision of non-audit services by the external auditor.

The Audit and Risk Committee usually meets three times 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.

Significant accounting matters

During the review of the Fund's financial statements for the year ended 30th June 2018, the Audit and Risk Committee considered the following matters to be significant issues, both of which were satisfactorily addressed:

Issue considered	How the issue was addressed
<p>Valuation of the investment portfolio</p> <p><i>This is a key issue because the investments represent 98% of the Fund's total net assets.</i></p>	<p>99.0% of the investment portfolio was valued using quoted prices or prices that were observable. The Administrator's weekly valuation of these securities was checked by the Manager to independent price sources. 1.0% of the investment portfolio was invested in other funds ('Investee Funds') which were valued using the most recently available valuation statements from their respective administrator, updated to include subsequent cashflows. The Manager's monthly Valuation Committee monitors the fair value of all securities and ensures the appropriateness and accuracy of the methodologies used and their effective implementation. The Manager regularly provides information to the Directors on any stale, unquoted and illiquid securities contained within the investment portfolio for their review and comment.</p>

Issue considered	How the issue was addressed
<p>Loss of assets and custody risk</p> <p><i>This is a key issue because we need to carefully safeguard the Fund's assets.</i></p>	<p>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 July 2018.</p>

Auditor independence and assessment

The Audit and Risk Committee monitors the European and U.K. legislation regarding mandatory audit firm rotation and tendering to ensure compliance and an external tender was conducted during 2017. Following a robust evaluation of the responses to and presentations involved in the audit tender process, KPMG Channel Islands Limited ('KPMG') has been engaged by the Board to act as the Fund's auditor from the 2018 financial year. Prior to this, PricewaterhouseCoopers CI LLP ('PwC') had undertaken the audit of the Fund's accounts in previous years.

As part of its review of the continuing appointment of the Auditors, the Audit and Risk Committee considered the independence of the Auditor along with the effectiveness of the audit. The Auditors were asked to attest that KPMG and the audit team members were independent of the Fund. KPMG 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 and Risk Committee meetings and also by reference to feedback from the Manager. The Audit and Risk 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 and Risk Committee, that the Auditors continue to be independent of the Fund.

The fees paid to KPMG in respect of audit services for the year ended 30th June 2018 were \$52,000 (2017: \$61,000 paid to PwC). KPMG did not provide any non-audit services during the year (2017: None provided by PwC).

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 financial and operating controls operating at the Administrator. The 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 outsourced 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 and Risk Committee and any material findings are considered by the Board of Directors as a whole.

The Audit and Risk Committee has carried out its annual assessment of the internal controls of the Fund's service providers for the year ended 30th June 2018 and considered the internal control procedures to be adequate based on the findings of their respective ISAE 3402 or SOC 1 reports.

Russell Edey

Chairman of the Audit and Risk Committee

1st October 2018

Nomination Committee's Report

All Directors form the Nomination Committee, chaired by H el ene Ploix. The Nomination Committee terms of reference are available on the Fund's website.

Board appointments and re-election

The Board is composed of six members, diversified by nationality and gender.

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 Fund's Articles of Incorporation, it is required that they be elected by shareholders.

During the 2018-19 Financial Year, John Llewellyn will have served as a Director for nine years. The Board considers that Dr Llewellyn remains independent given his lack of any other connection with the Manager but would note that a plan for his succession is in progress, with a potential successor having been identified for nomination in early 2019.

All the Directors are retiring in accordance with the AIC Code and will 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.

Evaluation of the Board

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. In accordance with the AIC Code, an independent evaluation of the Board's performance takes place every three years, the last being carried out in April 2016 by Stephenson & Co. The findings of the review were considered by the Directors and actions, where appropriate, have been taken. The Board is aware of the requirements of the 2016 UK Corporate Governance Code and regularly reviews its succession plan.

H el ene Ploix

Chairman of the Nomination Committee

1st October 2018

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Fund and of the profit or loss of the Fund for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping 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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

The Directors who hold office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Fund's auditor is unaware, and that each Director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Fund's auditor is aware of that information.

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.

Signed on behalf of the Board

Hélène Ploix

Russell Edey

1st October 2018

Portfolio Report



Manager's Review

Investment Environment

The Fund's financial year was characterised by two distinct periods. The first, lasting until January, saw a continuation of the bull market rally which had started in January 2016. As we identified in the Fund's interim report, this rally was driven by a narrow segment of the opportunity set, particularly IT hardware and internet. The second period, which persisted until the end of the Fund's financial year, saw a strengthening dollar which compounded various political and macroeconomic concerns in markets such as Turkey and Brazil. This resulted in increased volatility and weaker asset prices.

As risk-aware investors who build diversified portfolios for long-term clients, we have at times over our 28-year history struggled to keep pace with sharp market rallies. It was therefore unsurprising the Fund's NAV failed to match the benchmark in the first half of the year. However, in the second half our bias toward quality companies combined with a rigorous assessment of intrinsic value allowed the Fund to recoup the losses sustained earlier in the year. This resulted in the Fund's NAV performing in line with the MSCI EM (TR) Index over the 12-month period, each rising by 6.8% in sterling terms.

Performance

Substantial relative performance was added from Chinese consumer staples holdings, notably from the *baijiu* producers Yanghe (up 55%) and Moutai (up 45% until being sold from the portfolio in April) as both businesses expanded sales volumes. Instant noodle company Tingyi was the top performing holding as its share price doubled, while dairy company China Mengniu also gained an impressive 71%. Elsewhere, significant value was also added from strong performing stocks in India. Banks led the contributors to relative performance there as Kotak and HDFC Bank rose by 31% and 19% respectively. We view these banks in early-stage economies as simple consumer businesses with long-run penetration opportunities. Decent gains were also achieved by the three Indian IT services companies TCS (up 48%), Infosys (up 34%) and Cognizant (up 18%), while Pidilite rose by 23%. Further gains were achieved from good stock performance in Mexico, where FirstCash increased by 53%, and in Indonesia where BCA saw its share price rise by 10% in a market that fell 14% during the period.

Significant value was lost versus the benchmark in the strong performing Chinese internet sector despite notable share price gains from Naspers, which derives the majority of its value from its holding in the Chinese internet company Tencent, and Alibaba as they rose 29% and 30% respectively. The portfolio's lower weighting compared to the Index in this sector cost the portfolio in relative terms, but shareholders will be aware that our investment approach, with its focus on diversification and investing at reasonable valuations, is unlikely to lead us to large Index-like positions in stocks that appear somewhat expensive. Sizeable losses were also incurred in Turkey as the two banks, Yapı Kredi (down 36%) and Garanti (down 32%), were affected by currency weakness and political and macroeconomic concerns. Losses also came in Russia, with the largest performance detractor being food retailer Magnit (down 53%), impacted by the combination of a weak consumer environment, heightened competitive intensity, and the founder unexpectedly selling most of his stake in January. Notwithstanding their recent performance, we remain confident in the attractiveness of all three of these holdings: the Turkish banks because of their quality, and Magnit as a result of our assessment of, and rising conviction in, its new ownership.

By sector, substantial gains were made in consumer, largely due to the performance of the aforementioned Chinese positions. Further gains came in the industrials sector and also in financials where Sberbank (up 48%) and insurer AIA (up 19%) supported the Indian banks mentioned above. However, these were offset by losses in the health care, IT and energy sectors.

Relative Performance Attribution in GBP – 12 Months to 30th June 2018

GEMF vs. MSCI EM (TR) Index

Top 10 Stock Contributors	%	Top 10 Stock Detractors	%
Jiangsu Yanghe Brewery (China)	0.70	<i>Tencent (China)</i>	<i>(1.38)</i>
Tingyi (China)	0.57	Magnit (Russia)	(0.99)
Kweichow Moutai (China)	0.53	Garanti Bank (Turkey)	(0.55)
Sberbank (Russia)	0.44	Jeronimo Martins (Poland)	(0.39)
<i>Hon Hai (Taiwan)</i>	0.42	Universal Robina (Philippines)	(0.37)
Mengniu Dairy (China)	0.41	Mediclinic (South Africa)	(0.35)
Kotak Mahindra Bank (India)	0.41	Ultrapar (Brazil)	(0.33)
Tullow Oil (United Kingdom)	0.40	<i>Baidu (China)</i>	<i>(0.28)</i>
AIA Group (China)	0.37	<i>Celltrion (South Korea)</i>	<i>(0.28)</i>
Naspers (South Africa)	0.37	Alibaba (China)	(0.27)

Stocks in italics are not held in the portfolio but are part of the Index at period end

Sector	%	Top 5 Country Contributors	%	Top 5 Country Detractors	%
Consumer Discretionary	1.47	India	1.24	Turkey	(1.06)
Financials	1.09	South Africa	0.66	Russia	(1.05)
Industrials	0.92	Mexico	0.58	China	(0.29)
Consumer Staples	0.34	Indonesia	0.51	Brazil	(0.21)
Telecoms	0.18	Taiwan	0.46	Poland	(0.20)
Utilities	0.16				
Materials	0.15				
Real Estate	0.13				
Health Care	(0.91)				
IT	(0.99)				
Energy	(1.08)				

Source: FactSet

Portfolio Activity

China saw a significant portion of the trading activity over the period as seven new positions were initiated and six positions were sold, while several other holdings were reduced mainly in response to higher share prices. Significant sales were seen amongst the A-share positions as Yanghe Brewery and Midea were reduced following strong share price performance, and Jiangsu Hengrui Medicine and Kweichow Moutai were sold, with the proceeds from the latter reinvested into another A-share spirits company, Wuliangye Yibin. Other holdings sold included Anhui Conch Cement, due to concerns over the sustainability of its high level of profitability, and China Mobile, due to governance and capital allocation concerns, while consumer companies Tingyi and China Mengniu Dairy were reduced. The new positions introduced included restaurant operator Yum China, A-shares China South Publishing and Yutong Bus and internet company 58.com, while AAC Technologies was reintroduced to the portfolio in June following a 30% price decline since November. The portfolio's position in the Chinese internet sector was further increased through additional investment in Naspers, making it the largest position in the portfolio.

Other significant trading activity occurred in India and South Africa. In India, the IT services companies Tata Consultancy Services and Infosys were scaled back on strength, while the aggregate pharmaceutical exposure was reduced as Lupin exited the portfolio. This was considered prudent considering the lack of clarity on FDA clearance and margin erosion. There was a new position introduced in one of India's largest mortgage finance companies, Housing Development Finance. In South Africa, telecoms company MTN Group was a new holding and share price weakness saw the position in Mediclinic increased. Anglo American's share price hit a three year high and the position was sold, as were Bidvest and Standard Bank, the latter due to concerns over the low growth environment in South Africa. Aspen Pharmacare was trimmed as we consider its transition from a South African generics company into a global speciality pharmaceutical company is now more challenging than initially expected.

Away from these markets, Russian natural gas producer Novatek was sold with the proceeds reinvested into Sberbank. By carrying out the switch, the quality and expected return of the portfolio was upgraded while marginally reducing the sanctions risk as, unlike Novatek, Sberbank has no oligarch connections. Elsewhere, there was a new holding in Brazilian insurer BB Seguridade, and a position was built in Dangote Cement (Nigeria). A sale was initiated in Tullow Oil and South Korean holding Samsung Fire & Marine Insurance was reduced. At the end of the period there were 126 holdings, with 29 new positions introduced and 28 positions sold.

Outlook

Following an acceleration of EM GDP growth and a recovery of EM corporate earnings in 2017 we have been somewhat cautious about the sustainability of EM economic and aggregate earnings growth in 2018. US interest rates are rising, activity levels in China are slowing, export growth is decelerating, the potential for damaging trade wars has increased and certain key commodity prices are trading well above our long-term estimates. In addition, aggregate financial sector earnings are over-dependent on a debt-inflated economy (Chinese institutions contribute the majority of EM financial sector earnings, which are in turn a third of total EM earnings).

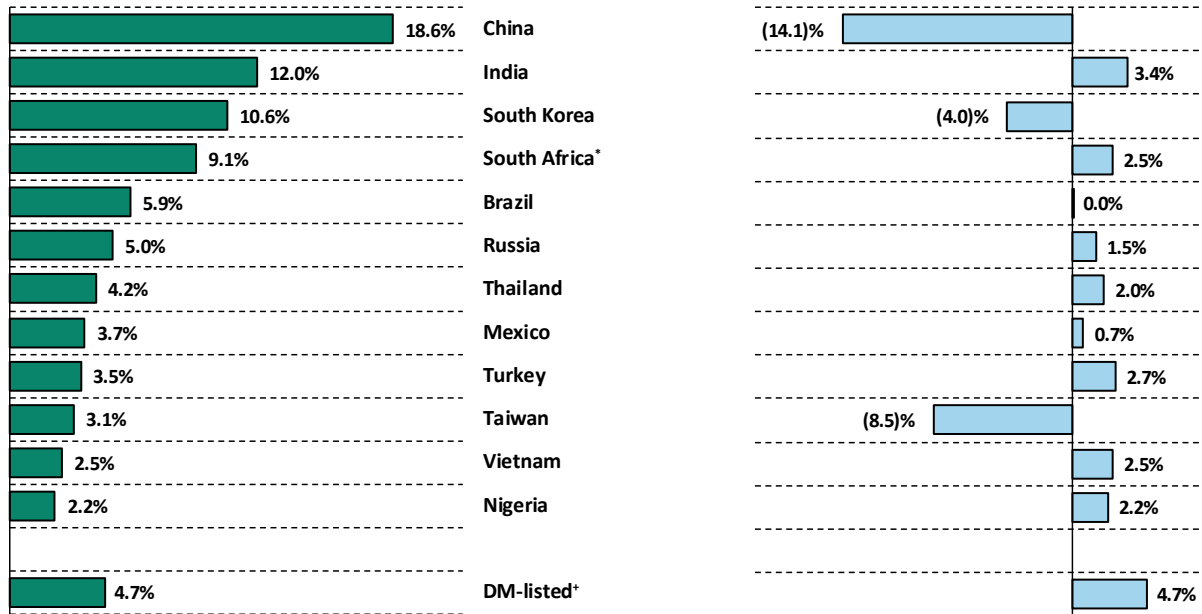
However, long-term we remain optimistic on the investment opportunity in EM. We expect incomes in low- and middle-income economies to continue to converge with those in high-income economies. Improving institutional quality should further enhance returns. And we are convinced that emerging market equities are less price efficient compared with those in developed markets. We continue to see attractive investment opportunities which are reflected in the Fund's well-diversified portfolio, consistent with our long-term preference for investing alongside good management teams in quality businesses at attractive prices.

Genesis Asset Managers, LLP
October 2018

Country and Sector Exposure of the Portfolio

as at 30th June 2018

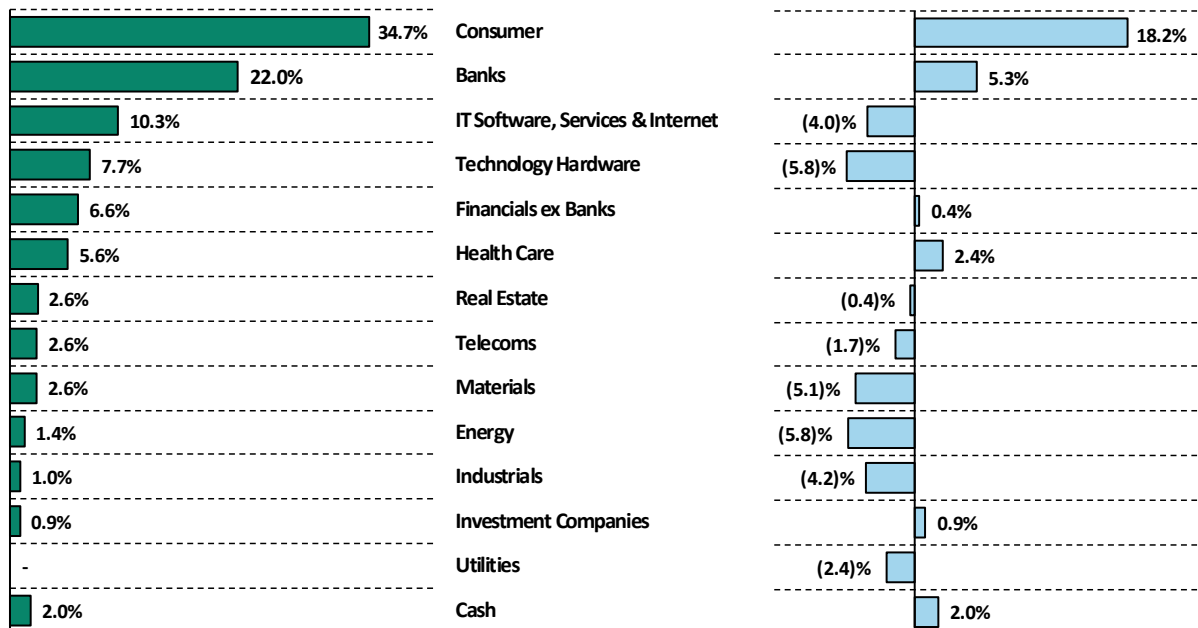
Relative to Benchmark



* Includes Naspers (5.3% portfolio weight, 3.1% overweight relative to benchmark)

* Companies listed on developed market stock exchanges with no distinct individual EM country exposure

Relative to Benchmark



Based on GEMF and MSCI EM (TR) Index

Twenty Largest Holdings

as at 30th June 2018

Naspers (South Africa) 5.25%

Consumer Discretionary

Naspers is a South African internet and entertainment group, with the majority of its value derived from the company's investment in Tencent, the leading Chinese internet service provider.

Samsung Electronics (South Korea) 4.13%

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.

Taiwan Semiconductor Manufacturing (Taiwan) 3.12%

Information Technology

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

AIA Group (China) 3.11%

Financials

AIA Group offers insurance and financial services. The company writes life insurance for individuals and businesses, accident and health insurance, retirement planning, and wealth management services.

Alibaba Group (China) 2.87%

Information Technology

Alibaba is the world's largest e-commerce company by gross merchandise volume, also operating a financials services business (including the largest online payments mechanism in China), and a cloud computing business.

Sberbank (Russia) 2.50%

Financials

Sberbank is the largest bank in Russia, accounting for almost 30% of aggregate banking assets.

Heineken (Netherlands) 2.12%

Consumer Staples

Heineken is a leading international brewer with emerging markets accounting for approximately 70% of earnings. It has significant market positions in Central & Eastern Europe, Mexico, Africa and Asia.

Kotak Mahindra Bank (India) 2.08%

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.

58.com (China) 1.94%*Information Technology*

58.com is a classified advertisements website serving consumers and local merchants in China. It is the market leader in the property and blue collar jobs sectors and also generates revenue from advertisements for used cars and general services.

Vietnam Dairy Products (Vietnam) 1.87%*Consumer Staples*

Vinamilk is the dominant dairy company in Vietnam with a 40% market share.

Jiangsu Yanghe Brewery (China) 1.76%*Consumer Staples*

Jiangsu Yanghe Brewery is a Chinese spirits producer, focusing primarily on the mid-end range of the clear liquor known as *baijiu*.

Bank Central Asia (Indonesia) 1.70%*Financials*

Bank Central Asia is Indonesia's third largest bank by assets and the largest private bank.

Wuliangye Yibin (China) 1.67%*Consumer Staples*

Wuliangye is a leading producer and seller of baijiu, the traditional Chinese fermented spirit. It has products across a range of price levels but its main product is the eponymous Wuliangye, a premium spirit made from five grains which accounts for 70% of revenue.

HDFC Bank (India) 1.58%*Financials*

HDFC Bank is India's leading private sector bank, with over 4,500 domestic branches.

Shinhan Financial Group (South Korea) 1.54%*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.

Naver (South Korea) 1.51%*Information Technology*

Naver owns the dominant search engine in South Korea, which has 75% market share, and the dominant instant messenger in Japan, Taiwan and Thailand.

Axis Bank (India) 1.50%*Financials*

Axis Bank operates more than 3,000 domestic branches and is the third largest private sector bank with 4% market share.

Samsung Fire & Marine Insurance (South Korea)**1.49%***Financials*

Samsung Fire & Marine Insurance is a multinational insurance company based in South Korea, with automobile insurance prominent amongst its products.

Infosys (India)**1.45%***Information Technology*

Infosys provides IT consulting and software services, including e-business, program management and supply chain solutions. The company's services include application development, product codevelopment, and system implementation and system engineering.

Bangkok Dusit Medical Services (Thailand)**1.40%***Health Care*

Bangkok Dusit is the largest private hospital operator in Thailand, and the second largest in Asia, operating 45 hospitals which serve patients from all income segments and locations.

The Portfolio

as at 30th June 2018

	Sector	Fair Value (\$'000)	Proportion of Fund (%)
Argentina (2017 – 0.36%)			
Banco Macro Bansud ADR	Financials	995	0.07
Loma Negra ADR	Materials	2,206	0.16
		3,201	0.23
Brazil (2017 – 4.82%)			
Banco BTG Pactual	Financials	4,939	0.35
BB Seguridade	Financials	14,363	1.02
Grupo Pão de Açúcar (Preferred)	Consumer Staples	3,783	0.27
Grupo Pão de Açúcar ADR	Consumer Staples	1,216	0.09
Itaú Unibanco Holding ADR	Financials	4,164	0.29
Itaúsa – Investimentos Itaú (Preferred)	Financials	15,013	1.07
Linx	Information Technology	4,099	0.29
Lojas Americanas (Ordinary)	Consumer Discretionary	4,375	0.31
Lojas Americanas (Preferred)	Consumer Discretionary	2,081	0.15
Notre Dame Intermedica	Health Care	5,957	0.42
OdontoPrev	Health Care	4,459	0.32
PPLA Participations	Financials	30	–
Rumo Logistica	Industrials	6,756	0.48
TOTVS	Information Technology	5,931	0.42
Ultrapar Participações ADR	Energy	1,917	0.14
Ultrapar Participações	Energy	3,540	0.25
		82,623	5.87
Chile (2017 – 0.42%)			
Embotelladora Andina 'A'	Consumer Staples	1,822	0.13
Embotelladora Andina 'B'	Consumer Staples	1,316	0.09
		3,138	0.22
China (2017 – 16.82%)			
58.com ADR	Information Technology	27,337	1.94
AAC Technologies	Information Technology	6,711	0.48
AIA Group	Financials	43,787	3.11
Alibaba Group ADR	Information Technology	40,456	2.87
China Mengniu Dairy	Consumer Staples	11,931	0.85
China Overseas Land & Investment	Real Estate	14,151	1.00

	Sector	Fair Value (\$'000)	Proportion of Fund (%)
China (continued)			
China South Publishing & Media Group 'A'	Consumer Discretionary	6,838	0.49
Fuyao Glass	Consumer Discretionary	7,478	0.53
Fuyao Glass 'A'	Consumer Discretionary	1,903	0.14
Hengan International Group	Consumer Staples	7,848	0.56
JD.com ADR	Consumer Discretionary	5,077	0.36
Jiangsu Yanghe Brewery 'A'	Consumer Staples	24,738	1.76
Midea Group 'A'	Consumer Discretionary	1,975	0.14
Tingyi Holding	Consumer Staples	12,068	0.86
WH Group	Consumer Staples	9,086	0.64
Wuliangye Yibin 'A'	Consumer Staples	23,555	1.67
Yum China	Consumer Discretionary	11,473	0.81
Zhengzhou Yutong Bus 'A'	Industrials	6,378	0.45
		262,790	18.66
Colombia (2017 – 0.66%)			
Bancolombia	Financials	4,193	0.30
Bancolombia (Preferred)	Financials	572	0.04
Bancolombia ADR	Financials	4,107	0.29
PriceSmart	Consumer Staples	6,762	0.48
		15,634	1.11
Egypt (2017 – 0.40%)			
ADES International – 144a	Energy	1,792	0.13
Arabian Food Industries GDR	Consumer Staples	233	0.02
Commercial International Bank	Financials	3,681	0.26
Commercial International Bank GDR	Financials	1,611	0.11
Edita Food Industries	Consumer Staples	1,975	0.14
Edita Food Industries GDR	Consumer Staples	411	0.03
		9,703	0.69
Ghana (2017 – 0.27%)			
Kosmos Energy	Energy	4,528	0.32
		4,528	0.32
Greece (2017 – 0.39%)			
OPAP	Consumer Discretionary	9,191	0.65
		9,191	0.65

	Sector	Fair Value (\$'000)	Proportion of Fund (%)
Hungary (2017 – 0.70%)			
OTP Bank	Financials	13,398	0.95
		13,398	0.95
India (2017 – 12.83%)			
Axis Bank	Financials	21,051	1.50
Cognizant Technology Solutions	Information Technology	13,152	0.93
Dabur India	Consumer Staples	2,534	0.18
Godrej Consumer Products	Consumer Staples	4,050	0.29
HDFC Bank (Foreign)	Financials	22,256	1.58
Housing Development Finance	Financials	14,808	1.05
Infosys	Information Technology	10,099	0.72
Infosys ADR	Information Technology	10,330	0.73
Kotak Mahindra Bank	Financials	29,319	2.08
Pidilite Industries	Materials	13,222	0.94
Quess Corp	Information Technology	2,744	0.20
Sun Pharmaceutical Industries	Health Care	15,977	1.13
Tata Consultancy Services	Information Technology	10,130	0.72
		169,672	12.05
Indonesia (2017 – 1.34%)			
Bank Central Asia	Financials	23,953	1.70
		23,953	1.70
Jordan (2017 – 0.69%)			
Hikma Pharmaceuticals	Health Care	9,540	0.68
		9,540	0.68
Kenya (2017 – 0.43%)			
Equity Bank	Financials	6,985	0.50
		6,985	0.50
Lebanon (2017 – 0.00%)			
BLOM Bank GDR	Financials	2,044	0.15
		2,044	0.15
Luxembourg (2017 – 2.07%)			
Genesis Smaller Companies SICAV [^]	Investment Companies	194	0.01
		194	0.01

	Sector	Fair Value (\$'000)	Proportion of Fund (%)
Malaysia (2017 – 0.24%)			
7-Eleven Malaysia	Consumer Staples	1,189	0.08
Westports Holdings	Industrials	373	0.03
		1,562	0.11
Mauritius (2017 – 0.42%)			
ECP Africa Fund II*†	Investment Companies	5,244	0.37
		5,244	0.37
Mexico (2017 – 3.51%)			
América Móvil	Telecommunications	4,010	0.28
América Móvil ADR	Telecommunications	7,504	0.53
FirstCash	Financials	4,500	0.32
Gruma	Consumer Staples	1,388	0.10
Grupo Financiero Banorte	Financials	11,781	0.84
Grupo Financiero Inbursa SAB de CV	Financials	5,800	0.41
Kimberly-Clark de Mexico	Consumer Staples	6,832	0.49
Megacable Holdings	Consumer Discretionary	8,184	0.58
Telesites	Telecommunications	1,606	0.11
		51,605	3.66
Morocco (2017 – 0.40%)			
Attijariwafa Bank	Financials	6,326	0.45
		6,326	0.45
Netherlands (2017 – 2.28%)			
Heineken Holding	Consumer Staples	10,732	0.76
Heineken	Consumer Staples	19,103	1.36
		29,835	2.12
Nigeria (2017 – 1.22%)			
Dangote Cement	Materials	12,089	0.86
First City Monument Bank	Financials	291	0.02
Guaranty Trust Bank	Financials	8,021	0.57
Guaranty Trust Bank GDR	Financials	3,823	0.27
Nestle Nigeria	Consumer Staples	3,319	0.24
Nigerian Breweries PLC	Consumer Staples	3,795	0.27
		31,338	2.23
Peru (2017 – 1.36%)			
Credicorp	Financials	15,421	1.09
		15,421	1.09

	Sector	Fair Value (\$'000)	Proportion of Fund (%)
Philippines (2017 – 1.27%)			
Puregold Price Club	Consumer Staples	3,962	0.28
Universal Robina	Consumer Staples	9,864	0.70
		13,826	0.98
Poland (2017 – 1.06%)			
Jeronimo Martins	Consumer Staples	15,107	1.07
		15,107	1.07
Romania (2017 – 0.83%)			
Banca Transilvania	Financials	6,307	0.45
New Century Holdings Balkan*†	Investment Companies	7,622	0.54
		13,929	0.99
Russia (2017 – 6.42%)			
Alrosa	Materials	8,401	0.60
Global Ports Investments GDR (Reg S)	Industrials	685	0.05
Lenta GDR (Reg S)	Consumer Staples	5,275	0.38
Magnit	Consumer Staples	17,650	1.25
Moscow Exchange	Financials	3,019	0.21
Sberbank	Financials	35,225	2.50
Yandex	Information Technology	432	0.03
		70,687	5.02
Saudi Arabia (2017 – 0.00%)			
Almarai HSBC P Note (20/07/2020)	Consumer Staples	7,789	0.55
		7,789	0.55
South Africa (2017 – 8.72%)			
Aspen Pharmacare	Health Care	3,616	0.26
Bid Corp	Consumer Staples	18,038	1.28
Distell Group	Consumer Staples	1,103	0.08
Mediclinic International	Health Care	18,423	1.31
MTN Group	Telecommunications	5,859	0.42
Naspers	Consumer Discretionary	73,993	5.25
Pick 'n' Pay Stores	Consumer Staples	6,681	0.47
		127,713	9.07

	Sector	Fair Value (\$'000)	Proportion of Fund (%)
South Korea (2017 – 10.69%)			
E-mart	Consumer Staples	7,378	0.52
GS Retail	Consumer Staples	8,944	0.65
Hanon Systems	Consumer Discretionary	3,576	0.25
Hanssem	Consumer Discretionary	6,330	0.45
Kiwoom Securities	Financials	1,006	0.07
Naver	Information Technology	21,235	1.51
Samsung Electronics (Ordinary)	Information Technology	30,449	2.16
Samsung Electronics (Preferred)	Information Technology	27,749	1.97
Samsung Fire and Marine Insurance	Financials	19,449	1.38
Samsung Fire and Marine Insurance (Preferred)	Financials	1,554	0.11
Shinhan Financial Group	Financials	21,701	1.54
		149,371	10.61
Switzerland (2017 – 0.76%)			
Richemont	Consumer Discretionary	13,389	0.95
		13,389	0.95
Taiwan (2017 – 4.48%)			
Taiwan Semiconductor Manufacturing Company	Information Technology	43,991	3.12
		43,991	3.12
Thailand (2017 – 4.58%)			
Bangkok Dusit Medical Services	Health Care	19,756	1.40
Central Pattana	Real Estate	19,390	1.38
CP All	Consumer Staples	12,166	0.86
Thai Beverage	Consumer Staples	7,400	0.53
TOA Paint	Materials	216	0.01
		58,928	4.18
Turkey (2017 – 2.99%)			
Anadolu Efes Biracılık	Consumer Staples	10,690	0.76
Coca-Cola İçecek	Consumer Staples	4,709	0.34
MLP Sağlık Hizmetleri	Health Care	1,234	0.09
Şok Marketler Ticaret	Consumer Staples	4,676	0.33
Türkiye Garanti Bankası	Financials	15,671	1.11
Ülker Bisküvi Sanayi	Consumer Staples	2,552	0.18
Yapı ve Kredi Bankası	Financials	9,164	0.65
		48,696	3.46

	Sector	Fair Value (\$'000)	Proportion of Fund (%)
United Arab Emirates (2017 – 0.00%)			
ADNOC Distribution	Energy	3,186	0.23
		3,186	0.23
United Kingdom (2017 – 1.95%)			
Liberty Global LiLaC 'A'	Telecommunications	6,928	0.49
Liberty Global LiLaC 'C'	Telecommunications	10,967	0.78
Tullow Oil	Energy	4,818	0.34
		22,713	1.61
Vietnam (2017 – 1.60%)			
Mekong Enterprise Fund II*†	Investment Companies	423	0.03
Mobile World Investment	Consumer Discretionary	3,264	0.23
Techcombank	Financials	2,155	0.15
Vietnam Dairy Products (Vinamilk)	Consumer Staples	26,284	1.87
Vincom Retail	Real Estate	3,680	0.26
		35,806	2.54
Total Investments		1,383,056	98.20
Net Current Assets		25,410	1.80
TOTAL NET ASSETS		1,408,466	100.00

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

† Investee Funds. The Fund's investments in non-affiliated investment companies.

^ Treating Genesis Smaller Companies SICAV 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.

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.

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.

Financial Statements



Independent Auditor's Report

to the members of Genesis Emerging Markets Fund Limited

Our opinion is unmodified

We have audited the financial statements (the "Financial Statements") of Genesis Emerging Markets Fund Limited (the "Company"), which comprise the statement of financial position as at 30th June 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30th June 2018, and of the Company's financial performance and the Company's cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including Financial Reporting Council (FRC) Ethical Standards as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key Audit Matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows:

Financial assets at fair value through profit or loss

\$1,383,056,000; (2017: \$1,279,759,000)

Refer to page 25 of the Audit and Risk Committee, note 2(b) of the accounting policy, note 3 and note 10 disclosures

<i>The risk</i>	<i>Our response</i>
<p>Basis:</p> <p>The Company's investment portfolio consists primarily of listed securities from emerging markets ("Investments"). These Investments carried at a fair value of \$1,383.1m are valued by the Company based on prices obtained from third party pricing providers</p> <p>Risk:</p> <p>The valuation of the Company's Investments, given that it represents the majority of the Company's net assets, is a significant area of our audit. Of the Company's Investments, the holdings in listed investments represent \$1,369.6m</p>	<p>Our audit procedures included:</p> <p>Internal Controls:</p> <p>We evaluated the design, implementation and operational effectiveness of the key control over the valuation of the Investments</p> <p>Use of KPMG Specialists:</p> <p>We used our own valuation specialist to independently price Investments with a value of \$1,369.6m to a third party pricing source and evaluated the level of trading activity for those Investments</p> <p>Assessing disclosures:</p> <p>We also considered the Company's disclosures (see note 3) in relation to the use of estimates and judgments regarding the valuation of Investments and the Company's investment valuation policies adopted in note 2(b) and fair value disclosures in note 10 for compliance with IFRS</p>

Our application of materiality and an overview of the scope of our audit

Materiality for the Financial Statements as a whole was set at \$28.2m, determined with reference to a benchmark of Net Assets of \$1,408.3m, of which it represents 2%.

We reported to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding \$1.4m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

We have nothing to report on going concern

We are required to report to you if we have anything material to add or draw attention to in relation to the Directors' statement in note 2(a) to the Financial Statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the Financial Statements. We have nothing to report in this respect.

We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our Financial Statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement (page 12) that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed or mitigated; and
- the Directors' explanation in the Viability Statement (page 12) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the Annual Report describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the 2016 UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report to you in these respects.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the Financial Statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 29, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Steven Stormonth

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors, Guernsey

1st October 2018

Statement of Financial Position

as at 30th June 2018

Note		2018 \$'000	2017 \$'000
	ASSETS		
	Current assets		
2(b), 10(a)	Financial assets at fair value through profit or loss	1,383,056	1,279,759
2(g)	Amounts due from brokers	2,375	4,636
2(d)	Dividends receivable	4,287	2,295
	Other receivables and prepayments	204	172
2(f)	Cash and cash equivalents	25,260	35,059
	TOTAL ASSETS	1,415,182	1,321,921
	LIABILITIES		
	Current Liabilities		
2(g)	Amounts due to brokers	3,649	4,644
2(j)	Capital gains tax payable	1,239	1,038
7	Payables and accrued expenses	1,828	2,055
	TOTAL LIABILITIES	6,716	7,737
	TOTAL NET ASSETS	1,408,466	1,314,184
	EQUITY		
4	Share Premium	134,349	134,349
6	Capital reserve	1,217,468	1,132,448
	Revenue account	56,649	47,387
	TOTAL EQUITY	1,408,466	1,314,184
	NET ASSET VALUE PER PARTICIPATING PREFERENCE SHARE*	\$10.44	\$9.74

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2017: 134,963,060).

Signed on behalf of the Board of
Genesis Emerging Markets Fund Limited
Hélène Ploix
Russell Edey
1st October 2018

The notes on pages 56 to 75 form part of these financial statements

Statement of Comprehensive Income

for the year ended 30th June 2018

Note		2018			2017		
		Capital Reserve \$'000	Revenue Account \$'000	Total \$'000	Capital Reserve \$'000	Revenue Account \$'000	Total \$'000
	INCOME						
2(b), 10(b)	Net change in financial assets at fair value through profit or loss	97,475	–	97,475	185,686	–	185,686
2 (c)	Net exchange gains/(losses)	561	–	561	(210)	–	(210)
2 (d)	Dividend income	–	36,468	36,468	–	30,000	30,000
2 (n)	Securities lending income	–	830	830	–	186	186
2 (d)	Interest income	–	14	14	–	95	95
	TOTAL INCOME	98,036	37,312	135,348	185,476	30,281	215,757
	EXPENSES						
9(a)	Management fees [†]	(11,088)	(2,795)	(13,883)	–	(15,110)	(15,110)
9(c)	Custodian fees	–	(1,215)	(1,215)	–	(1,125)	(1,125)
12	Transaction costs [†]	(1,726)	–	(1,726)	–	(1,543)	(1,543)
9(e)	Directors' fees and expenses	–	(366)	(366)	–	(370)	(370)
9(b)	Administration fees	–	(318)	(318)	–	(280)	(280)
	Audit fees	–	(52)	(52)	–	(61)	(61)
	Legal and professional fees	–	(77)	(77)	–	(92)	(92)
	Other expenses	–	(203)	(203)	–	(170)	(170)
	TOTAL OPERATING EXPENSES	(12,814)	(5,026)	(17,840)	–	(18,751)	(18,751)
	OPERATING PROFIT	85,222	32,286	117,508	185,476	11,530	197,006
	FINANCE COSTS						
	Bank charges	–	(19)	(19)	–	(4)	(4)
	TOTAL FINANCE COSTS	–	(19)	(19)	–	(4)	(4)
	TAXATION						
2(j),8	Capital gains tax [†]	(202)	–	(202)	–	(897)	(897)
2(j),8	Withholding taxes	–	(4,110)	(4,110)	–	(3,239)	(3,239)
	TOTAL TAXATION	(202)	(4,110)	(4,312)	–	(4,136)	(4,136)
	PROFIT AFTER TAX FOR THE YEAR ATTRIBUTABLE TO PARTICIPATING PREFERENCE SHARES	85,020	28,157	113,177	185,476	7,390	192,866
	TOTAL COMPREHENSIVE INCOME	85,020	28,157	113,177	185,476	7,390	192,866
5	EARNINGS PER PARTICIPATING PREFERENCE SHARE*	\$0.63	\$0.21	\$0.84	\$1.37	\$0.06	\$1.43

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2017: 134,963,060).

† With effect from 1st July 2017, 80% of the Management fees and all the Transaction costs and Capital gains tax have been allocated to the Capital Reserve.

The total column of this statement represents the Company's Statement of Profit or Loss and Other Comprehensive Income prepared in accordance with IFRS. The supplementary information on the allocation between the revenue account and capital reserve is presented under guidance published by the AIC.

The notes on pages 56 to 75 form part of these financial statements

Statement of Changes in Equity

for the year ended 30th June 2018

	2018			
	Share Premium \$'000	Capital Reserve \$'000	Revenue Account \$'000	Total \$'000
Balance at the beginning of the year	134,349	1,132,448	47,387	1,314,184
Total Comprehensive Income	–	85,020	28,157	113,177
Dividends paid in the year	–	–	(18,895)	(18,895)
Balance at the end of the year	134,349	1,217,468	56,649	1,408,466

	2017			
	Share Premium \$'000	Capital Reserve \$'000	Revenue Account \$'000	Total \$'000
Balance at the beginning of the year	134,349	946,972	39,997	1,121,318
Total Comprehensive Income	–	185,476	7,390	192,866
Balance at the end of the year	134,349	1,132,448	47,387	1,314,184

The notes on pages 56 to 75 form part of these financial statements

Statement of Cash Flows

for the year ended 30th June 2018

	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES		
Dividends and interest received	34,490	31,801
Securities lending income received	830	186
Taxation paid	(4,111)	(3,239)
Purchase of investments	(495,885)	(287,402)
Proceeds from sale of investments	491,329	292,224
Bank charges paid	(19)	(4)
Operating expenses paid	(18,099)	(18,542)
NET CASH INFLOW FROM OPERATING ACTIVITIES	8,535	15,024
FINANCING ACTIVITIES		
Dividends paid	(18,895)	–
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(18,895)	–
Effect of exchange gains/(losses) on cash and cash equivalents	561	(210)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(9,799)	14,814
Net cash and cash equivalents at the beginning of the year	35,059	20,245
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25,260	35,059
Comprising:		
Cash and cash equivalents	25,260	35,059

The notes on pages 56 to 75 form part of these financial statements

Notes to the Financial Statements

for the year ended 30th June 2018

1. 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 on a going concern basis 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.

New standards, amendments and interpretations effective from or after 1st July 2017

The following standards and interpretations have been issued and are expected to be relevant to the Fund with effective dates on or after 1st July 2017:

- IFRS 15, Revenue from contracts with customers (effective from 1st January 2018)
- IFRS 9, Financial Instruments (effective from 1st January 2018)

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 2018:

- Amendments to IFRS 9, Prepayment Features with Negative Compensation (effective from 1st January 2019)

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 2018.

(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.

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.

Securities listed on active markets are valued based on their last traded price for valuation and financial statement purposes. Positions held in the affiliated investment company, Genesis Smaller Companies SICAV (open-ended and 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 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.

The Fund may make adjustments to the value of a security if it has been materially affected by events occurring before the Fund's NAV calculation 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.

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.

(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 Board of Directors. 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.

(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. Expenses are allocated wholly to revenue with the following exceptions:

- Management fees are allocated 20% to revenue and 80% to the capital, in line with the Board's expected long-term split of revenue and capital return from the Fund's investment portfolio.
- Expenses which are incidental to the purchase or sale of an investment are charged to capital.

(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 but are entitled to receive dividends. They 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 Fund'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.

(m) Structured entities

The Fund considers all of its investments in Investee Funds to be investments in unconsolidated structured entities as defined by IFRS 12. Investee Funds apply various investment strategies to accomplish their respective investment objectives. Investee Funds finance their operations by issuing redeemable interests (e.g. shares) which are puttable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable interests in each of its Investee Funds. The change in fair value of each Investee fund is included in the Statement of Comprehensive Income in "Net change in financial assets at fair value through profit or loss".

(n) Securities Lending

The Fund participates in securities lending transactions with third party investment companies. JPMorgan Chase Bank N.A. acts as the securities lending agent (the 'Lending Agent') providing the securities lending services, record keeping services and serves as securities custodian, maintaining custody of all Fund-owned listed investments. Under the terms of its lending agreement, the Fund receives compensation in the form of fees, 20% of which are commissions payable to the Lending Agent for their services. The loans are secured by collateral comprising of governmental securities and is called in on a daily basis to a value of 102% of the fair value of securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% if it is denominated in a different currency. The Fund continues to receive dividends on the securities loaned and any gains and losses that occur during the term of the loan will be accounted for by the Fund. The Fund has the right under the lending agreement to recover the securities from the borrower on demand.

Income earned from the securities lending agreement is recognised on the Fund's Statement of Comprehensive Income on an accruals basis and shown net of the commissions paid to the Lending Agent.

3. Critical Accounting Estimates and Assumptions

As stated in note 2(a) Basis of Preparation, 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.

4. Share Capital and Share Premium

(a) Authorised

1,000 Founder Shares of no par value

The Fund may issue an unlimited number of Unclassified Shares of no par value

(b) Issued

	Number of Shares	Share Capital \$'000	Share Premium \$'000
As at 30 th June 2018	134,964,060	–	134,349
As at 1 st July 2017	134,964,060	–	134,349

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))	134,963,060
As at 30th June 2018	134,964,060

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 Fund 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 Fund on 30th October 2009 it was approved that each Participating Preference Share be divided into ten Participating Preference Shares. Under 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.

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 confer the right to dividends declared, and at general meetings, on a poll, confer 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 are calculated by dividing the profit for the year by the weighted average number of Participating Preference Shares in issue during the year.

	2018 \$'000	2017 \$'000
Capital return	85,020	185,476
Revenue return	28,157	7,390
Profit after tax for the year attributable to Participating Preference Shares	113,177	192,866
Weighted average number of Participating Preference Shares outstanding	134,963,060	134,963,060
Capital earnings per Participating Preference Share	\$0.63	\$1.37
Revenue earnings per Participating Preference Share	\$0.21	\$0.06
Basic earnings per Participating Preference Share – basic and diluted	\$0.84	\$1.43

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 2018 consists of the following accumulated amounts:

	2018 \$'000	2017 \$'000
Realised gains on investments sold	1,063,432	952,071
Unrealised appreciation on revaluation of investments	174,271	188,157
Exchange losses	(7,192)	(7,753)
Transfer to share premium	(27)	(27)
Expenses charged to capital	(13,016)	–
	1,217,468	1,132,448

7. Payables and Accrued Expenses

	2018 \$'000	2017 \$'000
Management fees	1,088	1,348
Custodian fees	287	283
Directors' fees	281	231
Audit fees	46	63
Other accrued expenses	126	130
	1,828	2,055

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 £1,200.

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 equal to 0.95% (2017: 1.25%) 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. Genesis affiliated investment companies, refer to note 9(f), do not charge a separate management fee to the Manager.

(b) Administration fees

The Administrator is entitled to receive a fee, payable monthly, based on the Net Asset Value of the Fund and time incurred. Administration fees for the year were \$318,000 and charged by JP Morgan Administration Services (Guernsey) Limited (2017: \$280,000).

(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. All custody services are performed by JP Morgan Chase Bank.

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 0.09% (2017: 0.09%) per annum of the average Net Assets of the Fund.

(d) Securities lending fees

The Fund generated gross income of \$1,037,000 (2017: \$232,000) from securities lending transactions during the year. Commissions amounting to \$207,000 (2017: \$46,000) were paid to JPMorgan Chase Bank N.A. during the year in respect of these transactions of which none were outstanding at the year end.

(e) Directors' fees and expenses

Included in Directors' fees and expenses are Directors' fees for the year of \$281,000 (2017: \$243,000). 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 24 as part of the Directors' Remuneration Report.

(f) Other group investments

The Genesis Smaller Companies SICAV is a related party of the Fund by virtue of having a common Manager in Genesis Asset Managers, LLP. The Fund's holding in this fund is summarised in the portfolio statement on pages 39 to 45. Subscriptions and redemptions during the year under review are detailed in the table below. No dividends were received from this fund during the year (2017: nil). The Genesis Smaller Companies SICAV was placed into liquidation on 14th December 2017.

There were no other transactions between the Fund and such related parties during the year except as disclosed in Notes 9 (a), (b), (c), (d) and (e) above and there were no outstanding balances between these entities at 30th June 2018.

	2018	
	Subscriptions \$'000	Redemptions \$'000
Genesis Smaller Companies SICAV	–	10,229

	2017	
	Subscriptions \$'000	Redemptions \$'000
Genesis Smaller Companies SICAV	–	3,685

10. Financial Assets held at Fair Value Through Profit or Loss**(a) Statement of Financial Position**

	30 th June 2018 \$'000	30 th June 2017 \$'000
Financial assets at fair value through profit or loss:		
Listed equity securities	1,369,572	1,230,431
Unlisted equity securities	13,484	49,328
Total financial assets at fair value through profit or loss:	1,383,056	1,279,759

(b) Statement of Comprehensive Income

	30 th June 2018 \$'000	30 th June 2017 \$'000
Net change in financial assets at fair value through profit or loss:		
Realised gains	159,989	74,993
Realised losses	(48,628)	(53,629)
Net realised gains	<u>111,361</u>	<u>21,364</u>
Change in unrealised appreciation	(18,091)	109,538
Change in unrealised depreciation	4,205	54,784
Net unrealised change in financial assets at fair value through profit or loss	<u>(13,886)</u>	<u>164,322</u>
Net change in financial assets at fair value through profit or loss	<u><u>97,475</u></u>	<u><u>185,686</u></u>

(c) Fair Value Hierarchy

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

Level 1	Level 2	Level 3
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 58).

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.

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

At 30 th June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Investment in equity securities	1,361,784	194	–
Participatory notes	–	7,789	–
Investee funds	–	–	13,289
	1,361,784	7,983	13,289

At 30 th June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Investment in equity securities	1,224,476	39,723	–
Investee funds	–	–	15,560
	1,224,476	39,723	15,560

(d) Level 3 Investments

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

Valuation basis for Level 3 Investment	2018 \$'000	2017 \$'000
Administrator's Net Asset value	13,289	15,560
	13,289	15,560

As at 30th June 2018 there were three holdings (2017: three holdings) classified as Level 3 investments. These 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.

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

The following table summarises the change in value associated with Level 3 financial instruments carried at fair value during the year:

	2018 Level 3 \$'000	2017 Level 3 \$'000
Balance at 1 st July	15,560	24,950
Transfers out of Level 3	–	(4,002)
Return of capital	(452)	(6,831)
Realised gain	148	2,059
Net change in unrealised appreciation	(1,967)	(616)
Balance at 30 th June	13,289	15,560

Unrealised losses as at year end amounting to \$6,067,000 (2017: unrealised gains of \$3,950,000) 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'.

(e) Transfers between Levels

The following table presents the transfers between levels for the investments held at 30th June 2018 and 30th June 2017:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between Level 1 and 2:			
Equity Securities	27,748	(27,748)	–

The transfers from Level 2 to Level 1 relate to six equity securities which previously were impacted by short-term currency restrictions and were discounted by publicly available foreign exchange forward rates, however as at 30th June 2018 the currency was regularly trading.

The Fund's policy is to recognise transfers in and transfers out at the end of each accounting period.

(f) Securities Lending

As at 30th June 2018 the Fund had securities with a fair value of \$69,065,000 (2017: \$23,194,000) on loan and received \$64,188,000 (2017: \$23,212,000) of non-cash collateral for these loans. Included in the securities on loan were Brazilian securities with a fair value of \$7,282,000 (2017: \$1,258,000). All Brazilian securities lending transactions must go through the Brazilian Clearing and Depository Corporation ('CBLC'), who act as a counterparty, managing and holding the collateral. The CBLC do not disclose specific collateral amounts held for individual loans. Hence the \$64,188,000 collateral received by the Fund only relates to \$61,783,000 of non-Brazilian securities on loan. The Fund is still indemnified by the Lending Agent on securities lending transactions going through the CBLC.

11. Dividend

	2018 US\$000	2017 US\$000
Dividends paid		
2017 final dividend of 14.0 US cents (2016: nil) per Participating Preference Share	18,895	–
	18,895	–
Dividend Proposed		
2018 final dividend of 19.0 US cents (2017: 14.0) per Participating Preference Share	23,079	18,895
	23,079	18,895

The dividend proposed in respect of the year ended 30th June 2018 is subject to shareholder approval at the forthcoming AGM. In accordance with the accounting policy of the Fund (see note 2(e)), this dividend will be reflected in the financial statements for the year ending 30th June 2019.

12. Transaction Costs

	2018 \$'000	2017 \$'000
Acquiring	820	751
Disposing	906	792
	1,726	1,543

13. Segment Information

The Directors, after having considered the way in which internal reporting is provided to them, are of the opinion that the Fund continues to be 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 a whole, as internal reports are prepared on a consistent basis in accordance with the measurement and recognition principles of IFRS.

As at 30th June 2018 and 30th June 2017, 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 35.

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

14. 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.

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:

(a) 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 the 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 charts and tables on Country and Sector Exposure of the Portfolio (page 35) and The Portfolio (pages 39 to 45) illustrate the allocation of the portfolio assets according to these criteria as at 30th June 2018.

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 short-term performance of the Fund and its correlation to the MSCI EM (TR) Index is shown in the Highlights section on pages 4 and 5 and is expected to change over time.

Given that the observed volatility of the Fund's NAV in 2018 was 11.35% (2017: 6.62%), 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:

	2018 \$'000	2017 \$'000
Financial assets at fair value through profit or loss	1,383,056	1,279,759
Net Asset Value and profit impact	156,977	84,720

Market price risk – Investee Funds

The Fund's investments in Investee Funds are subject to the terms and conditions of the respective Investee fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The Manager makes investment decisions after extensive due diligence of the underlying fund, its strategy and the overall quality of the underlying fund's manager. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset based fee and a performance based incentive fee and is reflected in the valuation of the Fund's investment in each of the Investee Funds.

The exposure to investments in Investee Funds at fair value is disclosed as part of Note 10. These investments are included in "Financial assets at fair value through profit or loss" in the Statement of Financial Position. The Fund's maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds.

The Fund's investment strategy entails trading in other funds on a regular basis. There were no purchases in Investee Funds during the year ended 30th June 2018 (2017: none); Total sales amounted to \$452,000 (2017: \$439,000). As at 30th June 2018 and 2017 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases. During the year ended 30th June 2018 total net losses incurred on investments in Investee Funds were \$1,967,000 (2017: losses of \$548,000).

(b) 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 US dollars (functional currency).

Foreign currency risk exposure

The following table sets out the Fund's material exposures to foreign currency risk as at 30th June 2018:

Currency	Net non-monetary assets and (liabilities) \$'000	Net monetary assets and (liabilities) \$'000	Total foreign currency risk \$'000
Brazilian real	75,326	(24)	75,302
Chinese yuan renminbi	65,388	487	65,875
Euro	54,133	(13)	54,120
Hong Kong dollar	113,061	473	113,534
Indian rupee	146,190	346	146,536
Indonesian rupiah	23,953	–	23,953
Korean won	149,371	647	150,018
Mexican peso	39,601	–	39,601
Nigerian naira	27,516	563	28,079
South African rand	109,291	–	109,291
Sterling	32,781	372	33,153
Taiwan dollar	43,991	1,284	45,275
Thailand baht	51,528	25	51,553
Turkish lira	48,696	(43)	48,653
United States dollar	280,677	18,332	299,009
Vietnamese dong	35,382	1,137	36,519
Other currencies	86,171	1,824	87,995
	1,383,056	25,410	1,408,466

Comparative figures as at 30th June 2017 are as follows:

Currency	Net non-monetary assets and (liabilities) \$'000	Net monetary assets and (liabilities) (\$'000)	Total foreign currency risk \$'000
Brazilian real	53,522	151	53,673
Chinese yuan renminbi	69,586	12,912	82,498
Euro	48,971	–	48,971
Hong Kong dollar	118,348	360	118,708
Indian rupee	145,507	566	146,073
Indonesian rupiah	17,671	–	17,671
Korean won	140,461	24	140,485
Mexican peso	33,769	1,700	35,469
Philippine peso	16,640	102	16,742
South African rand	103,305	1,144	104,449
Sterling	29,871	8	29,879
Taiwan dollar	58,835	1,382	60,217
Thailand baht	47,758	(549)	47,209
Turkish lira	39,327	–	39,327
United States dollar	258,582	15,236	273,818
Vietnamese dong	18,448	739	19,187
Other currencies	79,158	650	79,808
	1,279,759	34,425	1,314,184

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 2018, had the average exchange rate of the US dollar weakened by a reasonable possible movement of 500 basis points (2017: 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 \$55,473,000 (2017: \$52,018,000).

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 14(a).

(c) 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 2018 was as follows:

	2018 \$'000	2017 \$'000
Amounts due within one month		
Amounts due to brokers	3,649	4,644
Payables and accrued expenses	1,828	2,055
Amounts due within one year		
Capital gains tax payable	1,239	1,038
Total liabilities	6,716	7,737

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.

The Fund has no receivables past their due dates as at 30th June 2018 (2017: nil).

(d) 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 2018 (2017: nil).

Credit risk management

All transactions in securities are settled upon delivery using brokers whose credit worthiness has been formally assessed as equivalent to investment grade or have been formally approved by the Investment Adviser. The risk of default is mitigated by stringent processes in place by the relevant central depositories, together with broker and local agent adherence to market practices, which ensures that trades are able to settle in a timely and efficient manner. Cash and cash equivalents are held by the Custodian and third party financial institutions whose credit ratings are assessed as equivalent to investment grade.

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.

	2018 Amounts due within 1 year \$'000	2017 Amounts due within 1 year \$'000
Amounts due from brokers	2,375	4,636
Dividends receivable	4,287	2,295
Other receivable and prepayments	204	172
Cash and cash equivalents	25,260	35,059
	32,126	42,162

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

Credit Risk – Participatory Notes

As at 30th June 2018 the Fund held one P Notes (2017: none) which allowed for the Fund to trade in equity securities in Saudi Arabia.

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 43) and are provided by 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 HSBC is 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.

Credit Risk – Securities Lending

Participation in securities lending transactions exposes the Fund to risk of default by the third party borrower. To mitigate this risk, the Lending Agent is responsible for monitoring the collateralisation of 102% and 105% and ensuring that these levels are maintained on marked to market fair values of all securities on loan. In case of default by the borrower, the responsibility to 'make good' the transaction falls to the Lending Agent.

The Investment Adviser actively monitors the capital levels and credit rating of the Lending Agent and the third party borrowers.

(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 and management

The Fund has the ability to borrow up to 10% of the Fund's NAV in order to increase the amount of capital available for investment. The Fund aims to keep its use of an overdraft facility for trading purposes to a minimum only using a facility to enable settlements. 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 Fund was not leveraged in 2018 or 2017. The majority of the Fund's net financial assets were non interest bearing (98.21% on average over the twelve-month period to 30th June 2018 (2017: 97.33%)). 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. The Directors do not consider the exposure to interest risk as being material to the Fund.

(f) 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.

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

On 19th July 2018, the Fund launched a tender offer to buy back up to 10% of its issued share capital. As a result of the tender offer, on 3rd September 2018, the Fund re-purchased 13,496,306 Participating Preference Shares for cancellation. The resultant number of shares in issue is 121,466,754 Participating Preference Shares.

On 24th September 2018, the Board proposed a dividend of 19.0 US cents per Participating Preference Share subject to Shareholder approval.

There were no other significant events to disclose since the reporting date.

Administration

Registered Office

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

Website

www.genesisemf.com

Manager

Genesis Asset Managers, LLP
Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY, Channel Islands
(Registered as an Investment Advisor with the SEC)

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)
www.giml.co.uk

Custodian

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

Administrator and Company Secretary

J.P. Morgan Administration Services (Guernsey) Limited
1st Floor, Les Echelons Court, Les Echelons, South Esplanade
St. Peter Port, Guernsey, GY1 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

Independent Auditor

KPMG Channel Islands Limited
Glategny Court, Glategny Esplanade, St. Peter Port, Guernsey, GY1 1WR

Legal Advisers

Mourant Ozannes
1 Le Marchant Street, St. Peter Port, Guernsey GY1 4HP, Channel Islands

Notice of Meeting

Notice is hereby given of the twenty ninth Annual General Meeting of the shareholders of the Genesis Emerging Markets Fund Limited (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 13th November 2018 at 10.30 a.m. for the following purposes:

Agenda

Ordinary Resolutions

1. To receive the Report of the Directors and audited Financial Statements for the year ended 30th June 2018;
2. To approve the Directors' Remuneration Report for the year ended 30th June 2018;
3. To re-appoint KPMG Channel Islands Limited as Independent Auditors to the Fund;
4. To authorise the Directors to agree the remuneration of the Independent Auditors;
5. To declare a final dividend of 19.0 US cents per Participating Preference Share to be paid in respect of the financial year ended 30th June 2018;
6. To re-elect Sujit Banerji as a Director of the Company;
7. To re-elect Russell Edey as a Director of the Company;
8. To re-elect Saffet Karpas as a Director of the Company;
9. To re-elect Dr. John Llewellyn as a Director of the Company;
10. To re-elect Hélène Ploix as a Director of the Company; and
11. To re-elect Katherine Tsang as a Director of the Company.

None of the Directors have a service contract.

Special Resolution

12. To consider and, if thought fit, pass the following resolution:

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 18,200,000;
- (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 Fund to be held in 2019 unless such authority is renewed prior to such time; and
- (iv) the Fund 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