GENESIS
EMERGING MARKETS FUND LIMITED

Annual Financial Report
for the year ended 30th June 2017

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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 2017 (30th June 2016: 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

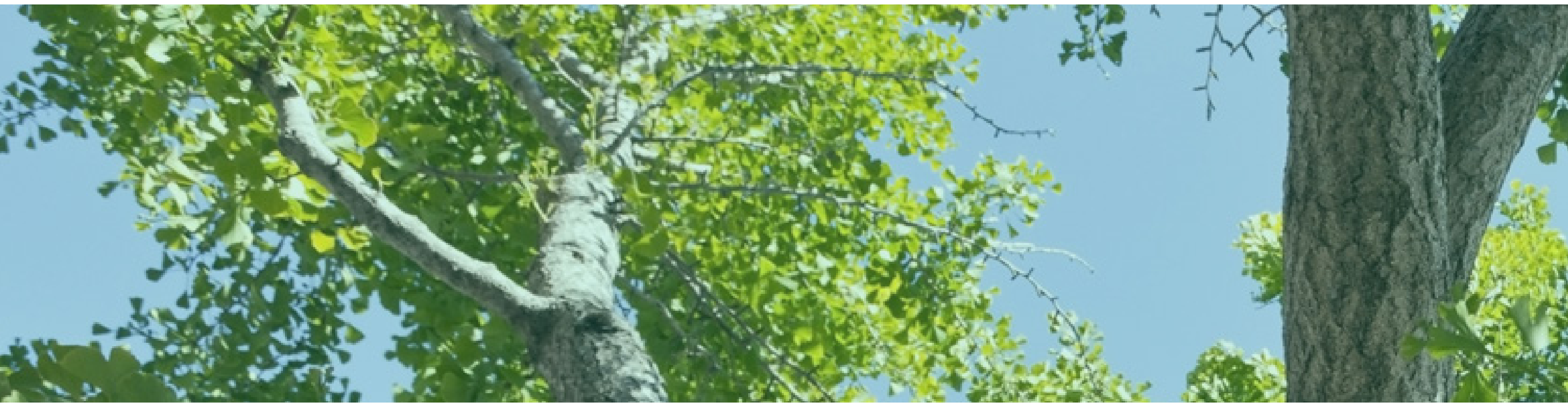
Shares may be issued twice monthly subject to the following conditions:

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



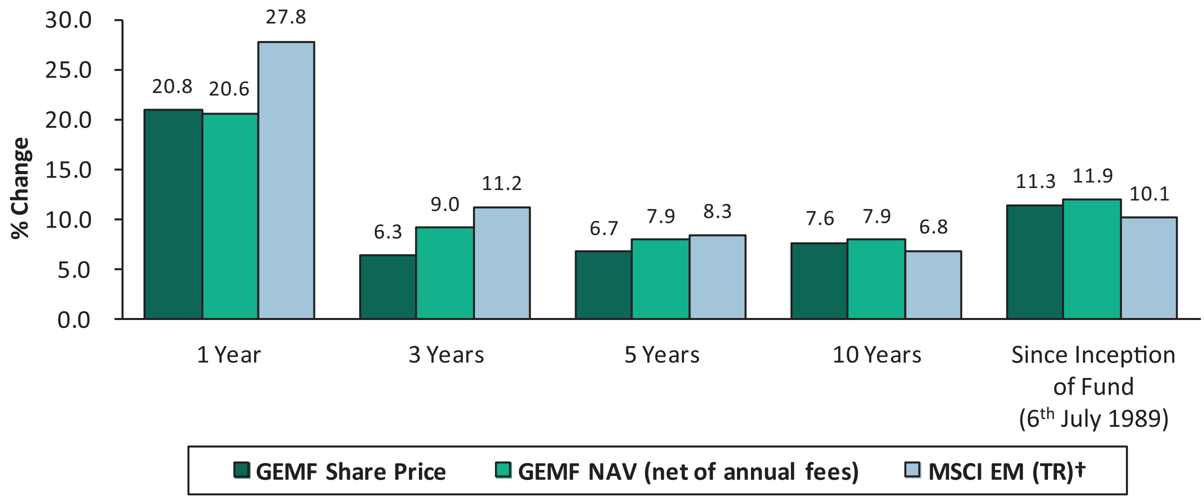
Highlights and Performance

	30th June 2017	30th June 2016	% change
Published net asset value	£1,011.6m	£838.7m	20.6
Published net asset value	$1,314.2m	$1,121.3m	17.2
Published net asset value per Participating Preference Share	£7.50	£6.21	20.6
Published net asset value per Participating Preference Share	$9.74	$8.31	17.2
Share price	£6.53	£5.40	20.8
Discount	12.9%	13.1%	
Ongoing charges ratio*	1.43%	1.44%	
Countries represented in portfolio	36	40	
Number of holdings	125	142	

** Expected to drop to 1.13% next year due to the reduction in management fees (refer to page 7 in the Chairman's Statement).*

	Year to 30th June 2017		Year to 30th June 2016	
	Low	High	Low	High
Share price	£5.45	£6.72	£4.01	£5.40
Net asset value	£6.31	£7.69	£4.67	£6.21
Discount	9.6%	14.3%	7.3%	15.1%

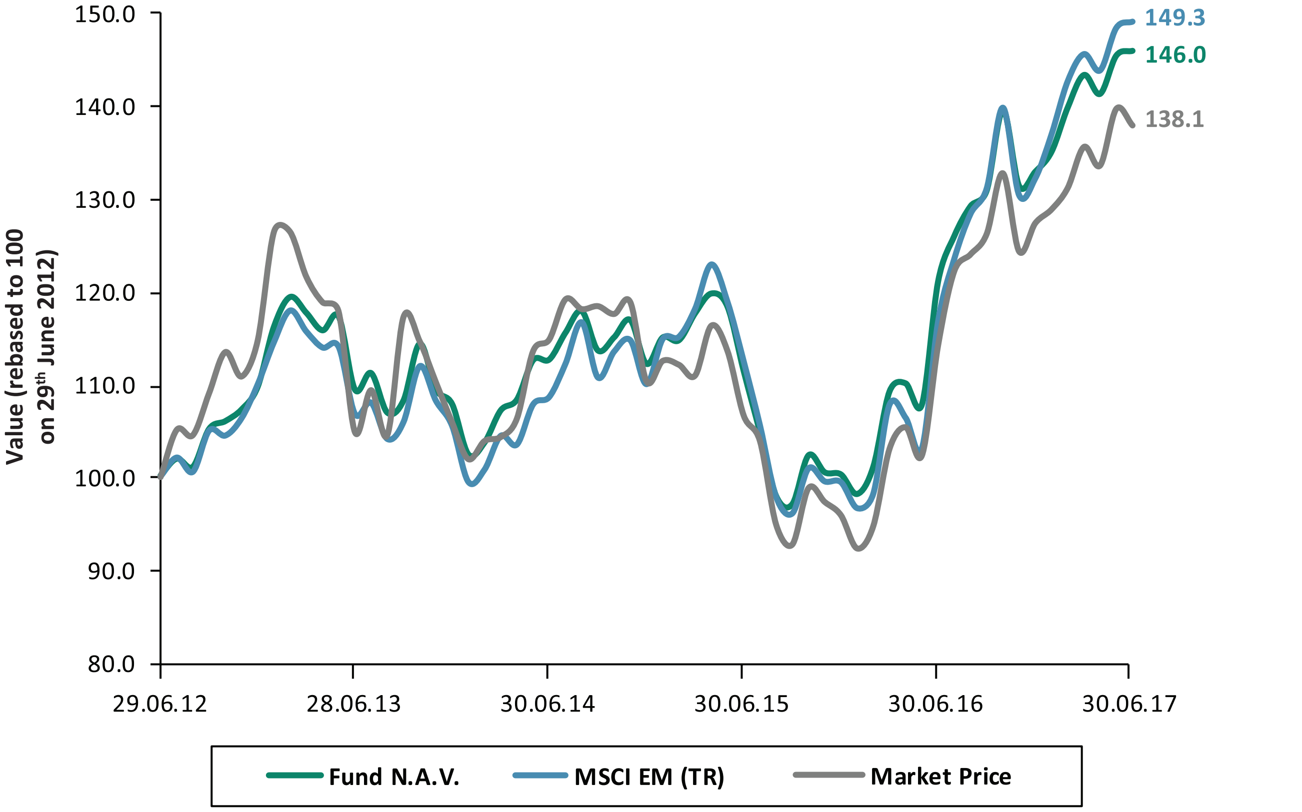
Annualised Returns in GBP to 30th June 2017



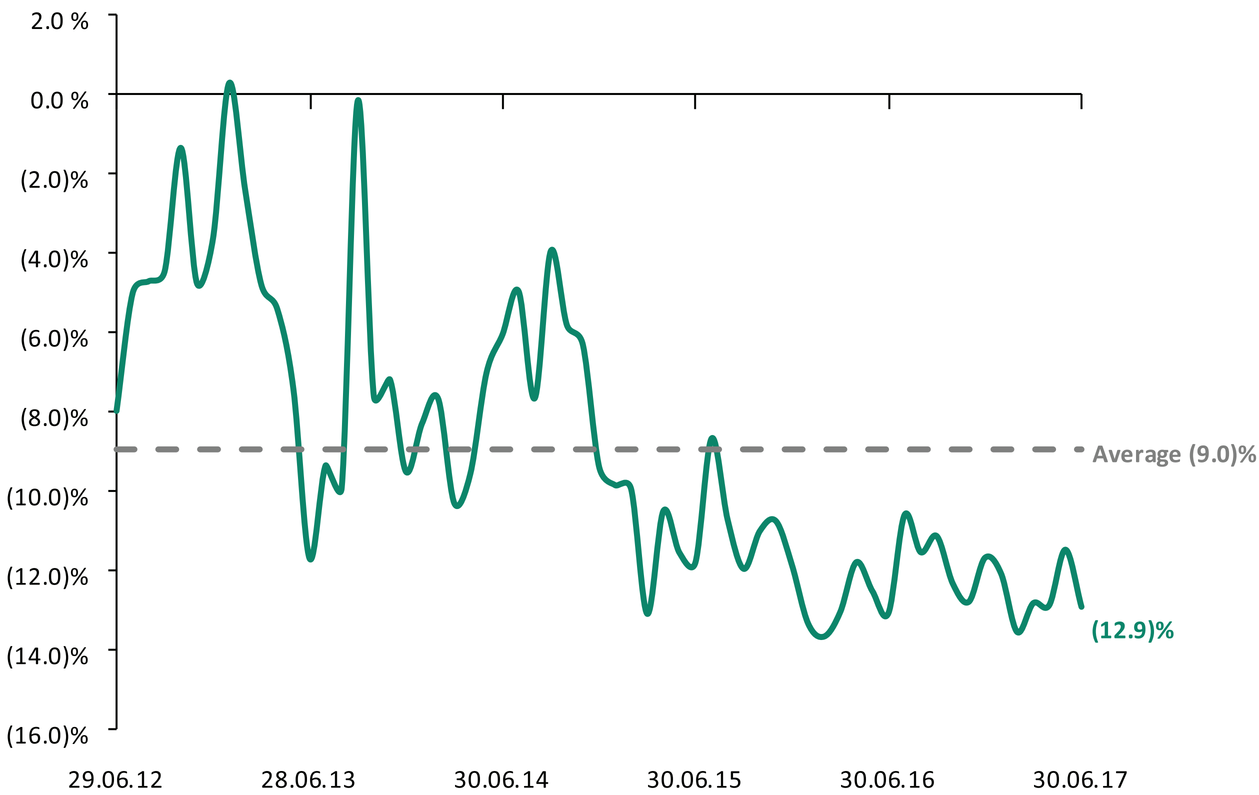
† MSCI Emerging Markets (Total Return) Index

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-eighth Annual Report of the Genesis Emerging Markets Fund Limited, for the twelve-month period ending 30th June 2017.

Performance

The last twelve months have been a rewarding period for emerging markets investors. Improving investor sentiment on the outlook for the Chinese economy and a global wave of enthusiasm for internet and technology stocks combined to drive the MSCI EM (TR) Index up by 25.3% in US dollar terms. For UK investors, the index return was higher still, at 27.8%, as sterling weakened slightly against the US dollar over the period.

Against this performance backdrop, the Fund's net asset value per share ('NAV') increased from 621.4p to 749.6p, representing a return of 20.6% for shareholders. The Fund's share price rose by 20.8%.

Shareholders will be aware that the Fund's portfolio contains stocks which the Manager considers to be high-quality, and feels are priced attractively. Consequently, during times when emerging stockmarkets appreciate very rapidly, and are driven by a narrow sector of the market, the Fund's performance is likely to lag that of the index in the short term. The relative underperformance we have seen over the past year has partly been a consequence of the Fund's underweight to Chinese internet stocks in particular; a position that reflects the stretched nature of the current valuations of companies such as Tencent and Alibaba rather than the Manager's assessment of their corporate quality.

That said, we are very conscious that, over the medium term, the Fund's relative performance has not been at the level that shareholders have come to expect. As a Board we are encouraged by the Manager's response to this challenging period, in terms of enhancing its investment process – through the use of more precise definitions of corporate quality when assessing companies, and increased formalisation and consistency of the investment theses across the portfolio – in order to address the reasons behind the disappointing results. Nonetheless, shareholders should be assured that my colleagues and I continue to review the Fund's performance very carefully at our meetings and frequent discussions with the Manager.

The Fund's Portfolio and the Manager

The Manager follows an investment approach which relies on fundamental analysis to identify companies it feels are able to generate attractive returns to investors over a five-year horizon, or longer, but which the market appears to be pricing too cheaply. This approach relies strongly on assessing the quality of individual companies, which – importantly – incorporates not just management capability and business strength, but also how they take into account the environmental, social and governance factors to which they are exposed.

The resulting portfolio currently consists of a diversified group of 125 companies from 36 countries (including several businesses at the smaller end of the opportunity set). The typically low turnover (24% over the last twelve months and 21% per annum on average over the last five years) and the correspondingly high average holding period of more than six years both reflect the Manager's fundamental, long-term approach.

My colleagues and I have confidence that the investment approach and the portfolio characterised above is appropriate for the Fund. I have noted our ongoing discussion with the Manager about medium-term performance but fundamentally – given the experience of the Manager's team in emerging markets and the long history of its business, as well as its response to recent challenges – the Board considers that shareholders' interests remain well-served by the ongoing appointment of Genesis and this is reviewed every year.

The Manager's Review on page 32 of this Annual Report provides a description of portfolio activity over the year, and explains in more detail some of the factors behind the Fund's performance.

Management Fee

After discussions between the Board and the Manager, the management fee payable to Genesis Asset Managers, LLP was reduced at the start of the financial year, 1st July 2017, to 0.95% of NAV per annum. (The figure was previously 1.25% per annum.) We believe that this change makes the Fund's management fee competitive in the peer group of similar closed-end funds; naturally the Board continues to monitor this position.

Discount

The Fund's share price moved from 540.0p to 652.5p over the year, a rise of 20.8%. The discount to NAV therefore narrowed marginally from 13.1% at the beginning of the period to 12.9% at the end. For most of this time, however, the discount was generally tighter: the average level over the twelve months was 12.2% as it fluctuated in a range roughly between 10.6% and 13.6%.

These statistics, and the potential options for appropriate active management of the discount, are considered carefully by the Board. The Fund's ability to buy back shares remains in place, but this year (as in previous years) the Board felt that no action in this regard was warranted. It is notable that while the Fund's discount at present is wider than most of its history, it remains closely in line with the comparable group of peer funds.

Dividend

Shareholders will be aware that the Fund's stated objective is to achieve capital growth, and that – reflecting this aim – has not paid shareholders a dividend for many years. The topic of potential dividend payments has, however, been (among others) a point of discussion in my meetings with shareholders over the past several months, and it is clear that there is increased interest in the Fund distributing income on an ongoing basis.

The Directors have accordingly considered this matter, and have concluded that it would be appropriate to pay out, as a dividend, the available income received by the Fund from its underlying investments, and that this approach will be reviewed on an annual basis.

At the same time, the Board has also reviewed the Fund's allocation of expenses and has concluded that – starting from the beginning of the current financial year on 1st July 2017 – 80% of the annual management fee (and certain other costs) should be allocated to the capital account, rather than to the revenue account. This reallocation is a reflection of the Board's long-term assessment of the balance of returns between capital and revenue (and will have the effect of increasing revenue earnings while reducing capital returns by a corresponding amount). For shareholders, this will result in a higher level of income available for distribution as a dividend.

We wish to recommend to shareholders that the Fund distributes a dividend of 14.0 US cents per share in respect of the 2016-17 financial year, subject to approval at the Annual General Meeting ('AGM') in November. (While declared in US dollars, the dividend will be paid in sterling; we should note to shareholders that the distribution amount will not be hedged between the time of this announcement and the payment date.) The Board believes that this level of dividend represents an appropriate balance between the various differing interests, and opinions, held across the shareholder base – and maintains the fundamental focus on capital growth that remains the Fund's objective.

The Board of Directors

We announced in July the appointment of Katherine Tsang as a Non-Executive Director. I am very confident that Katherine's considerable experience in the banking and investment management sectors will be a valuable source of knowledge and insight for the Board in their discussions, particularly on China, and East Asia more generally. This appointment brings the number of Directors to six.

Shareholders will have the opportunity to approve Katherine's appointment at the AGM, at which the remaining five Directors will stand for re-election, 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 6th November 2017 in Guernsey, along with the schedule of resolutions for consideration. As ever, we request that all shareholders take up the opportunity to vote on these.

The Board wishes to ensure that shareholders have access to a range of up-to-date information about the Fund. As well as releasing announcements to the London Stock Exchange and issuing the Annual and Half-Yearly Reports, we encourage all shareholders to refer to the information on investment performance and portfolio activity contained in the Fund's monthly factsheets. These – and other Fund literature – can be found on the Fund's website www.genesisemf.com.

Shareholders will also find at the end of this Annual Report an invitation to the Fund's annual Shareholder Information Meeting which this year will take place on 7th November 2017 at the Investment Adviser's office in London. We hope that as many shareholders as possible will take this opportunity to hear directly from representatives of the Manager.

In general, the Manager will usually be best placed to address queries from shareholders. Clearly, however, it is important for shareholders to be able to communicate directly with the Board when necessary. I have continued to speak regularly with major shareholders over the year, but invite any shareholders to contact me or Russell Edey (as Senior Independent Director), or indeed any of the Board, with comments and feedback: we can be reached via either the Manager or the Administrator at the addresses on page 76 of this Report.

Outlook

My report to shareholders a year ago noted the variety of challenges facing emerging markets companies, which included increased competition, declining penetration opportunities, a lack of business-friendly reforms, along with – in many cases – high valuations. While the past year's 20%+ absolute returns are welcome, they have of course meant that valuations have become even more elevated, while none of the other issues have receded. At the same time, a more positive view about the health of the Chinese economy may well turn out to be less warranted than many investors seem to believe, and some countries (arguably Brazil, Turkey, South Africa) have seen political governance quality move backwards rather than forwards.

There are thus plenty of reasons to be wary of the short-term environment. We believe very strongly, however, that investors should keep in mind the longer-term attractions underpinning emerging markets. The income levels of populations in developing countries populations are gradually moving towards those in developed markets; progress in governance – while not linear – continues to take place at both country and company level; emerging stock markets still exhibit significant inefficiencies for investors who can identify them. A carefully selected portfolio of the right companies, capitalising on these three fundamental characteristics, still offers investors the potential for attractive long-term returns from emerging markets.

Hélène Ploix
Chairman
28th September 2017

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 all 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 portfolios. The Fund's portfolio is diversified across countries and industries and comprises approximately 130 holdings (currently representing some 36 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 three 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 125 at the end of the 2016-17 financial year.

Portfolios comprise 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 is currently in excess of six) 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.

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 the investment is made) in any one country. Further, the exposure to any one company or group (other than an investment company, unit trust or mutual fund) is unlikely to exceed 5% of the Fund's net assets at the time the investment is made. The Articles of Incorporation place a limit of 10% for securities issued by one company but the Directors use 5% for monitoring purposes.

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, 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 regards the Fund as a long-term investment. The average holding period for companies in the Fund’s portfolio is currently over six years, with turnover at around 24% 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.

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
28th September 2017

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 Sofina (Brussels) and Ferring (Switzerland), Non-Executive Chairman of Sogama Crédit Associatif and was previously at a number of other companies, including 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).

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 currently serves as Chairman of Avocet Mining plc, and 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.

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 Sütaş 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: 3/3, Audit and Risk Committee: 3/3, Nomination Committee: 3/3

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

Michael Hamson *Appointed 19th January 2005, resigned 8th November 2016*

Director, Member of the Audit and Risk Committee

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

Meeting Attendance Board: 1/1, Audit and Risk Committee: 0/1, Nomination Committee: 1/1

Directors' Report

The Directors are pleased to present their twenty-eighth Annual Financial Report of the Fund, covering the year ended 30th June 2017.

Financial Performance

Results

The total profit for the year for the Fund amounted to $192,866,000 compared to a total loss of $91,996,000 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 14.0 US cents per Participating Preference Share in respect of the year ended 30th June 2017 (2016: nil). If approved by shareholders at the AGM on 6th November 2017, the dividend will be payable on 1st December 2017 to shareholders on the register at close of business on 10th November 2017.

Capital Values

At 30th June 2017, the value of Equity Shareholders' Funds was $1,314,184,000 (2016: $1,121,318,000) a gain of $192,866,000. The Net Asset Value per Participating Preference Share was $9.74 (2016: $8.31).

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 better information to shareholders.

As a Guernsey incorporated company listed on the London Stock Exchange within the FTSE 250, the Fund is required to comply with Listing Rule 9.8.7 (for overseas incorporated companies). This requires the Fund to state how it has applied the main principles set out in the 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. The Directors are however aware of the following shareholdings which represented beneficial interests of 3% or more of the issued share capital of the Fund.

Shareholder	Participating Preference Shares Held	30th June 2017 %	Participating Preference Shares Held	31st August 2017 %
Strathclyde Pension Fund	29,991,155	22.2	29,991,155	22.2
Lazard Asset Management LLC Group	16,588,581	12.3	16,337,052	12.1
City of London Investment Management	12,292,003	9.1	13,421,257	9.9
Wells Capital Management	9,395,765	7.0	9,740,508	7.2
Banque Degroof Petercam SA	9,102,709	6.7	8,168,559	6.1
Banque Degroof Luxembourg SA	7,762,929	5.8	6,935,341	5.1
Rathbones	4,469,735	3.3	4,511,567	3.3
Derbyshire County Council	4,300,000	3.2	4,300,000	3.2

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 2017 financial year, the Manager was entitled to receive a management fee from the Fund, payable monthly, equal to 1.25% per annum, calculated and accrued on the Net Asset Value of the Fund as at each Valuation Day. Following discussion with the Manager, it was agreed that the management fee would be reduced at the start of the new financial year, 1st July 2017, to 0.95% of NAV per annum. 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 2017 or 2016.

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 9 of the Annual General Meeting held on 8th November 2016, the shareholders authorised the Company to purchase its own shares. This authority is limited to the maximum number of 20,200,000 Participating Preference Shares of no par value (equivalent to approximately 14.9% of the issued share capital of the Company). This authority expires at this year's Annual General Meeting of the Company. The maximum price that may be paid for a Participating Preference Share will be the amount that is equal to 5% above the average of the middle market prices shown in quotations for a Participating Preference Share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Participating Preference Share is purchased.

Renewal of the Company's power to purchase its own shares will be sought at the Annual General Meeting on 6th November 2017. In the event that the Company should purchase shares for cancellation, the Directors would only do so after consideration of the effect on earnings per share and the longer-term benefits for shareholders.

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
28th September 2017

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 Company. 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 2017 and 2016 are shown in the table below with any year-on-year differences being explained:

Director	30th June 2017	30th June 2016
Helene Ploix (1)	£45,000	£38,634
Sujit Banerji	£30,000	£30,000
Russell Edey (2)	£37,500	£35,970
Saffet Karpat	£35,000	£35,000
John Llewellyn	£30,000	£30,000
Michael Hamson (3)	£12,562	£35,000
Coen Teulings (4)	–	£13,224

(1) Assumed the roles of Chairman on 30th October 2015 and member of the Audit and Risk Committee on 10th February 2016
(2) Assumed the role of Senior Independent Director on 10th February 2016
(3) Retired as Director and Member of the Audit and Risk Committee on 8th November 2016
(4) Retired as Chairman on 29th October 2015

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 2016 and 2017:

Director	30th June 2017	30th June 2016
Helene Ploix	15,000	15,000
Sujit Banerji	10,000	10,000
Michael Hamson	n/a	8,700
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
28th September 2017

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 company;
- 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 2017, 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
Valuation of the investment portfolio	98.8% 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. 1.2% 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.

Issue considered	How the issue was addressed
Loss of assets and custody risk	All securities are held by an independent Custodian and the Manager reconciles the Custodian's investment portfolio records on a weekly basis. The Manager monitors the Custodian's service levels throughout the year with a formal performance review conducted annually. The latest annual review was in June 2017.

Auditor independence and assessment

The Fund's external Independent Auditors, PricewaterhouseCoopers CI LLP ('PwC'), have acted in this role for more than ten years and although no tender for the audit of the Fund has taken place since their appointment, rotation of the Audit Partner has regularly taken place, most recently in 2013. The Audit and Risk Committee monitors the European and U.K. legislation regarding mandatory audit firm rotation and tendering to ensure compliance. An external tender was conducted during 2017 prior to the completion of the existing Audit Partner's permitted service term. Following a robust evaluation of the responses to and presentations involved in the audit tender process, KPMG Channel Islands Limited has been engaged by the Board to act as the Fund's auditor from the 2018 financial year. Resolutions appointing them and authorising the Directors to agree their remuneration will be proposed at the Annual General Meeting. PwC have undertaken the audit of the Fund's accounts for the financial year.

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 PwC and the audit team members were independent of the Fund. PwC also confirmed that they had not been engaged in the provision of any non-audit services to the Fund during the year. Audit effectiveness was assessed by means of the Auditors' direct engagement with the Board at Audit 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 PwC in respect of audit services for the year ended 30th June 2017 were $61,000 (2016: $52,000). PwC did not provide any non-audit services during the year (2016: None).

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 out-sourced functions has taken place. Their performance was monitored against obligations specified in the relevant contracts and was found to be in order.

Service providers report annually on the design and effectiveness of internal controls operating over the functions provided. Reports are reviewed by the Audit 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 2017 and considered the internal control procedures to be adequate based on the findings of their respective ISAE 3402 or SSAE 16 reports.

Russell Edey
Chairman of the Audit and Risk Committee
28th September 2017

Nomination Committee's Report

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

Board appointments and re-election

All members of the Board consider new Board appointments. The Chairman, Manager or other appropriate persons provide new appointees to the Board with a preliminary briefing on the workings of the Fund. When appointing a new Director, the Board takes care to ensure that the new Director enhances the balance of skills and experience appropriate to the requirements of the Fund and that a new Director has enough time available to properly fulfil their duties. The Directors also have access, where necessary in the furtherance of their duties, to independent professional advice at the Fund's expense. During the current financial year, TM Partenaires was engaged to act in the search for a new director. 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. Katherine Tsang was appointed as a Director from 19th July 2017, and will be subject to election by shareholders at the Annual General Meeting.

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

Katherine Tsang

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 of the Board of Gap Inc., and of 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.

Evaluation of the Board

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.

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.

Hélène Ploix
Chairman of the Nomination Committee
28th September 2017

Statement of Directors' Responsibilities

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

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

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

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

Having taken all available information into consideration, the Board has concluded that the Annual Financial Report for the year ended 30th June 2017, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Fund's performance, business model and strategy.

Auditors and disclosure of information to auditors

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

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

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
28th September 2017

Portfolio Report

Manager's Review

Investment Environment

After a prolonged period of weak returns in emerging markets, it is pleasing to report a steady period of strong absolute performance. Many of the drivers noted in the Fund's Half-Year Report six months ago continued to be significant, such as the acceleration of credit growth in China and fewer than expected interest rate rises in the US. The environment has also been characterised by strong returns in the IT sector, particularly technology hardware and internet. This sector outperformed the wider market significantly (up 52%), with large Index positions Tencent and Alibaba rising by 62% and 82% respectively. In this environment, developing stockmarkets, as measured by the MSCI EM (TR) Index, rose 27.8% in sterling terms over the financial year. The Fund's net asset value failed to match the index, gaining 20.6%.

In an environment such as this where performance is driven by a narrow segment of the opportunity set, our philosophy of investing in quality businesses at attractive prices is unlikely to outperform. The Fund has in the past experienced similar periods of relative underperformance, such as the technology boom of the late 1990s and in the period leading up to the global financial crisis where valuations in markets such as China were extreme. Our focus is, as ever, to invest over the long term in a diversified portfolio with a quality bias, identifying companies which can compound value. We believe this philosophy is well suited to capitalise on the structural changes taking place in emerging economies – such as institutional quality improvement, increasing penetration of goods and services, and pricing inefficiencies – and add value relative to the Index over the long term.

Performance

Significant value was lost in the IT sector, predominantly by being underweight in Chinese internet companies. Tencent and Alibaba were large detractors despite the portfolio being invested in both (Tencent through a position in Naspers). We believe these businesses are great franchises with scale, network effects and capable management teams. However, there remains a wide range of outcomes and we believe current valuations, particularly that of Tencent, are skewed toward the upside. Conversely, the portfolio benefitted from its positions in technology hardware giants TSMC (up 45%, Taiwan) and Samsung Electronics (up 73%, South Korea).

Elsewhere, value was lost in the health care sector, particularly through positions in Indian generic drugs manufacturers Sun Pharmaceutical (down 22%) and Lupin (down 26%). Again, these companies have strong franchises with talented management teams. However, despite adding value to the Fund over the long term, recent challenges such as enhanced FDA regulatory scrutiny and a slowdown in the new drug pipeline has affected earnings and our estimates of intrinsic value. These businesses are proactively addressing the regulatory issues and continue to implement a strategy of building out a longer-term pipeline of products. Some companies disappointed for more stock specific reasons, most notably the LatAm/Caribbean telecom operator, LiLAC, and Universal Robina, the dominant producer of branded snacks in the Philippines. On the positive side, value was added in the consumer discretionary sector, where Chinese white goods company Midea and luxury brand owner Richemont – both absent from the benchmark – rose 88% and 50% respectively.

From a country perspective, the largest detractor was India chiefly due to the positions in the pharmaceutical companies noted above. Further value was lost in Thailand, where Bangkok Dusit retreated by 13% and Thai Beverage rose by only 3%, and in Turkey through a combination of stock performance and the overweight position, while the underweight position in Taiwan also hurt the portfolio. These losses were partially offset by gains in South Africa and Mexico through stock selection, and the underweight position in Malaysia.

Relative Performance Attribution in GBP – 12 Months to June 2017

GEMF vs. MSCI EM (TR) Index

Top 10 Stock Contributors	%
Midea (China)	0.64
Kweichow Moutai (China)	0.45
First Quantum Minerals (Zambia)	0.35
Anhui Conch Cement (China)	0.30
Richemont (Switzerland)	0.29
China Mobile (China)	0.25
Anglo American (South Africa)	0.21
Ambev (Brazil)	*0.20*
Rumo (Brazil)	0.20
Amorepacific (South Korea)	*0.19*

Top 10 Stock Detractors	%
Tencent (China)/Naspers (South Africa)	(1.22)
LiLAC (United Kingdom)	(1.01)
Sun Pharmaceutical (India)	(0.93)
Universal Robina (Philippines)	(0.76)
Lupin (India)	(0.74)
Tullow Oil (United Kingdom)	(0.67)
Alibaba Group (China)	(0.51)
Hikma Pharmaceuticals (Jordan)	(0.46)
Bangkok Dusit Medical Services (Thailand)	(0.45)
Hon Hai Precision Industry (Taiwan)	*(0.45)*

Stocks in italics are omissions at end of period

Sector	%
Consumer Discretionary	1.32
Materials	0.67
Industrials	0.65
Utilities	0.54
Consumer Staples	0.23
Telecoms	0.03
Real Estate	(0.25)
Energy	(0.50)
Financials	(0.98)
Health Care	(2.82)
Information Technology	(3.34)

Top 5 Country Contributors	%
South Africa	0.49
Malaysia	0.48
Zambia	0.35
Mexico	0.35
Brazil	0.24

Top 5 Country Detractors	%
India	(2.89)
Thailand	(0.78)
Taiwan	(0.50)
Turkey	(0.47)
Philippines	(0.46)

Source: FactSet

Portfolio Activity

Consumer, IT and the materials sectors dominated trading activity over the Fund’s financial year. Valuations in the consumer sector became more attractive on a relative basis. As a result, we topped up many existing holdings and initiated new positions, including Naspers (South Africa), e-commerce company JD.com (China) and convenience store operator Lojas Americanas (Brazil). Conversely, we took the opportunity to reduce two of the largest positions in the portfolio, both from the technology hardware industry – TSMC and Samsung Electronics – due to strong share price performance. Finally, we maintained our valuation discipline for companies which we view as lower quality, such as those from the materials sector, and reduced miners First Quantum (Zambia) and Anglo American (South Africa) as their share prices continued to rebound. In other sectors, noteworthy new positions included leading private hospital operator Mediclinic (South Africa) and high-quality, private sector bank HDFC (India).

Outlook

As we have noted in previous Manager's Reviews, the key risk in our view remains China. Policymakers are trying to do three things: rebalance the economy from investment to consumption, reduce financial leverage and achieve a soft landing. It has become apparent that they cannot achieve all three at once and in the near term they have allowed credit to continue to build, favouring short-term growth over long-term economic reform.

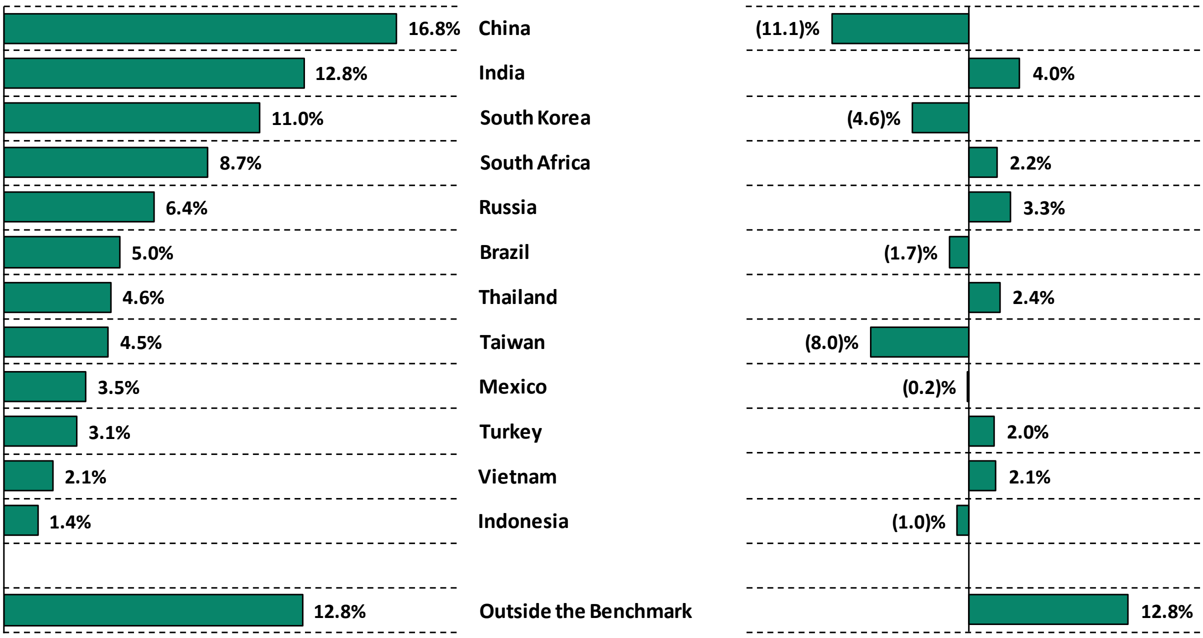
However, we are encouraged that emerging market economic growth has begun to stabilise after many years of decline. In addition, many of the excesses of the cycle following the global financial crisis, such as elevated corporate profitability, high commodity prices and overvalued currencies, have now reverted to a more sustainable level. Although valuations are not attractive across the board, we are still finding interesting opportunities in a variety of markets.

Genesis Asset Managers, LLP
September 2017

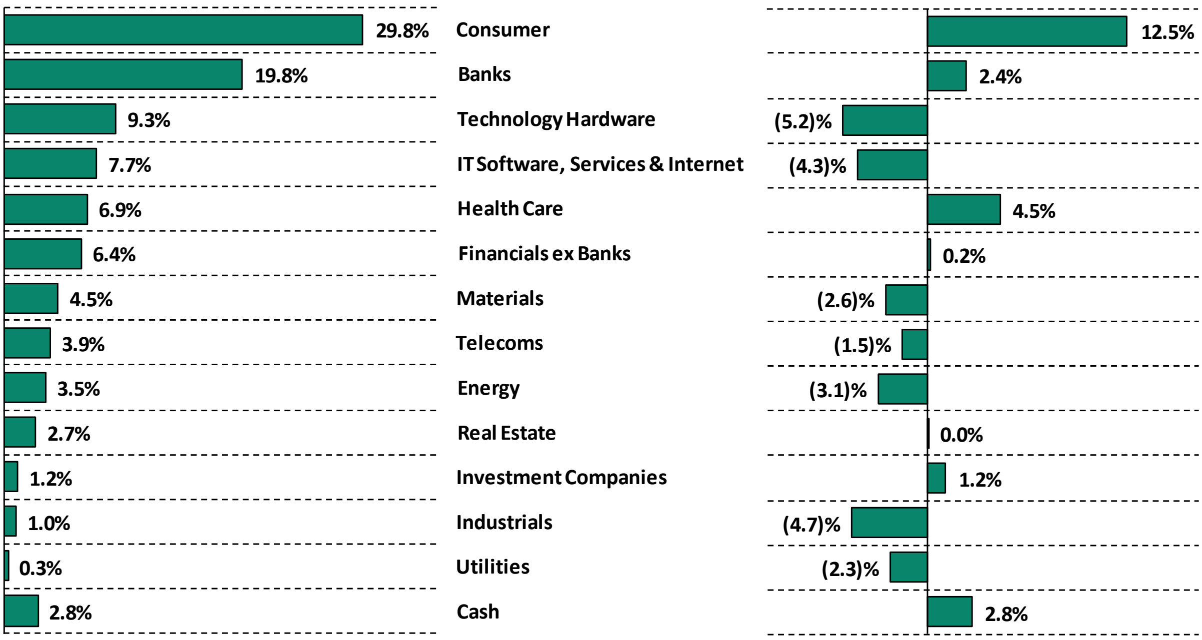
Country and Sector Exposure of the Portfolio*

as at 30th June 2017

Relative to Benchmark



Relative to Benchmark



Based on GEMF and MSCI EM (TR)
** Treating Genesis Smaller Companies SICAV on a look-through basis*

Twenty Largest Holdings

as at 30th June 2017

Samsung Electronics (South Korea) **4.85%**

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) **3.77%**

Information Technology

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

Naspers (South Africa) **2.60%**

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.

AIA Group (China) **2.56%**

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.

Samsung Fire & Marine Insurance (South Korea) **2.47%**

Financials

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

Heineken (Netherlands) **2.28%**

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.

Alibaba Group (China) **2.12%**

Information Technology

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

Genesis Smaller Companies SICAV (Luxembourg) **2.07%**

Investment Company

An open-ended Luxembourg SICAV whose objective is to achieve capital growth over the medium to long term through investment in smaller emerging market companies. It held positions in nine listed stocks as at 30th June 2017.

Kotak Mahindra Bank (India)	**1.96%**

Financials

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

Shinhan Financial Group (South Korea)	**1.75%**

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.

Novatek (Russia)	**1.70%**

Energy

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

Infosys (India)	**1.63%**

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.

Jiangsu Yanghe Brewery (China)	**1.61%**

Consumer Staples

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

Axis Bank (India)	**1.58%**

Financials

Axis Bank operates more than 3,000 domestic branches and is the third largest private sector bank with 2% market share.

Kweichow Moutai (China)	**1.56%**

Consumer Staples

Kweichow Moutai is one of the world's most valuable liquor companies; it distils the premium high-end *baijiu* product and with a 300 year history is a very strong brand in China.

Sberbank (Russia)	**1.55%**

Financials

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

Türkiye Garanti Bankasi (Turkey)	**1.51%**

Financials

Türkiye Garanti Bankası is Turkey's second largest private bank, providing a wide range of financial services to its 14 million customers.

Bid Corp (South Africa) **1.49%**

Consumer Staples

Bid Corp is a market-leading foodservice business listed in South Africa but operating in many underpenetrated and fragmented markets.

Central Pattana (Thailand) **1.49%**

Financials

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

Sun Pharmaceutical Industries (India) **1.48%**

Health Care

Sun Pharmaceutical Industries is a specialty pharmaceutical company active in various high growth segments of the industry.

The Portfolio

as at 30th June 2017

	Sector	Fair Value ($'000)	Proportion of Fund (%)
Argentina (2016 – 0.36%)			
Banco Macro ADR	Financials	370	0.03
Ternium ADR	Materials	4,307	0.33
		4,677	**0.36**
Brazil (2016 – 4.15%)			
BTG Pactual (Preferred)	Financials	3,251	0.25
CVC Brasil Operadora E Agencia De Viagens	Consumer Discretionary	2,106	0.16
Grupo Pão de Açúcar ADR	Consumer Staples	1,972	0.15
Grupo Pão de Açúcar (Preferred)	Consumer Staples	5,491	0.42
Itaú Unibanco Holding ADR	Financials	4,757	0.36
Itaúsa Investimentos Itaú (Preferred)	Financials	13,698	1.04
Linx	Information Technology	3,222	0.25
Lojas Americanas	Consumer Discretionary	1,688	0.13
Lojas Americanas (Preferred)	Consumer Discretionary	2,030	0.15
OdontoPrev	Health Care	4,827	0.37
Rumo Logistica	Industrials	4,866	0.37
TOTVS	Information Technology	2,302	0.18
Engie Brasil	Information Technology	4,389	0.33
Ultrapar Participações ADR	Energy	3,044	0.23
Ultrapar Participações (Preferred)	Energy	5,653	0.43
		63,296	**4.82**
Chile (2016 – 0.44%)			
Embotelladora Andina 'A' ADR	Consumer Staples	265	0.02
Embotelladora Andina 'A' (Preferred)	Consumer Staples	2,196	0.17
Embotelladora Andina 'B' (Preferred)	Consumer Staples	3,026	0.23
		5,487	**0.42**
China (2016 – 16.30%)			
AIA Group	Financials	33,691	2.56
Alibaba Group ADR	Information Technology	27,861	2.12
Anhui Conch Cement 'A'	Materials	10,349	0.79
Anhui Conch Cement 'H'	Materials	2,117	0.16
China Mengniu Dairy	Consumer Staples	11,953	0.91
China Mobile	Telecommunications	15,593	1.19
China Overseas Land & Investment	Real Estate	15,575	1.18

	Sector	Fair Value ($'000)	Proportion of Fund (%)
China (continued)			
China Resources Beer	Consumer Staples	4,920	0.37
Fuyao Glass	Consumer Discretionary	4,156	0.32
JD.com ADR	Consumer Discretionary	5,223	0.40
Jiangsu Hengrui Medicine 'A'	Health Care	4,932	0.37
Jiangsu Yanghe Brewery 'A'	Consumer Staples	21,115	1.61
Kweichow Moutai 'A'	Consumer Staples	20,497	1.56
Midea 'A'	Consumer Discretionary	12,693	0.97
Tingyi	Consumer Staples	12,861	0.98
West China Cement	Materials	1,042	0.08
WH Group	Consumer Staples	16,439	1.25
		221,017	**16.82**
Colombia (2016 – 0.45%)			
Bancolombia	Financials	3,953	0.30
Bancolombia ADR	Financials	1,965	0.15
Bancolombia (Preferred)	Financials	522	0.04
PriceSmart	Consumer Staples	2,304	0.17
		8,744	**0.66**
Egypt (2016 – 0.28%)			
ADES International Holding	Energy	1,840	0.14
Arabian Food Industries GDR	Consumer Staples	208	0.02
Commercial International Bank	Financials	672	0.05
Commercial International Bank GDR	Financials	133	0.01
Edita Food Industries	Consumer Staples	1,988	0.15
Edita Food Industries GDR Reg S	Consumer Staples	444	0.03
		5,285	**0.40**
Ghana (2016 – 0.20%)			
Kosmos Energy	Energy	3,492	0.27
		3,492	**0.27**
Greece (2016 – 0.22%)			
OPAP	Consumer Discretionary	5,088	0.39
		5,088	**0.39**
Hungary (2016 – 0.41%)			
OTP Bank	Financials	9,236	0.70
		9,236	**0.70**

	Sector	Fair Value ($'000)	Proportion of Fund (%)
India (2016 – 14.75%)			
Axis Bank	Financials	20,781	1.58
Cognizant Technology Solutions	Information Technology	12,935	0.98
Dabur India	Consumer Staples	4,423	0.34
Godrej Consumer Products	Consumer Staples	73	0.01
HDFC Bank	Financials	16,134	1.23
Hero Motocorp	Consumer Discretionary	4,822	0.37
Infosys	Information Technology	11,190	0.85
Infosys ADR	Information Technology	10,227	0.78
Kotak Mahindra Bank	Financials	25,813	1.96
Lupin	Health Care	12,730	0.97
Pidilite Industries	Materials	13,720	1.04
Sun Pharmaceutical Industries	Health Care	19,473	1.48
Tata Consultancy Services	Information Technology	16,348	1.24
		168,669	**12.83**
Indonesia (2016 – 0.29%)			
Bank Central Asia	Financials	16,851	1.28
Semen Indonesia Persero	Materials	820	0.06
		17,671	**1.34**
Jordan (2016 – 0.30%)			
Hikma Pharmaceuticals	Health Care	9,135	0.69
		9,135	**0.69**
Kenya (2016 – 0.60%)			
Equity Bank	Financials	5,603	0.43
		5,603	**0.43**
Luxembourg (2016 – 2.83%)			
Genesis Smaller Companies SICAV*^	Investment Companies	27,207	2.07
		27,207	**2.07**
Malaysia (2016 – 0.40%)			
7 Eleven Malaysia Holdings	Consumer Staples	1,018	0.08
Westports Holdings	Industrials	2,186	0.16
		3,204	**0.24**
Mauritius (2016 – 0.57%)			
ECP Africa Fund II*†	Investment Companies	5,567	0.42
		5,567	**0.42**

	Sector	Fair Value ($'000)	Proportion of Fund (%)
Mexico (2016 – 4.11%)			
América Móvil	Telecommunications	8,199	0.62
América Móvil ADR	Telecommunications	7,171	0.55
FirstCash	Financials	5,247	0.40
Grupo Financiero Banorte	Financials	13,715	1.04
Grupo Financiero Inbursa	Financials	3,792	0.29
Megacable Holdings	Consumer Discretionary	6,342	0.48
Telesites	Telecommunications	1,721	0.13
		46,187	**3.51**
Morocco (2016 – 0.25%)			
Attijariwafa Bank	Financials	5,265	0.40
		5,265	**0.40**
Netherlands (2016 – 0.98%)			
Heineken	Consumer Staples	14,449	1.10
Heineken Holding	Consumer Staples	15,517	1.18
		29,966	**2.28**
Nigeria (2016 – 1.31%)			
Dangote Cement	Materials	126	0.01
First City Monument Bank	Financials	245	0.02
Guaranty Trust Bank	Financials	5,974	0.45
Guaranty Trust Bank GDR	Financials	3,775	0.29
Nestle Nigeria	Consumer Staples	1,873	0.14
Nigerian Breweries	Consumer Staples	4,090	0.31
		16,083	**1.22**
Peru (2016 – 1.22%)			
Credicorp	Financials	17,813	1.36
		17,813	**1.36**
Philippines (2016 – 1.78%)			
Bank of Philippine Islands	Financials	3,016	0.23
Universal Robina	Consumer Staples	13,624	1.04
		16,640	**1.27**
Poland (2016 – 1.14%)			
Jeronimo Martins	Consumer Staples	13,917	1.06
		13,917	**1.06**

	Sector	Fair Value ($'000)	Proportion of Fund (%)
Romania (2016 – 0.62%)			
Banca Transilvania	Financials	3,520	0.27
NCH Balkan Fund*†	Investment Companies	7,349	0.56
		10,869	**0.83**
Russia (2016 – 6.86%)			
Alrosa	Materials	13,813	1.05
Global Ports Investments GDR Reg S	Industrials	937	0.07
Lenta GDR Reg S	Consumer Staples	4,934	0.38
Magnit	Consumer Staples	19,037	1.45
Moscow Exchange	Financials	2,932	0.22
Novatek GDR Reg S	Energy	22,288	1.70
Sberbank	Financials	20,440	1.55
		84,381	**6.42**
South Africa (2016 – 5.67%)			
Anglo American	Materials	7,314	0.56
Anglo American (London Listing)	Materials	2,685	0.20
Aspen Pharmacare	Health Care	18,429	1.40
Bid Corp	Consumer Staples	19,619	1.49
Bidvest Group	Industrials	5,479	0.42
Capevin Holdings	Consumer Staples	532	0.04
Discovery	Financials	3,218	0.25
Distell Group	Consumer Staples	3,071	0.23
Mediclinic International	Health Care	8,527	0.65
Naspers	Consumer Discretionary	34,121	2.60
Pick 'n' Pay Stores	Consumer Staples	5,387	0.41
Platinum Group Metals	Materials	41	–
Standard Bank	Financials	6,135	0.47
		114,558	**8.72**
South Korea (2016 – 9.63%)			
E-Mart	Consumer Staples	5,322	0.40
GS Retail	Consumer Staples	149	0.01
Kiwoom Securities	Financials	217	0.02
Naver Corp	Information Technology	15,588	1.19
Samsung Electronics (Ordinary)	Information Technology	36,338	2.76
Samsung Electronics (Preferred)	Information Technology	27,425	2.09
Samsung Fire & Marine Insurance (Ordinary)	Financials	30,962	2.36

	Sector	Fair Value ($'000)	Proportion of Fund (%)
South Korea (continued)			
Samsung Fire & Marine Insurance (Preferred)	Financials	1,390	0.11
Shinhan Financial Group	Financials	23,070	1.75
		140,461	**10.69**
Switzerland (2016 – 1.18%)			
Richemont	Consumer Discretionary	9,997	0.76
		9,997	**0.76**
Taiwan (2016 – 6.20%)			
MediaTek	Information Technology	9,376	0.71
Taiwan Semiconductor Manufacturing	Information Technology	49,459	3.77
		58,835	**4.48**
Thailand (2016 – 6.57%)			
Bangkok Dusit Medical Services (Foreign)	Health Care	13,055	0.99
Central Pattana (Foreign)	Real Estate	19,509	1.49
CP All (Foreign)	Consumer Staples	12,753	0.97
Robinson Department Store (Foreign)	Consumer Discretionary	2,441	0.19
Thai Beverage	Consumer Staples	12,404	0.94
		60,162	**4.58**
Tunisia (2016 – 0.20%)			
Société de Fabrication des Boissons de Tunisie	Consumer Staples	2,233	0.17
		2,233	**0.17**
Turkey (2016 – 2.80%)			
Anadolu Efes Biracilik	Consumer Staples	6,639	0.50
Coca-Cola İçecek	Consumer Staples	2,612	0.20
Türkiye Garanti Bankasi	Financials	19,785	1.51
Ülker Bisküvi Sanayi	Consumer Staples	3,964	0.30
Yapi ve Kredi Bankasi	Financials	6,327	0.48
		39,327	**2.99**

	Sector	Fair Value ($'000)	Proportion of Fund (%)
United Kingdom (2016 – 2.70%)			
Liberty Global LiLAC 'A'	Telecommunications	8,015	0.61
Liberty Global LiLAC 'C'	Telecommunications	8,068	0.61
Tullow Oil	Energy	9,523	0.73
		25,606	**1.95**
Vietnam (2016 – 0.68%)			
Mekong Enterprise Fund II*†	Investment Companies	2,644	0.20
Mobile World Investment	Consumer Discretionary	2,975	0.22
Vietnam Dairy Products	Consumer Staples	15,473	1.18
		21,092	**1.60**
Zambia (2016 – 0.92%)			
First Quantum Minerals	Materials	2,989	0.23
		2,989	**0.23**
Total Investments		**1,279,759**	**97.38**
Net Current Assets		**34,425**	**2.62**
TOTAL NET ASSETS		**1,314,184**	**100.00**

*	*Unquoted securities, not traded on an official Stock Exchange or other Regulated Market.*
^	*Treating Genesis Smaller Companies SICAV on a 'non-look-through' basis.*
†	*Investee Funds. The Fund's investments in non-affiliated investment companies.*
ADR	*American Depositary Receipt. A negotiable certificate issued by a U.S. bank representing a specific number of shares of a foreign stock traded on a U.S. stock exchange.*
ADS	*American Depository Share. The share issued under an American Depository Receipt agreement which is actually traded.*
GDR	*Global Depositary Receipt. A negotiable certificate held in the bank of one country representing a specific number of shares of a stock traded on an exchange of another country.*
NVDR	*Non-Voting Depositary Receipt.*
Reg S	*Security restricted from sale in the US under Regulation S of the Securities Act 1933. These securities may be resold to investors outside of the US.*

Financial Statements

Independent Auditors' Report

to the members of Genesis Emerging Markets Fund Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Genesis Emerging Markets Fund Limited (the "Company") as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The Company's financial statements comprise:

- the Statement of Financial Position as at 30 June 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and SEC Independence Rules that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and SEC Independence Rules.

Our audit approach

Overview

Materiality

- Overall Company materiality was $13.1 million which represents 1% of net assets.

Audit scope

- The Company is incorporated and based in Guernsey.
- We conducted our audit of the financial statements from information provided by JP Morgan Administration Services (Guernsey) Limited (the 'Administrator') to whom the board of directors has delegated the provision of certain functions. We also had significant interaction with Genesis Investment Management, LLP (the "Investment Advisor") in completing aspects of our audit work.
- We conducted all of our audit work in Guernsey. We tailored the scope of our audit taking into account the types of investments within the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

- Valuation and existence of investments
- Completeness and accuracy of revenue from dividend income

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	$13.1 million
How we determined it	1% of net assets
Rationale for the materiality benchmark	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to members.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $0.7 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

Key audit matter	How our audit addressed the Key audit matter
Valuation and existence of investments Investments at the year-end of $1.28 billion are measured at fair value and are a portfolio of primarily quoted securities from emerging markets (see Note 10). Investments make up the majority of the Statement of Financial Position and there is a risk that an incorrect valuation could have a significant impact on the overall net assets of the Company or that the Company does not have ownership of them.	We agreed 100% of the prices of quoted investments in equity securities at year-end to independent pricing sources. As the investments in Investee Funds were unquoted, we agreed 100% of the values of investments in Investee Funds at year-end to confirmations of value received directly from the Investee Funds administrators. We also received the most recent set of audited financial statements of the Investee Funds and (1) reviewed the audit opinion for any modifications or qualifications and (2) agreed any differences in value from the reported capital account balance of Investee Funds to the audited financial statements. As the majority of Investee Funds audited financial statements are not prepared as at 30 June 2017 this enables us to assess the reasonableness of the unaudited capital accounts. We tested the existence of 100% of the investment portfolio by agreeing the holdings for investments to an independent confirmation from the custodian. No misstatements or differences were identified by our testing which required reporting to those charged with governance.

Completeness and accuracy of revenue from dividend income	We understood and assessed the design and implementation of key controls surrounding income recognition.
Dividend income for the year was \$30 million (see Statement of Comprehensive Income).	We tested dividend income by agreeing the dividend rates for a sample of investments in the dividend income ledger to independent third party sources.
The investment portfolio is in emerging markets and the risk exists that not all dividend information is captured or recognised in the correct period.	To test for completeness of dividend income, we confirmed that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. We also reviewed the year-end bank reconciliations and the aged-debtors listing.
	No misstatements or differences were identified by our testing which required reporting to those charged with governance.

Other information

The directors are responsible for the other information as listed on the Table of Contents page of the Annual Report (but does not include the financial statements and our auditor's report thereon).

Other than as specified in our report, our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may

cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

We have nothing to report in respect of the following matters which we have reviewed:

- the directors' statement set out on page 22 in relation to going concern. As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern;
- the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the ten further provisions of the UK Corporate Governance Code specified for our review.

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

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

29 September 2017

Statement of Financial Position

as at 30th June 2017

Note		2017 $'000	2016 $'000
	ASSETS		
	Current assets		
2(b), 10(a)	Financial assets at fair value through profit or loss	**1,279,759**	1,099,567
2(g)	Amounts due from brokers	**4,636**	4,261
2(d)	Dividends receivable	**2,295**	4,001
	Other receivables and prepayments	**172**	204
2(f)	Cash and cash equivalents	**35,059**	20,245
	TOTAL ASSETS	**1,321,921**	1,128,278
	LIABILITIES		
	Current Liabilities		
2(g)	Amounts due to brokers	**4,644**	4,941
2(j)	Capital gains tax payable	**1,038**	141
7	Payables and accrued expenses	**2,055**	1,878
	TOTAL LIABILITIES	**7,737**	6,960
	TOTAL NET ASSETS	**1,314,184**	1,121,318
	EQUITY		
4	Share Premium	**134,349**	134,349
6	Capital reserve	**1,132,448**	946,972
	Revenue account	**47,387**	39,997
	TOTAL EQUITY	**1,314,184**	1,121,318
	NET ASSET VALUE PER PARTICIPATING PREFERENCE SHARE*	**$9.74**	$8.31

** Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2016: 134,963,060).*

Signed on behalf of the Board of
Genesis Emerging Markets Fund Limited
Hélène Ploix
Russell Edey
28th September 2017

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

Statement of Comprehensive Income

for the year ended 30th June 2017

Note		2017 $'000	2016 $'000
	INCOME		
2(b),10(b)	Net change in financial assets at fair value through profit or loss	**185,686**	(98,311)
2 (c)	Net exchange (losses)/gains	**(210)**	228
2 (d)	Dividend income	**30,000**	25,086
2 (n)	Securities lending income	**186**	4
2 (d)	Interest income	**95**	6
	TOTAL INCOME	**215,757**	(72,987)
	EXPENSES		
9(a)	Management fees	**(15,110)**	(13,124)
9(c)	Custodian fees	**(1,125)**	(910)
12	Transaction costs	**(1,543)**	(1,269)
9(e)	Directors' fees and expenses	**(370)**	(463)
9(b)	Administration fees	**(280)**	(259)
	Legal and professional fees	**(92)**	(84)
	Audit fees	**(61)**	(52)
	Other expenses	**(170)**	(223)
	TOTAL OPERATING EXPENSES	**(18,751)**	(16,384)
	OPERATING PROFIT/(LOSS)	**197,006**	(89,371)
	FINANCE COSTS		
	Bank charges	**(4)**	(1)
	TOTAL FINANCE COSTS	**(4)**	(1)
	TAXATION		
2(j),8	Capital gains tax	**(897)**	(29)
2(j) 8	Withholding taxes	**(3,239)**	(2,595)
	TOTAL TAXATION	**(4,136)**	(2,624)
	PROFIT/(LOSS) AFTER TAX FOR THE YEAR ATTRIBUTABLE TO PARTICIPATING PREFERENCE SHARES	**192,866**	(91,996)
	TOTAL COMPREHENSIVE INCOME	**192,866**	(91,996)
5	**EARNINGS/(LOSS) PER PARTICIPATING PREFERENCE SHARE***	**$1.43**	$(0.68)

* *Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2016: 134,963,060).*

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

Statement of Changes in Equity

for the year ended 30th June 2017

	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	**–**	**–**	**192,866**	**192,866**
Transfer to Capital Reserves*	**–**	**185,476**	**(185,476)**	**–**
Balance at the end of the year	**134,349**	**1,132,448**	**47,387**	**1,314,184**

	2016			
	Share Premium $'000	Capital Reserve $'000	Revenue Account $'000	Total $'000
Balance at the beginning of the year	134,349	1,045,055	33,910	1,213,314
Total Comprehensive Income	–	–	(91,996)	(91,996)
Transfer from Capital Reserves*	–	(98,083)	98,083	–
Balance at the end of the year	134,349	946,972	39,997	1,121,318

** Calculated by summing the 'Net change in financial assets at fair value through profit or loss' and 'Net exchange (losses)/gains' in the Statement of Comprehensive Income.*

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

Statement of Cash Flows

for the year ended 30th June 2017

	2017 $'000	2016 $'000
OPERATING ACTIVITIES		
Dividends and interest received	**31,801**	25,261
Securities lending income received	**186**	4
Taxation paid	**(3,239)**	(2,700)
Purchase of investments	**(287,402)**	(309,415)
Proceeds from sale of investments	**292,224**	299,720
Interest paid	**(4)**	(1)
Operating expenses paid	**(18,542)**	(16,581)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**15,024**	(3,712)
Effect of exchange (losses)/gains on cash and cash equivalents	**(210)**	228
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**14,814**	(3,484)
Net cash and cash equivalents at the beginning of the year	**20,245**	23,729
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**35,059**	20,245
Comprising:		
Cash and cash equivalents	**35,059**	20,245

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

Notes to the Financial Statements

for the year ended 30th June 2017

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 1st July 2016

No new standards were effective or adopted by the Fund during the year having an impact on the financial statements.

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 2017:

- IAS 7, Statement of Cash Flows disclosure initiative (effective 1st January 2017)
- IFRS 15, Revenue from contracts with customers (effective 1st January 2018)
- IFRS 9, Financial Instruments (effective 1st January 2018)

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 2017.

(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 the 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 but not traded), 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 it 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.

(j) Taxation

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

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

(k) Share Capital

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

(l) Purchase of Own Shares

The cost of purchases of the 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 Preperation, 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

335,000,000 Unclassified shares of no par value

(b) Issued

	Number of Shares	Share Capital $'000	Share Premium $'000
As at 30th June 2017	134,964,060	–	134,349
As at 1st July 2016	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 2017	**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 Company on 30th October 2009 and in accordance with The Companies (Guernsey) Law, 2008 it was approved that each Founder Share be redesignated as no par value shares.

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

Participating Preference Shares

At the Extraordinary General Meeting of the Company on 30th October 2009 it was approved that each Participating Preference Share be divided into ten Participating Preference Shares. Under The 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 is calculated by dividing the profit for the year by the weighted average number of Participating Preference Shares in issue during the year.

	2017 $'000	2016 $'000
Profit/(loss) after tax for the year attributable to Participating Preference Shares	**192,866**	(91,996)
Weighted average number of Participating Preference Shares outstanding	**134,963,060**	134,963,060
Basic earnings/(losses) per Participating Preference Shares – basic and diluted	**$1.43**	$(0.68)

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 2017 consists of the followings accumulated amounts:

	2017 $'000	2016 $'000
Realised gains on investments sold	**952,071**	930,678
Unrealised appreciation on revaluation of investments	**188,157**	23,864
Exchange losses	**(7,753)**	(7,543)
Transfer to share premium	**(27)**	(27)
	1,132,448	946,972

7. Payables and Accrued Expenses

	2017 $'000	2016 $'000
Management fees	**1,348**	1,129
Custodian fees	**283**	302
Directors' fees	**231**	283
Audit fees	**63**	63
Other accrued expenses	**130**	101
	2,055	1,878

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 and is equal to 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 time incurred. Administration fees for the year were $280,000 and charged by JP Morgan Administration Services (Guernsey) Limited (2016: $259,000).

(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% (2016: 0.09%) per annum of the average Net Assets of the Fund.

(d) Securities lending fees

The Fund earned income of $232,000 (2016: $5,000) from securities lending transactions during the year. Commissions amounting to $46,000 (2016: $1,000) 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 $243,000 (2016: $263,000). 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 holdings in this fund is summarised in the portfolio statement on pages 39 to 45. Genesis Indian Investment Company Limited was also a related party of the Fund for the same reason although there was no holding in this fund at year end due to its liquidation in 2016. Subscriptions and redemptions during the year under review are detailed in the table below. No dividends were received from this fund during the year (2016: nil).

There were no other transactions between the Fund and such related parties during the year except as disclosed in Notes 9 (a), (b), (c), (d) and (e) above and there were no outstanding balances between these entities at 30th June 2017.

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

	2016	
	Subscriptions $'000	**Redemptions $'000**
Genesis Indian Investment Company Limited	–	18,781
Genesis Smaller Companies SICAV	527	4,767

10. Financial Assets held at Fair Value Through Profit or Loss

(a) Statement of Financial Position

	30th June 2017 $'000	30th June 2016 $'000
Financial assets at fair value through profit or loss:		
Listed equity securities	**1,230,431**	1,051,233
Unlisted equity securities	**49,328**	48,334
Total financial assets at fair value through profit or loss	**1,279,759**	1,099,567

(b) Statement of Comprehensive Income

	30th June 2017 $'000	30th June 2016 $'000
Net change in financial assets at fair value through profit or loss:		
Realised gains	**74,993**	117,989
Realised losses	**(53,629)**	(96,057)
Net realised gains	**21,364**	21,932
Change in unrealised appreciation	**109,538**	(113,557)
Change in unrealised depreciation	**54,784**	(6,686)
Net unrealised change in financial assets at fair value through profit or loss	**164,322**	(120,243)
Net change in financial assets at fair value through profit or loss	**185,686**	(98,311)

(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 nonmarket observable inputs. The following table summarises the valuation of the Company'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 30th 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**

At 30th June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000
Investment in equity securities	1,033,102	34,594	8,403
Participatory notes	–	6,921	–
Investee funds	–	–	16,547
	1,033,102	41,515	24,950

(d) Level 3 Investments

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

Valuation basis for Level 3 Investment	2017 $'000	2016 $'000
Administrator's Net Asset value	**15,560**	16,547
Most recently traded price	**–**	5,566
Most recently traded price adjusted for market movement	**–**	2,837
	15,560	24,950

As at 30th June 2017 there were three holdings classified as Level 3 investments. Three holdings in Investee Funds were valued using the most recently available valuation statements as received from the respective general partner/manager/administrator, updated to include subsequent cash flows.

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

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

	2017 Level 3 $'000	2016 Level 3 $'000
Balance at 1st July	**24,950**	18,760
Net purchases	**–**	4,002
Transfers (out of)/into Level 3	**(4,002)**	5,566
Return of capital	**(6,831)**	(176)
Realised gain/(loss)	**2,059**	(5,393)
Net change in unrealised (depreciation)/appreciation	**(616)**	2,191
Balance at 30th June	**15,560**	24,950

Unrealised gains as at year end amounting to $3,950,000 (2016: unrealised losses $3,334,000) 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 2017 and 30th June 2016:

	Level 1 $'000	Level 2 $'000	Level 3 $'000
Transfers between Level 1 and 2:			
Equity securities	(12,390)	12,390	–
Transfers between Level 1 and 3:			
Equity securities	1,988	–	(1,988)

The transfers from Level 1 to Level 2 relate to four equity securities which were impacted by short-term currency restrictions as at 30th June 2017 and discounted by publicly available foreign exchange forward rates. The transfer from Level 3 to Level 1 relates to an equity security which previously had a discount applied to its valuation using inputs not based on observable market data, however as at 30th June 2017 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 2017 the Fund had securities with a fair value of $23,194,000 (2016: $10,716,000) on loan and received $23,212,000 (2016: $10,716,000) of non-cash collateral for these loans.

11. Dividend

	2017 US$000	2016 US$000
Dividend Proposed		
Dividend Proposed 2017 final dividend of 14.0 US cents (2016: nil) per Participating Preference Share	**18,895**	–

The dividend proposed in respect of the year ended 30th June 2017 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 2018.

12. Transaction Costs

	2017 $'000	2016 $'000
Acquiring	**751**	762
Disposing	**792**	507
	1,543	1,269

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 is engaged in a single segment of business, being the provision of a diversified portfolio of investments in emerging markets.

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

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

As at 30th June 2017 and 30th June 2016, 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 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 their future values of those securities and investments.

Market price risk management

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

(i) a disciplined stock selection and investment process; and

(ii) limitation of exposure to a single investment through diversification and through amongst others, the implementation of investment restrictions.

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

The Fund's portfolio at the end of reporting period reflects the diversified strategy. The graphs and tables on Country and Sector Exposure of the Portfolio and composition of the Portfolio (see pages 35 to 45) illustrate the allocation of the portfolio assets according to these criteria as at 30th June 2017.

The Fund Manager has identified the MSCI EM (TR) Index as a relevant reference point for the markets in which it operates. However, the Manager does not manage the Fund's investment strategy to track the MSCI EM (TR) Index or any other index or benchmark. The recent performance of the Fund and to the MSCI EM (TR) Index is shown in the Highlights and Performance section on pages 4 and 5 and is expected to change over time.

Given that the observed volatility of the Fund's NAV in 2017 was 6.62% (2016: 19.58%), 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:

	2017 $'000	2016 $'000
Financial assets at fair value through profit or loss	**1,279,759**	1,099,567
Net Asset Value impact	**84,720**	215,295

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 2017 (2016: none) and total sales amounted to $439,000 (2016: 176,000). As at 30th June 2017 and 2016 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases. During the year ended 30th June 2017 total net losses incurred on investments in Investee Funds were $548,000 (2016: losses of $2,037,000).

(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 2017:

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**

Comparative figures as at 30th June 2016 are as follows:

Currency	Net non-monetary assets and (liabilities) $'000	Net monetary assets and (liabilities) $'000	Total foreign currency risk $'000
Brazilian real	35,242	25	35,267
Canadian dollar	11,463	–	11,463
Chinese yuan renminbi	47,514	2,234	49,748
Euro	22,838	231	23,069
Hong Kong dollar	125,923	1,279	127,202
Indian rupee	145,051	139	145,190
Korean won	108,005	16	108,021
Mexican peso	35,117	74	35,191
Nigerian naira	11,903	612	12,515
Philippine peso	19,934	22	19,956
Singapore dollar	19,526	–	19,526
South African	59,416	4	59,420
Sterling	28,507	–	28,507
Swiss franc	13,215	234	13,449
Taiwan dollar	69,521	1,714	71,235
Thailand baht	54,137	(282)	53,855
Turkish lira	31,433	–	31,433
United States	217,231	15,114	232,345
Other currencies	43,591	335	43,926
	1,099,567	**21,751**	**1,121,318**

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 2017, had the average exchange rate of the US dollar weakened by a reasonable possible movement of 500 basis points in relation to the basket of currencies in which the Fund's net assets are denominated, weighted by the Fund's exposure to each currency with all other variables held constant, the Fund estimates net assets and the change in net assets per the Statement of Comprehensive Income would have increased by $52,018,000 (2016: $44,449,000).

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

The Manager does not consider it realistic or useful to examine foreign currency risk in isolation. The Manager considers the standard deviation of the NAV (which is struck in US dollars) as the appropriate risk measurement for the portfolio as a whole as it reflects market price risk generally. Please see Market Price Risk section in Note 13(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 2017 was as follows:

	2017 $'000	2016 $'000
Amounts due within one month		
Amounts due to brokers	**4,644**	4,941
Payables and accrued expenses	**2,055**	1,878
Amounts due within one year		
Capital gains tax payable	**1,038**	141
Total liabilities	**7,737**	6,960

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.

(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 2017 (2016: 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 a 30th June is the carrying amount of the financial assets as set out below.

	2017 Amounts due within 1 year $'000	2016 Amounts due within 1 year $'000
Amounts due from brokers	**4,636**	4,261
Dividends receivable	**2,295**	4,001
Other receivable and prepayments	**172**	204
Cash and cash equivalents	**35,059**	20,245
	42,162	28,711

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

Credit Risk – Participatory Notes

As at 30th June 2017 the Fund held no P Notes (2016: the Fund held P Notes provided by Deutsche Bank and HSBC 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. 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. 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 2017 or 2016. The majority of the Fund's net financial assets were non interest bearing (97.33% on average over the twelve-month period to 30th June 2017 (2016: 98.19%)). 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

From 1st July 2017, the management fee payable to Genesis was reduced from 1.25% to 0.95% of NAV per annum.

On 19th July 2017, the Fund announced the appointment of Katherine Tsang as a non-executive Director. This is subject to election by shareholders at the Annual General Meeting.

On 26th September 2017, the Board proposed a dividend of 14.0 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

Websites of the Fund and the Manager

www.genesisemf.com
www.giml.co.uk

Manager

Genesis Asset Managers, LLP
Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY, Channel Islands

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)

Custodian

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

Administrator and Company Secretary

JP 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
Smith & Williamson Securities
25 Moorgate, London EC2R 6AY, United Kingdom

Independent Auditors

PricewaterhouseCoopers CI LLP
Royal Bank Place, 1 Glategny Esplanade, St. Peter Port, Guernsey GY1 4ND, Channel Islands

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 eighth Annual General Meeting of the Shareholders of the Company which is to be held at the Company's registered office at 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey GY1 6JB, Channel Islands on 6th November 2017 at 2 p.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 2017;
2. To approve the Directors' Remuneration Report for the year ended 30th June 2017;
3. To 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 14.0 US cents per Participating Preference Share to be paid in respect of the financial year ended 30th June 2017;
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 Karpat as a Director of the Company;
9. To re-elect Dr. John Llewellyn as a Director of the Company; and
10. To re-elect Hélène Ploix as a Director of the Company.
11. To 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 20,200,000;

(ii) the maximum price which may be paid for a Participating Preference Share is an amount equal to 105% of the average of the middle market quotations for a Participating Preference Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Participating Preference Share is purchased;

(iii) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Fund to be held in 2018 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