FIDELITY EMERGING MARKETS LIMITED

Annual Report for the year ended 30 June 2021

Change of Name

On 1 October 2021, the Company changed its name from Genesis Emerging Markets Fund Limited to Fidelity Emerging Markets Limited.

Investment Objective

The investment objective of Fidelity Emerging Markets Limited (the 'Company' or 'FEML') is to achieve long-term capital growth from an actively managed portfolio made up primarily of securities and financial instruments providing exposure to emerging market companies, both listed and unlisted.

Investment Approach

Fidelity International believes that many emerging market companies can sustain high levels of economic growth for years to come, driven by attractive demographic profiles, immature markets, an abundance of untapped natural resources, and generally low levels of indebtedness. However, whilst these positive attributes provide a fertile environment for companies to grow their earnings, it is critical to ensure that each company we invest in can generate superior and sustainable returns on assets that permit them to fund the growth of their business, withstand competitive pressures and achieve attractive returns for minority shareholders. With this in mind, Fidelity International defines high calibre companies as those that exhibit: quality, consistency of returns, and are available at a reasonable price.

Structure

FEML is a Guernsey based Authorised Closed-Ended Investment Scheme with the ability to issue additional shares. The Company'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 in issue is 121,466,754 as at 30 June 2021 (30 June 2020: 121,466,754).

Manager and Investment Manager

Up until 4 October 2021 the Company's Investment Manager was Genesis Investment Management, LLP ('GIML' or 'Genesis').

With effect from 4 October 2021, FIL Investment Services (UK) Limited was appointed as the Alternative Investment Fund Manager of the Company ('the Manager'), with the investment management of the Company to be undertaken by FIL Investments International ('Fidelity International', 'the Investment Manager'), collectively 'Fidelity'. More information on Fidelity and their investment philosophy and process can be found on pages 8 to 9.

Contents

NOTE: All reference to 'dollars/cents' or '$/¢' throughout this report are to the United States currency.

Strategic Report

Financial Highlights and Performance

Total Return in GBP for the year to 30 June 2021

30.0%

Share Price Total Return(1)

24.8%

Net asset value per Participating Preference Share Total Return(1)

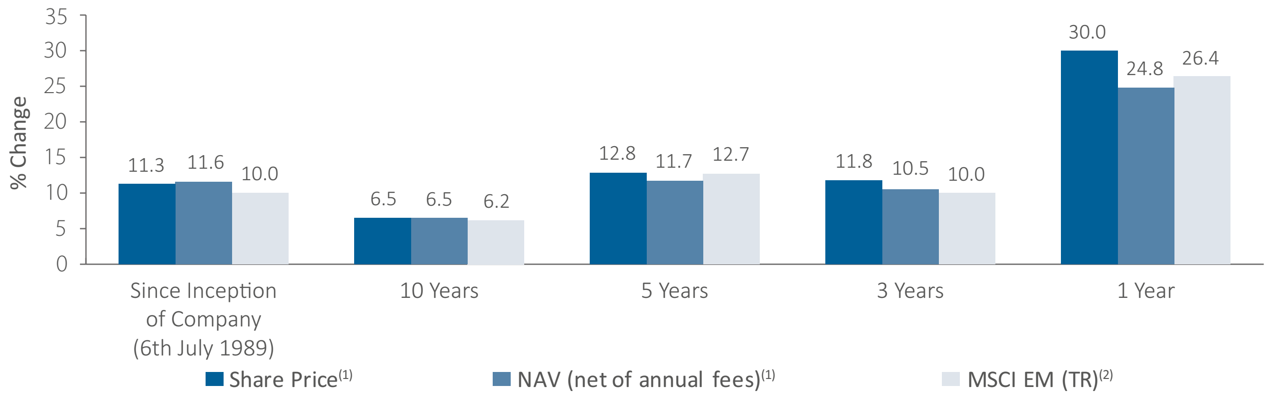
26.4%

MSCI EM (TR) Index(2)

	30 June 2021	30 June 2020	% change
USD			
Net Assets(3)	**$1,699.1m**	$1,235.8m	37.5
Net Asset Value per Participating Preference Share(3)	**$13.99**	$10.17	37.6
Dividend per Participating Preference Share(3)(4)	**$0.18**	$0.17	5.88
GBP			
Net Assets(5)	**£1,230.0m**	£1,000.1m	23.0
Net Asset Value per Participating Preference Share(5)	**£10.13**	£8.23	23.1
Share Price	**£9.19**	£7.18	28.0
Discount of Share Price to Net Asset Value per Participating Preference Share(1)	**9.3%**	12.8%	
Number of Participating Preference Shares	**121,466,754**	121,466,754	
Ongoing charges ratio(1)	**1.03%**	1.07%	
Countries represented in portfolio	**29**	30	
Number of holdings	**95**	96	

ANNUALISED TOTAL RETURNS

GBP to 30 June 2021



Source: Genesis Investment Management, LLP

(1) *Alternative Performance Measures – refer to Glossary of Terms on pages 78 and 79.*

(2) *MSCI Emerging Markets (Total Return) Index.*

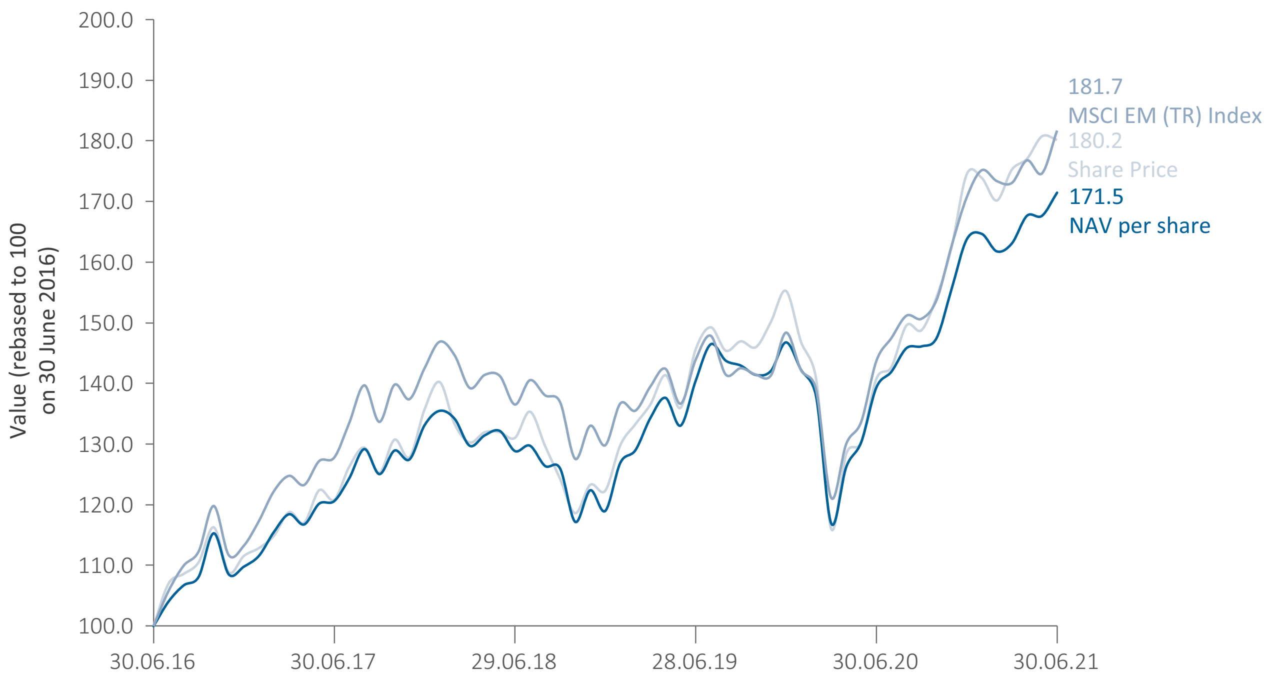
(3) *IFRS measure. Refer to pages 51 to 74 in the Financial Statements and Notes to the Financial Statements.*

(4) *A dividend of $0.18 per Participating Preference Share from the Company's profits for the year ended 30 June 2021 has been proposed.*

(5) *Translation of the USD measures using the GBP/USD exchange rate as at 30 June 2021 of 1.3814 (2020: 1.2356).*

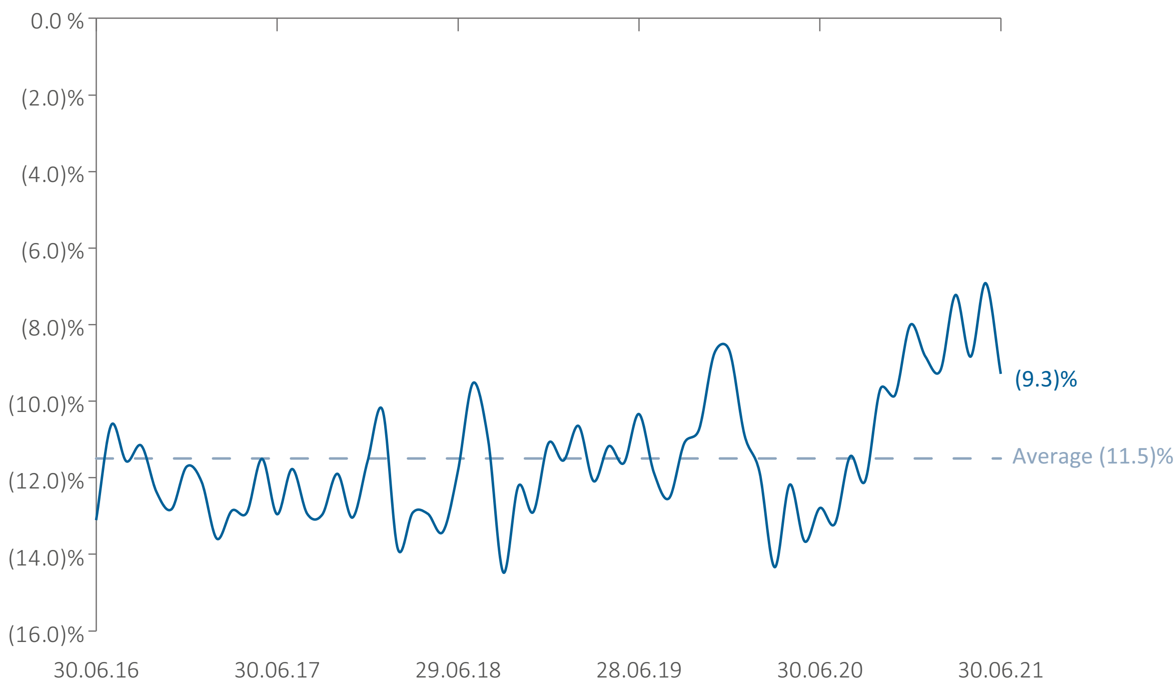
Past performance is no guarantee of future performance.

PERFORMANCE – LAST 5 YEARS[1]



Source: Genesis Investment Management, LLP

DISCOUNT TO NAV – LAST 5 YEARS[1]



Source: Genesis Investment Management, LLP

[1] *Based on month-end Net Asset Values*

Chairman's Statement

I have pleasure in presenting the thirty-second annual report of the Company, for the year ended 30 June 2021.

Hélène Ploix
Chairman

Overview

During the twelve months to 30 June 2021, the Company's net asset value ('NAV') increased by 23.1% in sterling total return terms to £10.13 per Participating Preference Share. This compares to an increase of 26.4% in the Company's benchmark, the MSCI Emerging Markets Total Return Index (the 'Index'). The Company's share price rose by 28.0% to £9.19 over the same period.

Emerging markets outperformed developed markets during the period under review – which saw a continuing recovery from the pandemic-related falls of the previous year. The market rally was driven by renewed risk appetite with each new vaccine breakthrough and the implementation of vaccination programs, which although mostly led by developed economies, provided a much-needed boost in consumer demand and economic activity.

In the second half of 2020, two areas dominated. First, a recovery in some of the countries which Covid had hit hardest. Second, continued strength in semiconductor companies, particularly the large-cap behemoths TSMC and Samsung Electronics; two stocks which together contributed a quarter of the Index return.

During the first half of 2021 the story somewhat reversed. The Company's overweight positions in consumer-facing stocks led to a lag in performance when markets were led by a recovery in technology and commodity stocks, where it was underweight. Concerns about US Federal Reserve tapering dampened investor appetite for emerging markets although in the latter part of the period, U.S. President Joe Biden's infrastructure plan once again increased risk appetite and commodity heavy markets rallied, spurred on by rising oil prices.

A more detailed explanation of the year's performance and changes to positioning is provided in GIML's Investment Review on pages 16 to 18.

Change of Manager and Investment Manager

Mindful of the interests of the shareholders as a whole, the Board decided to undertake an extensive review of the Company's investment management arrangements. Accordingly, the Company's brokers were instructed to invite tenders for the investment management of the Company. Following an initial review, a number of strong candidates were invited to present to the Board. On 1 July 2021, the Board announced that it had selected FIL Investments Services (UK) Limited as the Alternative Investment Fund Manager (`the Manager') of the Company, with the investment management of the Company to be undertaken by FIL Investments International (the `Investment Manager', `Fidelity International'), collectively 'Fidelity'.

It was clear to the Board that Fidelity had both depth of expertise in emerging markets and in the management of investment trusts. Fidelity has a proven track record of managing and growing investment trusts and taking advantage of their structure. In addition, the Company stands to benefit considerably from Fidelity's brand, and its ability to attract a larger range of shareholders with its significant and broad ranging marketing resource.

As detailed in the Circular to shareholders dated 6 September 2021, the Board believes that the appointment of Fidelity International as Investment Manager will bring the following benefits to shareholders:

- **Access to Fidelity's top decile performing emerging markets strategy:** Fidelity International benefits from global coverage which is complemented with local expertise. Also, ESG considerations are fully integrated in all aspects of its global research analysis.
- **Significant reduction in management fee:** a reduction from the existing 0.90 per cent. of net asset value to 0.60 per cent. of net asset value (per annum).
- **Nine-month fee waiver:** a significant cost contribution from Fidelity International to minimise the cost impact on shareholders as a result of the change of investment management arrangements.
- **Brand recognition and increased marketing focus:** access to an award-winning investment trust manager with extensive in-house marketing and distribution capabilities led by a dedicated marketing team.

FIL Investments Services (UK) Limited and FIL Investments International were formally appointed as Manager and Investment Manager of the Company with effect from 4 October 2021.

Change of Investment Policy

In advance of Fidelity's formal appointment, shareholders were requested to approve a proposal to change the investment policy of the Company. The change of investment policy was duly approved by shareholders at the extraordinary general meeting ('EGM') held on 1 October 2021.

Following shareholder approval, the Company's portfolio is being reorganised to permit the implementation of Fidelity's investment policy.

At the heart of Fidelity's strategy is a belief that it can deliver outsized returns in emerging markets through stock selection, driven by fundamental views. Fidelity combines skill, resource and discipline with the aim of generating enhanced risk-adjusted returns.

As set out in the Circular and in the proposals to the Board and shareholders, Fidelity uses enhanced investment powers through the addition of both long and short derivatives. Buying long derivative positions aims to increase exposure to those companies where the team has a high conviction investment view ('alpha') while short derivative positions target stocks expected to fall in value relative to the market, thereby managing risk exposure to the market overall ('beta').

By design, the overall exposure to the market is kept relatively close to 100%. The portfolio construction however allows the manager to take geared bets in individual positions offsetting these with shorts as described above. It should be noted that the use of derivatives does introduce gearing that could result in situations where returns may rise or fall more than they would have done otherwise.

Completing the changes to the portfolio will take several weeks, and shareholders will be kept informed on the completion of this process. More information about the approach can be found on the Company's new website **www.fidelity.co.uk/emergingmarkets**, updated frequently and where the latest share price, discount and portfolio may be found.

Full detail of the Company's new investment policy can be found on page 8 of this report.

Change of name

As part of the change of investment management arrangements, shareholders were requested to approve a proposal to change the name of the Company to Fidelity Emerging Markets Limited. The change of name was duly approved by shareholders at the EGM held on 1 October 2021.

Discount control

In addition to the above changes, the Board and Fidelity have committed to ongoing discount management controls.

Tender Offer

In response to shareholder consultation during 2018 on the level of the Company's share price discount to NAV, the Board announced that a potential tender offer of up to 25% of the Company's shares would be implemented in 2021, if the Company's NAV Total Return over the five years ending 30 June 2021 did not exceed its benchmark Index.

As the Company did not produce the necessary performance to outperform its benchmark Index, the Board announced that a tender offer for up to 25% of the Company's shares in issue (excluding any shares held in treasury) ('Tender Offer') would be implemented subject to shareholder approval. The tender price was set at a 2% discount to the prevailing NAV per share. The Tender Offer was subsequently approved by shareholders at the EGM held on 1 October 2021.

The aforementioned Tender Offer had been put in place by the Board to enable shareholders wishing to realise part, or potentially all, of their investment in the Company the opportunity to do so.

Following completion of the Tender Offer on 22 October 2021, a total of 30,366,688 Participating Preference Shares (25% of the Company's issued share capital) were repurchased by the Company for cancellation.

As announced on 1 July 2021, if the Company's NAV Total Return over the five years ending on 30 September 2026 does not exceed the MSCI Emerging Markets Index over that period the Company will make a further tender offer in respect of up to 25% of the shares then in issue (excluding any shares held in treasury).

Continuation vote

The Company has also committed to hold a continuation vote in 2026 and every five years thereafter.

Chairman's Statement

continued

Board composition and succession planning

The Board is mindful of corporate governance best practice and recognises the need to refresh its composition from time to time.

I will have served on the Board for nine years in November 2021, however, following the appointment of Fidelity, the Board, on the recommendation of the Nomination Committee, requested that I continue to act as Chairman of the Company for an additional one-year period to ensure that the handover to Fidelity, and to my successor, who is still to be identified, is undertaken in an orderly manner. I will now retire from the Board following the conclusion of the 2022 annual general meeting ('AGM').

Sujit Banerji will have served as a Director of the Company for nine years in October 2022 and will also retire following the conclusion of the 2022 AGM.

Russell Edey has also indicated his intention to retire as a Director of the Company in 2023, at that point, the Board will reduce to five members.

An executive search consultant will be appointed to source additional non-executive directors to replace and enhance the skills and experience of the Board and its Committees during 2022.

All Directors are offering themselves for re-election at the forthcoming AGM.

Dividend

A resolution to declare a final dividend of 18.0 cents per share will be proposed at the AGM of the shareholders of the Company that will be held on Wednesday, 8 December 2021. Subject to shareholder approval, the final dividend will be paid on 17 December 2021 to shareholders on the Register of Members on 12 November 2021. The ex-dividend date is 11 November 2021.

Annual General Meeting

This year's AGM will be held on Wednesday, 8 December 2021 at 10:30 a.m. at the registered office of the Company, 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St Peter Port, Guernsey GY1 6JB.

Notice of the AGM, containing full details of the business to be conducted at the meeting, is set out on pages 80 and 81 of this report.

Your attention is also drawn to the Directors' Report on page 36, where resolutions relating to special business are explained.

Electronic proxy voting is now available and shareholders are encouraged to submit voting instructions using the web-based voting facility at **www.eproxyappointment.com** and **www.proxymity.io** for institutional shareholders. In order to use electronic proxy voting, shareholders will require their shareholder registration number, control number and pin. If you do not have access to these details please contact the Company's Registrar, Computershare, their contact details can be found on page 77 of this report.

Outlook

We have seen moments of market turbulence caused by China anti-trust laws and regulation and more recently by beleaguered property developer China Evergrande. The Board is confident that Fidelity, as an experienced emerging markets manager, aided by the insights of its teams based in China and throughout the Asia region will be able to navigate through volatile markets and deliver attractive returns to shareholders.

China is likely to remain in the spotlight presenting considerable near term risks, however, the new manager's exposure to the most directly impacted areas will be limited.

China Evergrande has amassed significant debts although they have so far been able to stave off collapse and recently averted a costly default with a last-minute bond coupon payment. The impact on the global financial system, should they default, depends to a considerable extent on the response of the Chinese government. Conditions remain precarious across the sector and it remains to be seen how far the Chinese government will be willing to step in to provide stability. Whether they do so or not, there will be significantly less residential construction in China which will result in a negative impact on Chinese GDP.

Beyond China the pandemic has resulted in unprecedented monetary policy; although rates are starting to rise in some emerging markets, Fidelity believes that the developed world will continue with low interest rates.

Emerging markets may have recovered somewhat, but overall, they remain on a wide discount compared to developed markets. This provides good scope to add to high quality stock positions on a selective basis.

Emerging markets have evolved, but commodities continue to play a key role. Today supply constraints are combined with huge stimulus and a transition to a cleaner, greener economy, driving demand up and lending support to prices over the medium to long-term.

The Board is committed to the view that the structural benefits of emerging markets as an asset class remain compelling. It offers the potential for risk reduction through diversification and the prospect of superior economic returns, as emerging countries have higher population growth, and higher per-capita GDP growth with relatively low debt levels, allowing them to outpace the developed world. The emerging markets' rising middle-classes are still getting richer, are still buying more and these countries are investing heavily in their own futures and infrastructure.

The Board is confident that Fidelity, using the broad investment powers of the Company, will exploit this vast investable universe and have the ability to deliver strong and sustainable investment returns.

Finally, on behalf of the Board, I would like to thank Genesis Investment Management, LLP for its contribution to the Company since its inception in 1989.

Hélène Ploix
Chairman
28 October 2021

Strategy, Business Model and Principal Risks

Business and Status

The Company is a closed-ended investment scheme authorised by the Guernsey Financial Services Commission and is listed on the London Stock Exchange.

The Company was incorporated in Guernsey on 7 June 1989 and commenced business on 19 September 1989.

Reviews of the Company's activities are included in the Chairman's Statement on pages 4 to 7 and GIML's Investment Review on pages 16 to 18.

There has been no significant change in the activities of the Company during the year to 30 June 2021 and the Directors anticipate that the Company will continue to operate in the same manner during the current financial year following the appointment of Fidelity.

Change of Manager and Investment Manager

The Board has invested considerable time and effort in considering the future direction for the Company in order to best serve the interests of the Company's shareholders as a whole.

With this in mind, the Board conducted an extensive review of the Company's management arrangements and reached the conclusion that Genesis Investment Management LLP should be replaced by FIL Investment Services (UK) Limited as the Company's Manager. This process included consultation with major shareholders.

FIL Investment Services (UK) Limited ('the Manager') was formally appointed on 4 October 2021.

The Manager has delegated the role of Investment Manager to FIL Investments International ('Fidelity International', the 'Investment Manager'). Both the Manager and Investment Manager are part of the FIL Group of companies, collectively 'Fidelity'.

Investment Objective and Policy (for the period to 30 June 2021)

The Company's investment objective is to achieve long-term capital growth, primarily through investment in listed equity markets of emerging countries.

The Company seeks to identify high-quality companies in emerging markets and invest in them at attractive discounts to their intrinsic value.

Following shareholder approval at the EGM of the Company held on 1 October 2021 the Company's investment objective and policy is now as follows:

Investment Objective

The Company's investment objective is to achieve long-term capital growth from an actively managed portfolio made up primarily of securities and financial instruments providing exposure to emerging market companies, both listed and unlisted.

Investment Policy

The Company seeks to meet its investment objective through investment in a diversified portfolio of equity or equity-linked securities and derivative instruments providing exposure to emerging market companies.

The Manager integrates sustainability analysis into its investment process and promotes environmental and social characteristics in respect of the companies in which it invests.

Investment minimum constraints

At least 80% of the Company's total assets (measured at the time of investment) will be exposed to companies that have their head office in, are listed in or with assets, operations, income or revenues that are predominantly in or derived from emerging markets.

The Company is not subject to any geographical or sector limits, although the Manager will maintain a diversified portfolio of a minimum of 75 holdings (comprised of a mixture of long and short exposures) in companies listed in or operating across at least 15 countries.

Fidelity is not required to seek to ensure that the Company's cash resources are fully invested at all times. Accordingly, there may be times when the Company holds cash or money market instruments pending investment. The Company's net market exposure will not fall below 90% of the Company's net assets save to the extent that the Manager is required to realise cash to fund a tender offer or other return of capital.

Permitted instruments

The Company may invest through equities, index linked securities, contracts for difference (CFD), equity linked and other debt securities, cash deposits, money market instruments, equity related securities, foreign currency exchange forward transactions and other interests including derivative instruments. The Company may invest directly in China A and B Shares and invest in Non-Voting Depository Receipts, American Depositary Receipts, Global

Depositary Receipts and Equity Linked Notes. References to "companies" in this investment policy may include operating businesses that are not in corporate form.

Forward transactions and derivatives, including futures, options, swaps and contracts for difference, may be used to enhance portfolio performance as well as for efficient portfolio management and hedging.

The Company may invest in unlisted securities and in other investment funds, subject to the investment restrictions set out below.

Investment Restrictions

The Company will invest and manage its assets with an objective of spreading risk with the following investment restrictions:

- no single or aggregate interest in any one company shall represent more than 15% of total assets (measured at the time of investment);
- no more than 15% of total assets (measured at the time of investment) may be invested in unlisted securities;
- up to 15% of total assets (measured at the time of investment) may be invested in other listed or unlisted investment funds where such funds offer the only practicable means of gaining exposure to a particular emerging market, including other funds managed or advised by the Manager or its associates;
- up to 20% of total assets (measured at the time of investment) may be invested in securities and instruments which provide exposure to companies which do not have their head office in, are not listed in or whose assets or operations are not predominantly in emerging markets, provided that a material proportion of the income or revenues of each such company derives from emerging markets.

Although the Company has no present intention to make any such investments, for so long as required by the Listing Rules, no more than 10% of the Company's total assets (measured at the time of investment) may be invested in other London-listed closed ended funds that do not have stated policies to invest no more than 15% of their total assets in other London-listed closed ended funds.

Leverage and derivatives

The Company may be geared through (i) borrowing of up to 10% of its net asset value and/or (ii) by entering into derivative positions (both long and short) which have the effect of gearing the Company's portfolio, to enhance performance.

Derivatives usage will focus on, but will not be limited to the following investment strategies:

- as an alternative form of gearing to bank loans, for instance by the use of long CFDs;
- to enhance the investment returns by taking short positions in stocks or markets that the Manager considers to be over-valued or impaired;
- to enhance positions, manage position sizes and control risk through the use of options;
- to hedge equity market risks where suitable protection can be purchased to limit the downside of a falling market at a reasonable cost; and
- to gain or hedge currency exposure, both long and short, using foreign currency exchange forward transactions.

The Company is subject to the following limits in respect of its use of derivatives:

- Net Market Exposure will not exceed 120% of the net asset value of the Company.
- Gross Asset Exposure will not exceed 165% of the net asset value of the Company.
- In normal market circumstances, the Company expects that the Manager will maintain a Net Market Exposure in the range of 100% to 110%.

Exposure Definitions

- Long Exposure is the value of the Company's direct and indirect investments in long positions (including the economic value of the exposure to the reference asset of any derivative instrument).
- Short Exposure is the value of the Company's direct and indirect investments in short positions (including the economic value of the exposure to the reference asset of any derivative instrument), excluding Hedges.
- Hedges are short positions that demonstrate risk-reduction qualities by offsetting long positions held by the Company which have regional congruence and a correlation of at least 80% to the Long Exposure of the Company.
- Net Market Exposure is the net positive market exposure of the Company's portfolio, whether through direct or indirect investment, with short and hedge positions subtracted from long positions. It is calculated as (Long Exposure – Hedges) – Short Exposure.
- Gross Asset Exposure is the total market exposure of the Company's portfolio, whether through direct or indirect investment. It is calculated as: (Long Exposure + Short Exposure) – Hedges.

Strategy, Business Model and Principal Risks

continued

Benchmark Index

The Company's benchmark is the MSCI Emerging Markets (Total Return) Index.

Life of the Company

The Company has committed to hold a continuation vote in 2026 and every five years thereafter. The Company will propose the continuation vote at its annual general meeting in the relevant year and, if the continuation vote is not passed, will thereafter present proposals to shareholders in respect of the future of the Company.

Management

The Company has no employees or premises and the Board is comprised of non-executive Directors. During the year under review, the majority of day-to-day operations and functions of the Company were delegated to GIML and to third party service providers who are subject to the oversight of the Board. There are therefore no disclosures to be made in respect of employees.

During the year under review GIML 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.

With effect from 4 October 2021, the day-to-day operations and functions of the Company previously delegated to GIML will be undertaken by Fidelity.

Principal and Emerging Risks and Risk Management

In accordance with the AIC Code, the Board is responsible for establishing procedures to manage risk, oversee the internal control framework, and determine the nature and extent of principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

The Board with the support of the Audit and Risk Committee has carried out a robust assessment of the Company's principal and emerging risks which may impact the Company. The principal risk that may affect the Company is adverse changes to the value of its assets arising from the Company's investment in financial instruments (principally equity securities) due to unanticipated adverse changes in market prices and foreign currency exchange rates and an absence of liquidity.

In respect of the period under review, the Board reviewed and agreed policies for managing each of these risks with GIML, as summarised below.

Volatility of emerging markets and market risk

The economies, currencies and the financial markets of a number of developing countries in which the Company invests may be extremely volatile. To manage the risks posed by adverse price fluctuations the Company's investments are geographically diversified, and will continue to be so. 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 Company's net assets at the time the investment is made.

Foreign currency exposure

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

COVID-19 pandemic

The COVID-19 pandemic continues to pose additional risks to the Company beyond those risks described above. They include liquidity risks to markets, risks associated with the maintenance of the current dividend policy and business continuity risks for the Company's key service providers. During the year under review, the day-to-day management of the risks posed by the Covid-19 pandemic was carried out by GIML. As detailed in the section titled `Covid-19' on page 14, both GIML and the Company's other key service providers confirmed that they had the necessary contingency plans in place to continue to service the Company in line with expectations during the pandemic.

With effect from 4 October 2021, the day-to day management of the risks posed by the Covid-19 pandemic will be performed by Fidelity. Fidelity follows Government recommendations and guidance and carries on reviewing its business continuity plans and operational resilience strategies on an ongoing basis and continues to take all reasonable steps in meeting its regulatory obligations and to assess operational risks, the ability to continue operating and the steps it needs to take to serve and support its clients, including the Board. PricewaterhouseCoopers LLP has also confirmed in the AAF Internal Controls report issued to Fidelity International that there have not been any significant changes to Fidelity International's control environment as a result of COVID-19. Further to this, the Manager has provided the Board with assurance that the Company has appropriate business continuity plans and the provision of services has continued to be supplied without interruption during the pandemic. Investment team key activities, including portfolio managers, analysts and trading/support functions, are performing well despite the operational challenges posed when working from home or when split team arrangements were in place.

Custody risk and cyber security

The Company is exposed to operational risks such as custody risk and cyber security breaches. 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 Company to transfer the securities might be temporarily impaired. The day-to-day management of these risks is carried out by GIML under policies approved by the Board.

The risk represented by breaches in cyber security is carefully monitored by GIML, the Custodian and Administrator with appropriately designed and tested controls.

Investment policy and process

Inappropriate investment policies and processes may result in under performance against the Company's peer group. The Board manages these risks by ensuring a diversification of investments and regularly reviewing the portfolio asset allocation and investment process. In addition, certain investment restrictions have been set and these are monitored as appropriate.

Investment strategy and share price movements

The objective of the Company is to achieve long-term capital growth and it is exposed to the effect of variations in the price of its investments. A fall in the value of its portfolio will have an adverse effect on shareholders' funds. The Board reviews the Company's investment strategy and the risk of adverse share price movements at its Board meetings taking into account the economic climate, market conditions and other factors that may have an effect on the sectors in which the Company invests. There can be no assurances that depreciation in the value of the Company's investments will not occur but the Board seeks to reduce this risk.

Discount to net asset value

A discount in the price at which the Company's shares trade to net asset value would mean that shareholders would be unable to realise the true underlying value of their investment. As a means of controlling the discount to net asset value the Board has the ability to buy back shares. The Board reviews the Company's discount to net asset value on a regular basis.

Credit and counterparty risk

Certain derivative instruments in which the Company may invest are not traded on an exchange but instead will be traded between counterparties based on contractual relationships, under the terms outlined in the International Swaps and Derivatives Association's ("ISDA") market standard derivative legal documentation. These are known as Over The Counter ("OTC") trades. As a result, the Company is subject to the risk that a counterparty may not perform its obligations under the related contract. In accordance with the risk management process which the Investment Managers employ, this risk is minimised by only entering into transactions with counterparties which are believed to have an adequate credit rating at the time the transaction is entered into, by ensuring that formal legal agreements covering the terms of the contract are entered into in advance, and through adopting a counterparty risk framework which measures, monitors and manages counterparty risk by the use of internal and external credit agency ratings and evaluates derivative instrument credit risk exposure.

Operational

Failure of the core accounting systems, or a disastrous disruption to the Administrator's, Manager's or Investment Manager's business, could lead to an inability to provide accurate reporting and monitoring.

The Board is reliant on the Administrator, Manager, and Investment Manager to ensure that appropriate measures are in place in order that critical operations can be performed at all times.

The Board considers the internal controls of the Administrator, Manager, and Investment Manager and other key service providers on at least an annual basis.

Strategy, Business Model and Principal Risks

continued

Loss of key personnel

During the period under review, the day-to-day management of the Company was delegated to GIML. Loss of GIML's key employees could affect investment returns. The Board is aware that GIML recognises the importance of its employees to the success of its business. Its remuneration policy is designed to be market competitive in order to motivate and retain staff and succession planning is regularly reviewed. The risk of the loss of key employees will be managed by Fidelity going forward and the Board will continue to monitor this risk.

Emerging risks

Emerging risks that could impact the Company in the future are considered at each Board meeting along with any mitigating actions. No new emerging risks were identified during the year under review although it should be noted that there are ongoing risks associated with the Covid-19 pandemic, and market risks have been heightened in recent weeks by events surrounding the heavily indebted Chinese property developer Evergrande. Fidelity's proposed portfolio is underweight in Chinese equities relative to the benchmark and has no exposure to Evergrande and Fidelity will continue to monitor the situation closely.

The Board has discussed the aforementioned principal and emerging risks facing the Company with Fidelity. The Board has noted that Fidelity does not envisage a change in the pre-existing principal risks facing the Company. However, it should be noted that the increased use of derivatives will lead to a corresponding increase in the counterparty risk of the Company as set out above. The risk management function will be performed by Fidelity on an ongoing basis following their appointment on 4 October 2021.

Key Performance Indicators

At their Board meetings the Directors consider a number of performance indicators to help assess the Company's success in achieving its objectives.

The key performance indicators used to measure the performance of the Company over time are as follows:

- Net asset value changes over time;
- Participating Preference Share price movement;
- A comparison of Participating Preference Share price and net asset value against its peer group;
- Discount/premium to net asset value.

Information on some of the above key performance indicators and how the Company has performed against them can be found on pages 2 and 3.

Viability statement

In accordance with of the Code of Corporate Governance issued by the Association of Investment Companies ('AIC') in February 2019 (the 'AIC Code'), the Board has assessed the longer term prospects for the Company beyond the twelve months required by the going concern basis of accounting. The period assessed is for five years to 30 June 2026, which is aligned to both the the newly introduced continuation vote and the performance assessment point for a potential tender offer.

The Company's investment objective is to achieve long-term capital growth from an actively managed portfolio made up primarily of securities and financial instruments providing exposure to emerging market companies, both listed and unlisted. The Board regards the Company's shares as a long-term investment and believes that a period of five years is considered a reasonable period for investment in equities and is appropriate for the composition of the Company's portfolio.

In assessing the viability of the Company, the Board has reviewed and considered the principal and emerging risks, and uncertainties (including the ongoing impact of the Covid-19 pandemic) that may affect the Company, as set out on pages 10 to 12 of this report. The Board has also considered the Company's business model including its investment objective and investment policy, projected income and expenses, and the liquidity of the Company's portfolio to ensure that it will be able to meet its liabilities as they fall due.

In advance of the appointment of Fidelity International as Investment Manager of the Company, the Board considered the proposed composition and liquidity of the portfolio. Following discussion, a schedule of investment limits and restrictions was agreed between Fidelity and the Company. Furthermore the Board reviewed the internal controls in place at Fidelity to mitigate principal and emerging risks.

The Board has noted that:

- The Company'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 Investment Manager, the portfolio is sufficiently liquid to meet all ongoing and future liabilities arising from the Company's day-to-day business.
- The Company currently has no borrowing (a maximum limit of 10% of net asset value has been set).
- The Company's ongoing charges and operational expenses are well covered by expected levels of revenue and returns.

- No significant increases to ongoing charges or operational expenses are anticipated.
- The Investment Manager and all other key service providers will service the Company in line with service level agreements and have suitable arrangements in place to ensure that they can continue to provide their services to the Company despite the ongoing Covid-19 pandemic.
- On 22 October 2021, as a result of the Tender Offer, the Company repurchased 30,366,688 of its Participating Preference Shares for cancellation (25% of the Company's issued share capital).

Having taken all of the above information into consideration, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

The Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement in the Directors' Report on pages 37 and 38 of this report.

Duty to promote the success of the Company

Under section 172 of the UK Companies Act 2006, a director of a company must act in a way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other things) to:

- the likely consequences of their decisions in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

As an externally managed investment company, the Company has no employees or physical assets. The key stakeholders in the Company are its shareholders, the Manager, the Investment Manager, and other third party service providers.

The Board seeks to ensure high standards of business conduct are adhered to by all of the Company's service providers and that agreed service levels are met.

The Board is responsible for promoting the long-term success of the Company for the benefit of all stakeholders and in particular its shareholders. Although the majority of the day-to-day activities of the Company are delegated to the Manger, Investment Manager, and other third party service providers, the responsibilities of the Board are set out in the schedule of matters reserved for the Board and the relevant terms of reference of its committees, all of which are reviewed regularly by the Board.

To ensure that the Board is able to discharge this duty, the Manager, Investment Manager and other third party service providers are required to provide the Board with regular updates. In addition, Directors, or the Board as a whole, have the authority to seek advice from professional advisers including the Company Secretary and independent external advisers as well as attend any relevant training seminars.

The investment management function is critical to the long-term success of the Company. During the period under review, the Board monitored the performance of GIML against key performance indicators. The Board received updates from GIML on the performance of the Company at each Board meeting with additional performance updates being provided on a monthly basis. In addition to performance updates, the Board received regular updates on the marketing of the Company from both GIML and the Company's brokers. As part of these updates the Board received and considered feedback from its shareholders.

During the period under review, GIML and the Company's corporate brokers held periodic meetings with the Company's major shareholders to discuss aspects of the Company's positioning, performance and outlook. Members of the Board were available to attend meetings with shareholders upon request.

The Board also received updates from its key third party service providers at each Board meeting, the main purpose of which is to ensure that the services provided to the Company remain in line with expectations and are to the benefit of its shareholders.

The Board also considered the impact of the Company's decisions on the environment and the community. The Board received updates on ESG matters from GIML and discussed how ESG factors are taken into account by GIML as part of its selection process of investee companies.

The Board recognises the need for good communications with its shareholders and is committed to listening to their views. The primary medium through which the Company communicates with shareholders is through its Annual and Half Year Financial Reports. Monthly factsheets are also produced. Company related announcements are released via the Regulatory News Service ('RNS') to the London Stock Exchange. All of the aforementioned information is available on the Company's website **www.fidelity.co.uk/emergingmarkets**.

Strategy, Business Model and Principal Risks

continued

In addition to the annual general meeting, all shareholders are invited to attend the Company's annual information meeting. This provides shareholders with the opportunity to interact directly with the Board.

The Board always welcomes questions from shareholders; we can be reached via either the Investment Manager or the Company Secretary at the addresses on page 77 of this report.

Examples of the principal decisions taken by the Board during the year under review (and post year-end) are as follows:

Change of Manager and Investment Manager – following the underperformance of the Company against its benchmark over five years, the Board decided to undertake a thorough review of its investment management arrangements. In June 2021, the Company's brokers were instructed to invite tenders to provide investment management services to the Company. Following a competitive tender process, the Board announced that it had selected FIL Investments Services (UK) Limited as Manager of the Company, with the investment management of the Company to be undertaken by FIL Investments International, collectively 'Fidelity'. Fidelity has a depth of expertise in emerging markets, and a proven track record of managing and growing investment trusts. The Board believes that the Company will benefit considerably from Fidelity's brand, and its ability to attract a larger range of shareholders with its significant and broad ranging marketing resource. In addition, the appointment of Fidelity brings a significant saving in ongoing management fees from 0.90 per cent to 0.60 per cent. of net asset value.

The activities and processes performed by Fidelity following its appointment on 4 October 2021 are expected to be broadly consistent those provided by GIML with the addition of activities relating to derivatives trading.

Covid-19 – The Board continues to review emerging risks that could have a potential impact on the operational capability of the Investment Manager and the Company's other key service providers. During the year under review, the Board received updates from GIML and other key service providers confirming that they continued to service the Company in line with service level agreements and have suitable arrangements in place to ensure that they can continue to provide their services to the Company during the ongoing pandemic.

Succession Planning – as previously detailed in the Chairman's Statement on page 6, and in the Nomination Committee's Report on page 43, both Helene Ploix and Sujit Banerji will retire as Directors of the Company following the conclusion of the 2022 AGM. Russell Edey has also indicated his intention to retire from the Board in 2023. It has been agreed that an executive search consultant will be appointed to source additional non-executive directors to replace and enhance the skills and experience of the Board and its Committees during 2022.

Marketing – marketing has continued in support of widening the Company's shareholder base. The Board agreed that the ongoing marketing of the Company was a key consideration of the tender process, and it is hoped that the Company will benefit considerably from Fidelity's brand, and its marketing resources.

The Board is committed to the long term success of the Company for the benefit of its shareholders, however in doing so it also has regard to the impact of its actions on all of its stakeholders. The Board takes into account section 172 considerations in all material decisions of the Company.

Diversity

The Company's policy on board diversity is included in the Nomination Committee's Report on page 42.

Environmental, Social and Governance Factors

During the year under review, the Genesis investment team assessed ESG factors, including climate-related risks and opportunities, in the context of materiality, mindful of the Sustainability Accounting Standards Board framework. Sector Specialists are responsible for assessing the materiality and relevance of ESG factors in their respective sectors and providing an ESG framework to the team. Each Portfolio Manager ('PM') is individually responsible for the integration of the relevant ESG factors into their investment analysis of a company, before investing in a company and throughout the investment period.

Genesis' Annual Stewardship Report 2020 (formally the Annual ESG Report) can be found on their website, www.giml.co.uk. The Stewardship report contains more information on ESG integration in the portfolio as well as GIML's approach to stewardship and a qualitative review of the top ten portfolio positions including the company-level ESG metrics.

Similarly, Fidelity is committed to ESG and incorporates ESG factors into its investment process. Details can be found at **www.fidelity.co.uk/responsible-investing**.

Signed on behalf of the Board

Hélène Ploix

28 October 2021

Portfolio Report

GIML's Investment Review

Investment Environment

The Company's financial year was characterised by the asset class being in recovery mode. Each quarter saw positive absolute returns for the MSCI EM (TR) Index: Q3 2020 saw a continuation of the momentum from a more positive (or less negative) emerging market outlook; Q4 2020 brought welcome news of vaccines, with high efficacy levels, to fight Covid; Q1 2021 posted a modest gain which disguised a degree of volatility; and Q2 2021 saw a comparatively calm period compared to the previous 15 months. In this environment, the Company's NAV returned 24.8% in sterling terms over the year to 30 June 2021 versus an Index return of 26.4%.

Performance

Country Contributors

China – key driver: stock selection and underweight a weak market – added 400 basis points (bps)

The Company's investments outperformed those in MSCI China, gaining 23% compared to 14%. Gains were also achieved from the underweight position in a market that underperformed the overall Index. The leading contributors were the A-share listed producers of premium *baijiu*, a Chinese white spirit: Jiangsu Yanghe Brewery (+93% in GBP) and Wuliangye Yibin (+70%) each performed strongly despite suffering share price weakness in the first quarter of 2021. These were followed by sportswear manufacturer ANTA Sports Products (+140%), whose results indicate that an increasing number of Chinese consumers are opting for domestic sports brands over established international brands such as Nike and Adidas. Property management company Country Garden Services Holdings (+109%) was buoyed by strong 2020 results. The portfolio also added value through not having exposure to the large state-owned Chinese banks in the Index which rose just 4% in aggregate. However, the education companies, New Oriental Education and Tech (-44%) and TAL Education Group (-67%), were significant detractors as they were adversely impacted by the government's crackdown on the sector, which was far more severe than many had anticipated.

Russia – key driver: stock selection – added 180bps

The Company's positions in banks featured, as Russia's largest bank, Sberbank, gained 52% and fintech TCS Group ('Tinkoff') achieved a stellar return of 294%. Covid has been less of a headwind for Tinkoff than the market expected, while improved disclosures has allowed investors to appreciate the contribution from its asset-light, fee-driven businesses.

India – key driver: stock selection – added 70bps

The leading contributor was IT services company Infosys which saw its share price double as technology spend by many companies rose to accommodate changing working practices due to Covid. It was supported by consumer goods company Crompton Greaves Consumer Electricals (+67%), which recovered strongly from the initial impact of the pandemic, and insurance company ICICI Prudential Life Insurance which gained 36% following its introduction to the Company in September 2020.

Country Detractors

South Korea – key driver: underweight a strong market– detracted 105bps

The Company's large holding in Samsung Electronics (+55%) was a notable performer as the global memory chip market recovered, however the weighting is lower than the Index which led to relative value being lost over the year. There was also strong performance from Index positions not in the Company, including car manufacturers Hyundai Motor (+131%) and Kia Motors (+172%), and internet company Kakao (+191%).

Mexico – key driver: stock selection – detracted 105bps

Certain consumer investments in the Company could not keep pace with MSCI Mexico which rose by 40%. Gruma, a tortilla producer, and Kimberly-Clark, a personal product manufacturer, fell 5% and gained just 7% respectively. Infrastructure concessions operator Pinfra was also among the detractors, gaining just 3%.

Thailand – key drivers: overweight a weak market and stock selection – detracted 80bps

In Thailand, the key tourism and export sectors have both been impacted by the pandemic. The Company's investment in private healthcare group Bangkok Dusit Medical Services (down 10%) was hit by the fall in medical tourism and 7-Eleven convenience store operator CP All (down 22%) was impacted by lower footfall.

Sector Contributors

The Company added 205bps in **financials**. Russian bank holdings, Sberbank and Tinkoff, were supported by strong performance from another central and eastern european bank, OTP Bank (Hungary), which gained 38%. The Company also benefitted from not holding the Chinese banks in the Index which underperformed. 180bps was added in **communication services**, largely due to the performance of Chinese digital advertiser Focus Media Information Technology (+67%), while the strong performance from Korean search engine Naver Corp (+50%) and Latam/Caribbean telco Liberty Global LiLAC (+37%) added further value.

Sector Detractors

A combination of stock selection and the Company's underweight position in **materials** detracted 240bps from performance. The Indonesian cement companies Semen Indonesia (-11%) and Indocement (-19%) each underperformed. A further 130bps was lost in **consumer discretionary** largely due to the underperforming Chinese education companies, while the strong performance of electrical car manufacturer NIO (+516%) and internet company Meituan (+66%), neither of which were Company holdings, also hurt relative performance. 100bps was lost by companies in the **health care** sector, where Hikma Pharmaceuticals and Mediclinic International (both +12%) underperformed, along with Brazilian private dental insurer Odontoprev (-5%) and Thai hospital group Bangkok Dusit Medical Services..

Relative Performance Attribution in GBP – 12 months to 30 June 2021

GEMF vs. MSCI EM (TR) Index

Top 10 Stock Contributors	%
Jiangsu Yanghe Brewery (China)	1.08
Wuliangye Yibin (China)	0.98
ANTA Sports Products (China)	0.95
Country Garden Services Holdings (China)	0.94
Richemont (Switzerland)	0.80
TCS Group Holding (Russia)	0.71
Sberbank (Russia)	0.68
Infosys (India)	0.67
Alibaba Group (China)	0.62
Focus Media Information Technology (China)	0.56

Top 10 Stock Detractors	%
New Oriental Education (China)	(0.87)
TAL Education Group (China)	(0.82)
NIO (China)	*(0.68)*
Bangkok Dusit Medical Services (Thailand)	(0.63)
Vale (Brazil)	*(0.56)*
Meituan (China)	*(0.55)*
Vinamilk (Vietnam)	(0.54)
Semen Indonesia (Indonesia)	(0.47)
CP All (Thailand)	(0.47)
Gree Electric Appliances (China)	(0.47)

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

Sector	%
Financials	2.04
Communication Services	1.78
Real Estate	0.80
Energy	0.52
Industrials	0.46
Utilities	0.42
Consumer Staples	0.18
Investment Companies	(0.24)
IT	(0.24)
Health Care	(0.98)
Consumer Discretionary	(1.32)
Materials	(2.40)

Top 5 Country Contributors	%
China	3.98
Russia	1.82
India	0.69
Malaysia	0.47
Greece	0.25

Top 5 Country Detractors	%
South Korea	(1.06)
Mexico	(1.05)
Thailand	(0.78)
Taiwan	(0.78)
South Africa	(0.71)

Source: Calculated by FactSet

GIML's Investment Review

continued

Portfolio Activity

During the Company's financial year under review, **China** led the trading activity, resulting in a 130bps net increase to exposure there. The two largest purchases were stocks that had been reintroduced to the Company: air conditioning manufacturer Gree Electric Appliances was repurchased having being sold from the Company in 2016, and China's largest e-commerce retailer JD.com was reintroduced having previously exited in 2018. Other notable purchases included a new holding in vitamin and dietary supplement provider By-health, Tencent was added to, and a small holding in short-video online entertainment platform Kuaishou Technology was purchased at its IPO.

Sales activity was dominated by reductions in the *baijiu* producers, Jiangsu Yanghe Brewery and Wuliangye Yibin, as their share prices soared. The aggregate position was cut by 220bps during 2020 and further profits were taken at the start of 2021 prior to share price weakness. The positions represent 3% of the Company at the end of the period – still a meaningful position, reflecting the strong prospects of these companies despite demanding valuations. The positions in dairy company China Mengniu Dairy and digital advertiser Focus Media Information Technology were also reduced following strong share price performance, while the small positions in internet company Sina and pharmaceutical company 3SBio exited the portfolio.

India followed China in terms of overall activity during the period. Shifting exposure to banks accounted for much of this, with ICICI Bank introduced as Kotak Mahindra Bank was reduced and Axis bank exited the portfolio. The Company's positions in the IT services companies were reduced by 250bps in aggregate: Tata Consultancy Services was more than halved on valuation grounds and the position in Cognizant was sold as conviction in the momentum of the business had reduced. Elsewhere in India, new holdings in two insurance companies, SBI Life and ICICI Prudential Life Insurance, were introduced to the portfolio in September and Sun Pharmaceutical was sold after a tenure of almost two decades.

South Korea saw the largest net reduction during the period. A substantial portion of beauty and cosmetics conglomerate Amorepacific was sold as continued share price strength stretched its valuation. Internet search engine Naver Corp and tech hardware megacap Samsung Electronics were both reduced following strong share price performance. Samsung Fire & Marine exited the portfolio following an 18-year tenure. Away from the selling activity, a new position was initiated in video game publisher Nexon.

Elsewhere, a further nine new holdings were initiated: LatAm's largest online commerce and fintech platform MercadoLibre; South African-based investment holding company Remgro; Mexico's largest food retailer Wal-Mart de Mexico; Kenya's leading mobile network operator Safaricom was repurchased; Philippine fixed broadband operator Converge ICT Solutions; e-commerce company Ozon Holdings and online recruitment platform HeadHunter Group (both Russia); and home improvement retailer Lojas Quero-Quero and credit bureau Boa Vista Services (both Brazil). The position in Heineken was increased from 2% to 3% in early 2021. Despite the impact of the pandemic on revenues and profits, underlying brand health and operational performance were strong, particularly in key emerging markets of Vietnam, Brazil and Nigeria. The positions in food delivery firm Delivery Hero and Mexican personal product manufacturer Kimberly-Clark de Mexico were added to following increased conviction and share price weakness. Brazilian healthcare provider Intermédica was scaled up to better reflect its quality and size after a secondary equity offering was announced.

Other sales activity saw the Company's sole UAE holding, DP World, eliminated in July 2020 following the announcement of a privatisation offer at a 29% premium by its largest shareholder. Russian retailer Magnit was sold to allow for opportunities elsewhere in Russia and CP All was reduced due to lower optimism for growth in Thailand. In Latin America, the position in Brazilian software company Linx was sold following a merger, while some positions with long tenures in the Company exited: Brazilian bank, Itaú, (10 years), Mexican bank Inbursa (12 years) and Mexican telecoms company América Móvil (13 years).

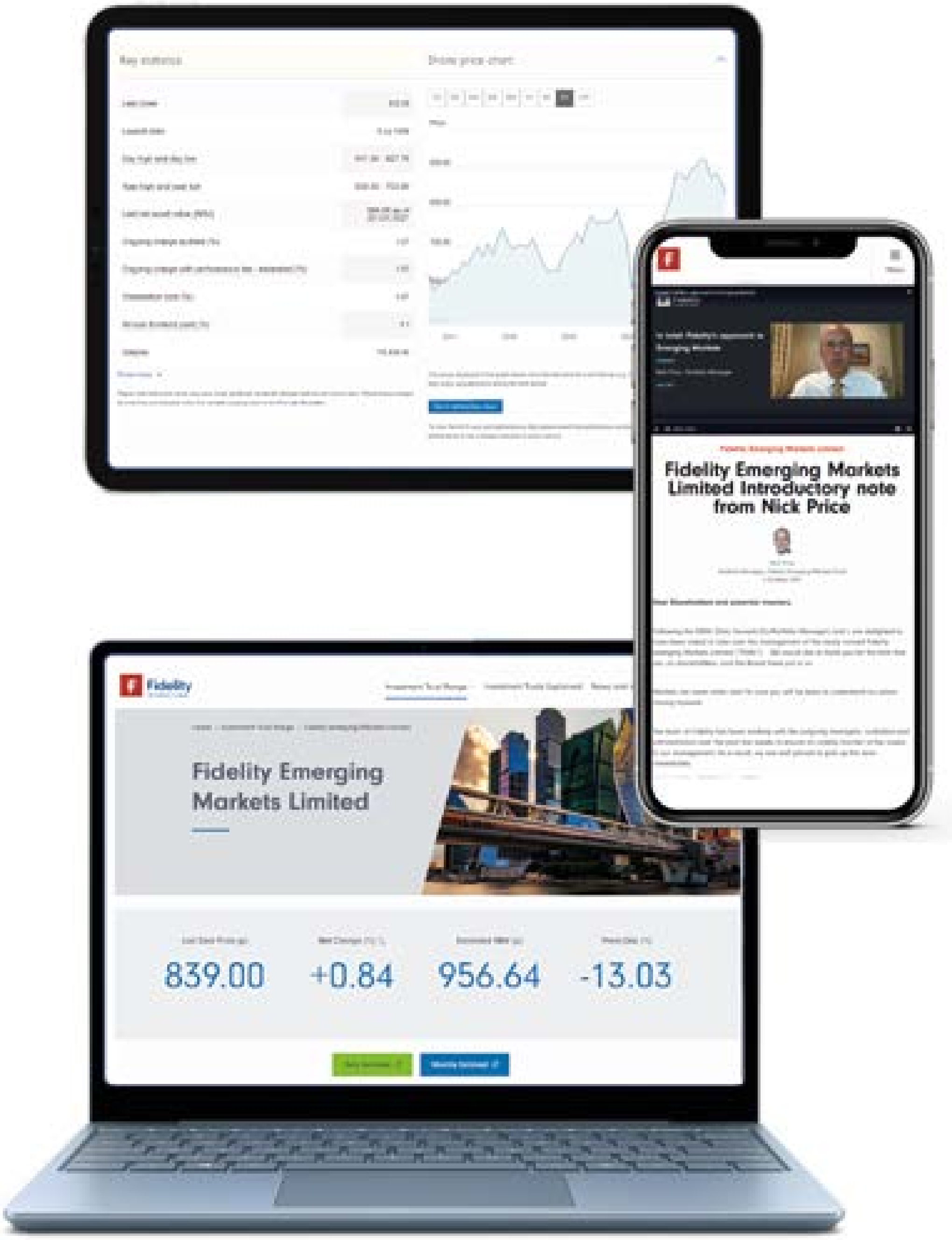
At the end of the period there were 95 holdings in the Company, with 17 new positions and 18 sold.

Genesis Investment Management, LLP

August 2021

Visit the Company's new website:

www.fidelity.co.uk/emergingmarkets



Geographical Diversification

as at 30 June 2021

29
Countries

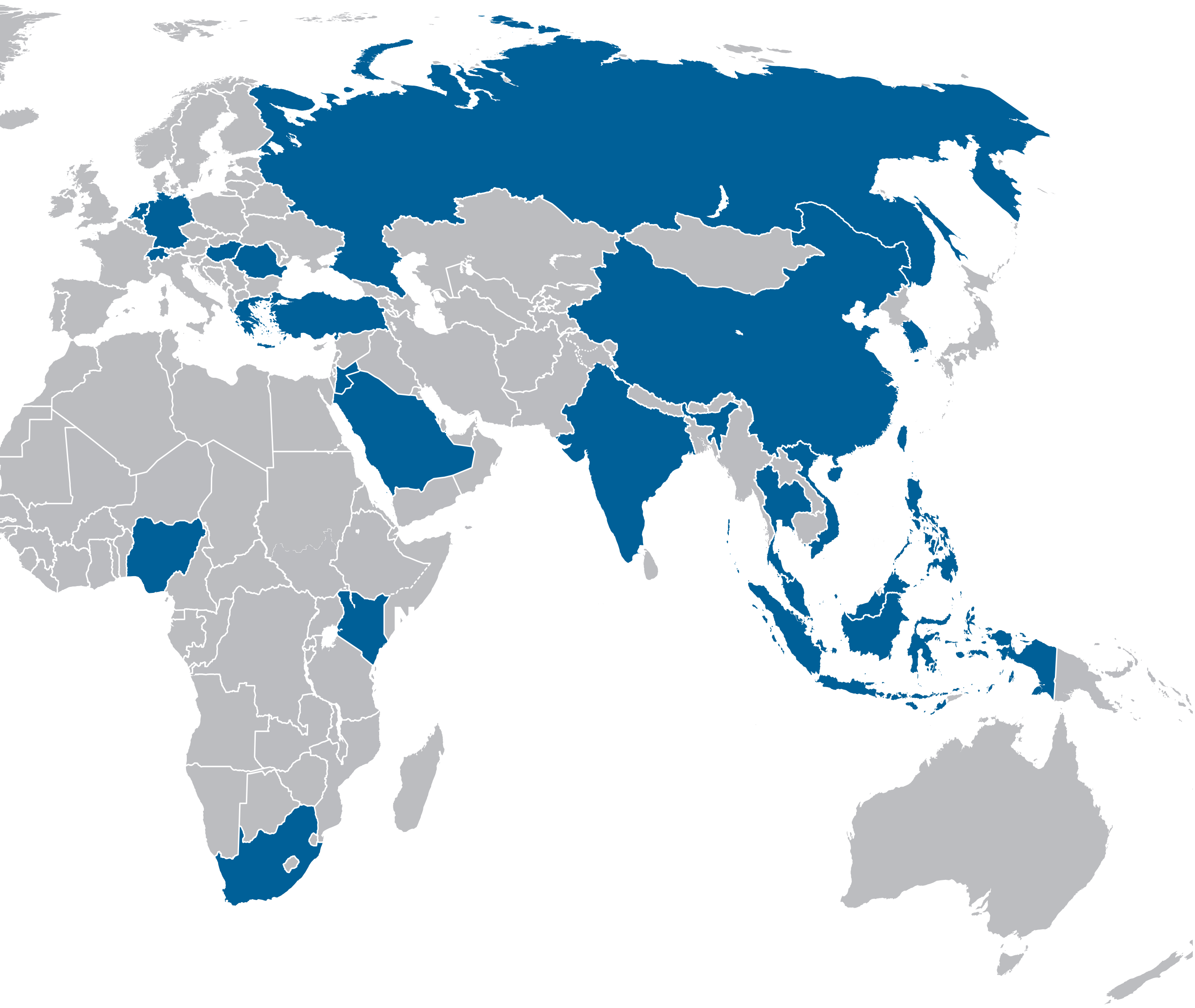
$1,699m
Net Assets

95
Holdings

Latin America	9.45%
Mexico	3.78%
Brazil	2.90%
Other*	1.13%
Argentina	0.78%
Peru	0.75%
Colombia	0.11%

Middle East & Africa	9.06%
South Africa	5.86%
Nigeria	1.33%
Jordan	0.94%
Kenya	0.57%
Saudi Arabia	0.18%
Mauritius	0.18%

* Includes US-listed LiLAC



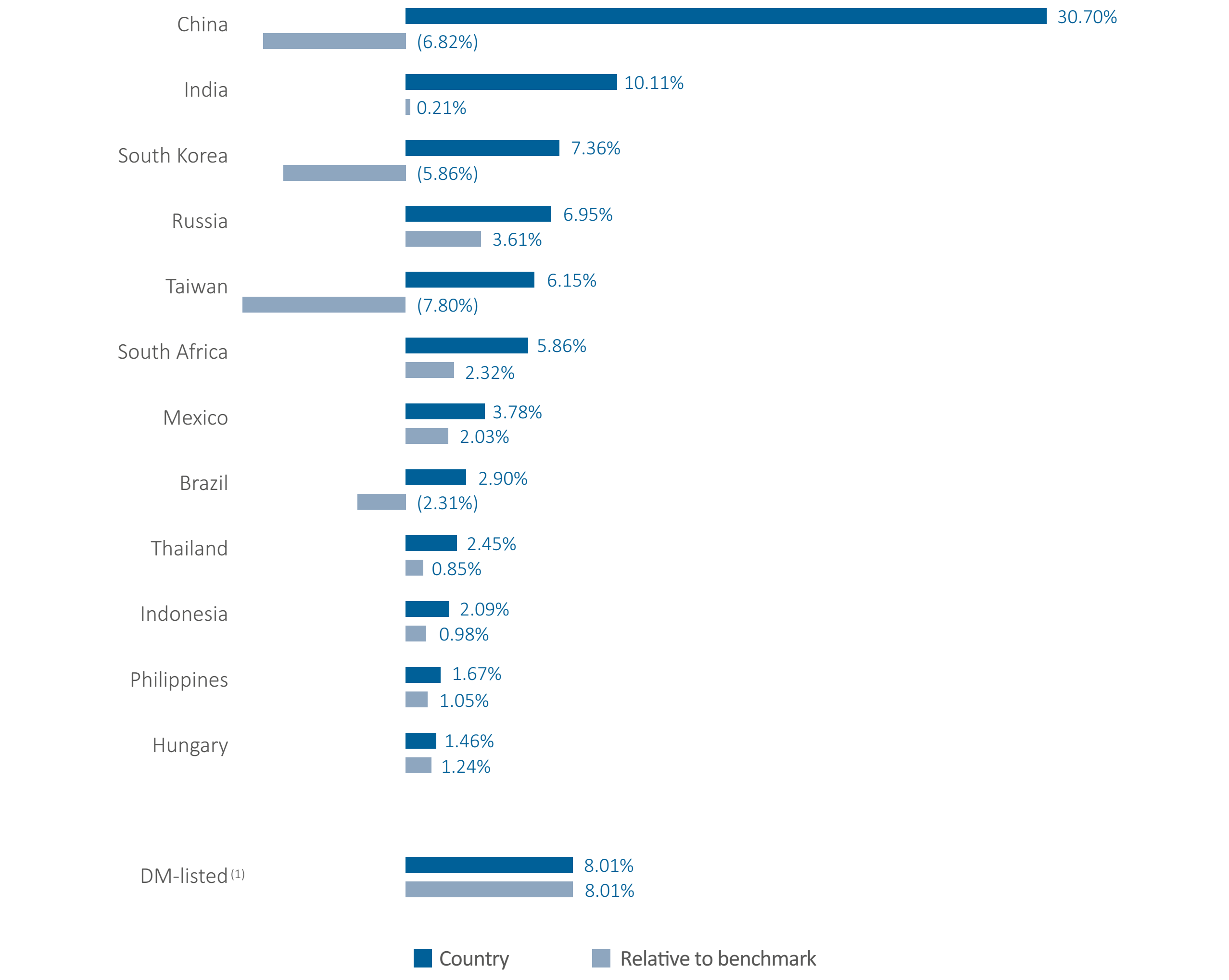
Central & Eastern Europe	18.10%
Russia	6.95%
Netherlands	3.41%
Switzerland	2.00%
Germany	1.47%
Hungary	1.46%
Greece	1.30%
Romania	0.98%
Turkey	0.53%

Asia	62.26%
China	30.70%
India	10.11%
South Korea	7.36%
Taiwan	6.15%
Thailand	2.45%
Indonesia	2.09%
Philippines	1.67%
Vietnam	1.39%
Malaysia	0.34%

Country and Sector Exposure of the Portfolio

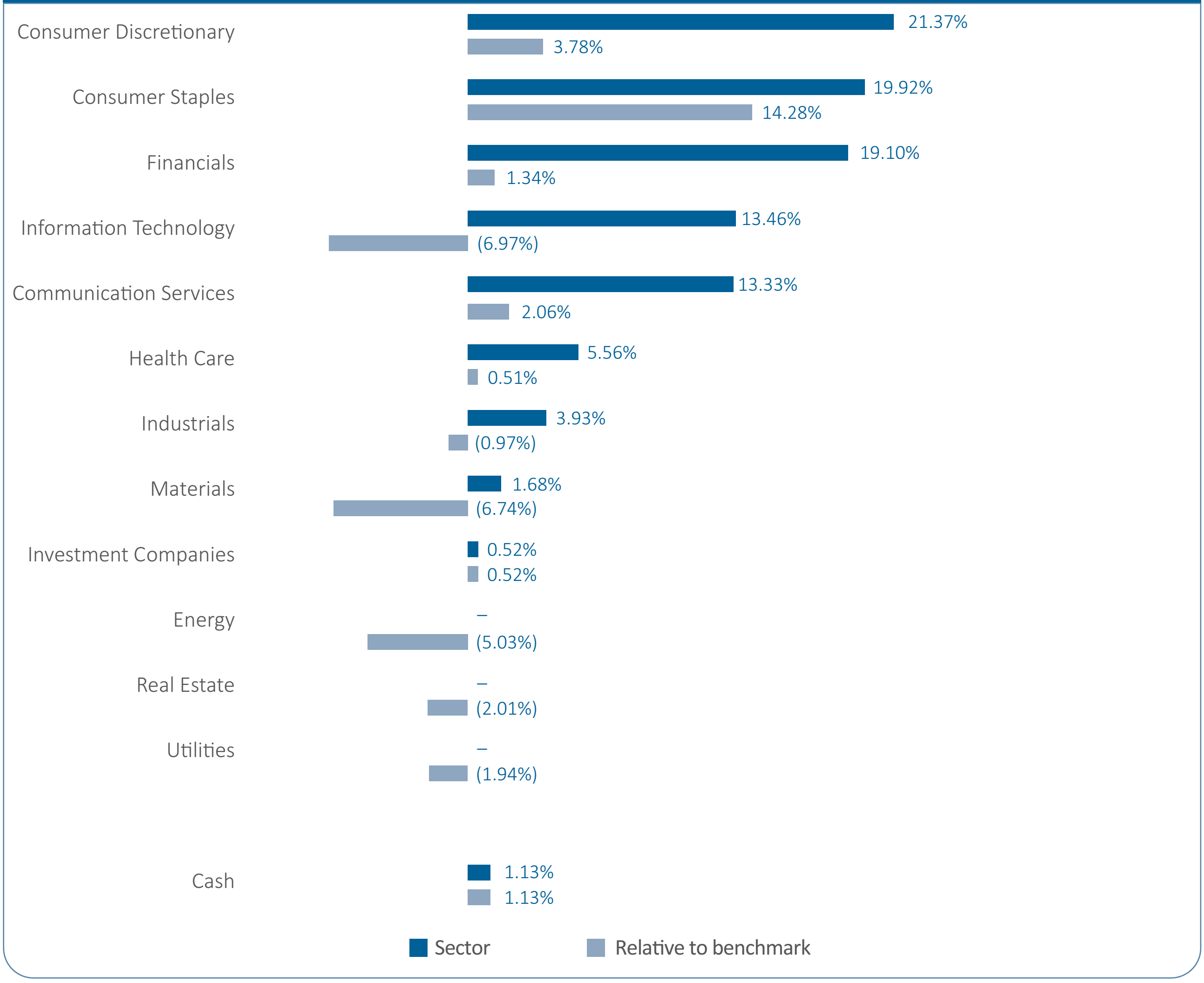
as at 30 June 2021

COUNTRY EXPOSURE



(1) Companies listed on developed market stock exchanges with no distinct individual EM country exposure

SECTOR EXPOSURE



Twenty Largest Holdings

as at 30 June 2021

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY
(Taiwan)
6.15% of Total Net Assets
Information Technology
The world's largest dedicated semiconductor foundry, manufacturing integrated circuits for computer, communications and consumer electronics applications.

SAMSUNG ELECTRONICS
(South Korea)
3.03% of Total Net Assets
Information Technology
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.

TENCENT
(China)
4.30% of Total Net Assets
Communication Services
The leading internet services provider in China, offering services including mobile gaming, social networks, e-commerce and payment systems.

WULIANGYE YIBIN
(China)
2.28% of Total Net Assets
Consumer Staples
A leading producer and seller of baijiu, the traditional Chinese fermented spirit. It has products across a range of price levels but its main product is the eponymous Wuliangye, a premium spirit made from five grains which accounts for 70% of revenue.

ALIBABA GROUP
(China)
4.08% of Total Net Assets
Consumer Discretionary
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.

COUNTRY GARDEN SERVICES HOLDINGS
(China)
2.23% of Total Net Assets
Industrials
One of the largest residential property management companies in China, managing projects in over 350 cities across 31 provinces. It predominantly provides general property management services, including cleaning, landscaping and maintenance, plus advisory and community services.

HEINEKEN
(Netherlands)
3.41% of Total Net Assets
Consumer Staples
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.

AIA GROUP
(China)
2.20% of Total Net Assets
Financials
The company writes life insurance for individuals and businesses, accident and health insurance, retirement planning, and wealth management services.

SBERBANK
(Russia)
3.39% of Total Net Assets
Financials
The largest bank in Russia, accounting for one third of its banking system.

NASPERS
(South Africa)
2.13% of Total Net Assets
Consumer Discretionary
A South African internet and entertainment group, with the majority of its value derived from the company's indirect investment in Tencent, through Prosus.

INFOSYS
(India)
2.07% of Total Net Assets
Information Technology
Indian multinational corporation that provides business consulting, information technology and outsourcing services. It is the second-largest IT company in India by revenue and has a presence in over 50 countries.

DELIVERY HERO
(Germany)
1.47% of Total Net Assets
Consumer Discretionary
An online food ordering marketplace and delivery service globally, with a significant presence in markets such as the Middle East, South Korea and Egypt.

RICHEMONT
(Switzerland)
2.00% of Total Net Assets
Consumer Discretionary
Swiss-based luxury goods holding company. It engages in the design, manufacture and distribution through various subsidiaries with particular strengths in jewellery, watches and writing instruments.

OTP BANK
(Hungary)
1.46% of Total Net Assets
Financials
The dominant retail bank in Hungary and one of the largest independent financial services providers in the Central and Eastern Europe region with a presence in 11 countries.

YANDEX
(Russia)
1.74% of Total Net Assets
Communication Services
The largest internet business in Russia. Its primary assets are the leading Russian internet search engine and ad auction network, but they have many other interests including joint ventures with Uber and Sberbank in taxi and e-commerce businesses respectively.

HDFC BANK
(India)
1.45% of Total Net Assets
Financials
A subsidiary of HDFC, it is one of India's largest banks and private sector lenders, offering a wide range of financial and banking services.

ANTA SPORTS PRODUCTS
(China)
1.65% of Total Net Assets
Consumer Discretionary
China's leading domestic sportswear company, principally engaged in the design, development, manufacturing and marketing of footwear, apparel and accessories for its three central brands: Anta, Fila and Amer Sports.

KIMBERLY-CLARK DE MEXICO
(Mexico)
1.44% of Total Net Assets
Consumer Staples
The company engages in the manufacture and marketing of a wide array of paper-based products for daily use by consumers within and away from home in Mexico and internationally.

BID CORP
(South Africa)
1.60% of Total Net Assets
Consumer Staples
An international broadline foodservice group specialising in the distribution of food products to the hospitality, institutional, catering and retail sectors.

NAVER CORP
(South Korea)
1.43% of Total Net Assets
Communication Services
South Korea's largest web search engine and global ICT brand, also owning one third of the dominant online media company in Japan.

Investment Portfolio

as at 30 June 2021

	Sector	Fair Value ($'000)	% of Total Net Assets
Argentina (2020 – 0.00%)			
MercadoLibre	Consumer Discretionary	13,251	0.78
		13,251	**0.78**
Brazil (2020 – 2.88%)			
Banco BTG Pactual	Financials	5,984	0.35
BB Seguridade	Financials	12,586	0.74
Boa Vista Servicos	Industrials	3,686	0.22
Lojas Quero Quero	Consumer Discretionary	6,035	0.35
Notre Dame Intermedica	Health Care	16,037	0.94
OdontoPrev	Health Care	5,028	0.30
		49,356	**2.90**
China (2020 – 30.06%)			
AIA Group	Financials	37,447	2.20
Alibaba Group ADR	Consumer Discretionary	69,330	4.08
ANTA Sports Products	Consumer Discretionary	28,082	1.65
By-health Co. Ltd. 'A'	Consumer Staples	12,975	0.76
China Mengniu Dairy	Consumer Staples	23,735	1.40
Country Garden Services Holdings	Industrials	37,791	2.23
CSPC Pharmaceutical Group	Health Care	20,554	1.21
Focus Media Information Technology 'A'	Communication Services	20,563	1.21
Gree Electric Appliances, Inc. of Zhuhai 'A'	Consumer Discretionary	19,818	1.17
Greentown Service Group	Industrials	10,715	0.63
Haidilao International Holding	Consumer Discretionary	5,109	0.30
JD.com, Inc., ADR	Consumer Discretionary	18,107	1.07
Jiangsu Yanghe Brewery 'A'	Consumer Staples	14,467	0.85
Kuaishou Technology	Communication Services	6,234	0.37
Netease	Communication Services	24,159	1.42
New Oriental Education and Tech ADR	Consumer Discretionary	13,383	0.79
Sunny Optical Technology Group	Information Technology	18,751	1.10
TAL Education Group ADR	Consumer Discretionary	8,643	0.51
Tencent	Communication Services	73,110	4.30
WH Group	Consumer Staples	19,941	1.17
Wuliangye Yibin 'A'	Consumer Staples	38,768	2.28
		521,682	**30.70**

	Sector	Fair Value ($'000)	% of Total Net Assets
Colombia (2020 – 0.55%)			
Bancolombia	Financials	761	0.04
Bancolombia ADR	Financials	1,136	0.07
		1,897	**0.11**
Germany (2020 – 0.63%)			
Delivery Hero	Consumer Discretionary	24,998	1.47
		24,998	**1.47**
Greece (2020 – 1.13%)			
OPAP	Consumer Discretionary	22,150	1.30
		22,150	**1.30**
Hungary (2020 – 1.64%)			
OTP Bank	Financials	24,804	1.46
		24,804	**1.46**
India (2020 – 10.52%)			
Crompton Greaves Consumer Electricals	Consumer Discretionary	14,517	0.85
Godrej Consumer Products	Consumer Staples	12,008	0.71
HDFC Bank	Financials	24,654	1.45
Housing Development Finance Corporation	Financials	21,207	1.25
ICICI Bank	Financials	18,274	1.07
ICICI Prudential Life Insurance	Financials	9,588	0.56
Infosys	Information Technology	10,965	0.65
Infosys ADR	Information Technology	24,103	1.42
Kotak Mahindra Bank	Financials	12,820	0.75
Pidilite Industries	Materials	10,171	0.60
SBI Life Insurance	Financials	9,668	0.57
Tata Consultancy Services	Information Technology	3,850	0.23
		171,825	**10.11**
Indonesia (2020 – 2.58%)			
Bank Central Asia	Financials	17,092	1.01
Indocement	Materials	3,297	0.19
Semen Indonesia	Materials	15,110	0.89
		35,499	**2.09**
Jordan (2020 – 0.85%)			
Hikma Pharmaceuticals	Health Care	15,914	0.94
		15,914	**0.94**

Investment Portfolio

as at 30 June 2021

continued

	Sector	Fair Value ($'000)	% of Total Net Assets
Kenya (2020 – 0.00%)			
Safaricom	Communication Services	9,611	0.57
		9,611	**0.57**
Malaysia (2020 – 0.50%)			
Malaysia Airports	Industrials	5,776	0.34
		5,776	**0.34**
Mauritius (2020 – 0.30%)			
ECP Africa Fund II[(1)(2)]	Investment Companies	3,099	0.18
		3,099	**0.18**
Mexico (2020 – 4.07%)			
Gruma	Consumer Staples	18,998	1.12
Kimberly-Clark de Mexico	Consumer Staples	24,433	1.44
Megacable Holdings	Communication Services	2,547	0.15
Promotora y Operadora de Infraestructura	Industrials	8,707	0.51
Wal-Mart de Mexico SAB de CV	Consumer Staples	9,505	0.56
		64,190	**3.78**
Netherlands (2020 – 1.96%)			
Heineken Holding	Consumer Staples	27,868	1.64
Heineken	Consumer Staples	30,017	1.77
		57,885	**3.41**
Nigeria (2020 – 1.43%)			
Guaranty Trust Bank	Financials	5,140	0.30
Nestle Nigeria	Consumer Staples	7,074	0.42
Nigerian Breweries PLC	Consumer Staples	6,014	0.35
Opera ADR	Information Technology	4,408	0.26
		22,636	**1.33**
Peru (2020 – 1.15%)			
Credicorp	Financials	12,675	0.75
		12,675	**0.75**
Philippines (2020 – 1.52%)			
Converge ICT Solutions	Communication Services	9,292	0.55
Puregold Price Club	Consumer Staples	8,326	0.49
Universal Robina	Consumer Staples	10,711	0.63
		28,329	**1.67**

	Sector	Fair Value ($'000)	% of Total Net Assets
Romania (2020 – 1.09%)			
Banca Transilvania	Financials	10,935	0.64
New Century Holdings Balkan[(1)(2)]	Investment Companies	5,671	0.34
		16,606	**0.98**
Russia (2020 – 6.68%)			
HeadHunter Group ADR	Commercial Services	3,847	0.23
Moscow Exchange	Financials	3,503	0.21
Ozon Holdings ADR	Consumer Discretionary	8,067	0.48
Sberbank	Financials	57,699	3.39
TCS Group Holding GDR	Financials	15,363	0.90
Yandex	Communication Services	29,634	1.74
		118,113	**6.95**
Saudi Arabia (2020 – 0.46%)			
Almarai	Consumer Staples	3,105	0.18
		3,105	**0.18**
South Africa (2020 – 5.59%)			
Bid Corp	Consumer Staples	27,143	1.60
Mediclinic International	Health Care	12,581	0.74
Naspers	Consumer Discretionary	36,185	2.13
Remgro	Financials	13,268	0.78
Sanlam	Financials	10,433	0.61
		99,610	**5.86**
South Korea (2020 – 8.22%)			
Amorepacific Group	Consumer Staples	2,037	0.12
Hanon Systems	Consumer Discretionary	15,236	0.90
Kangwon Land	Consumer Discretionary	17,492	1.03
Naver Corp	Communication Services	24,306	1.43
Nexon	Communication Services	3,908	0.23
Samsung Electronics (Preferred)	Information Technology	27,356	1.61
Samsung Electronics (Ordinary)	Information Technology	24,129	1.42
Sk Hynix	Information Technology	10,520	0.62
		124,984	**7.36**
Switzerland (2020 – 1.72%)			
Richemont	Consumer Discretionary	34,069	2.00
		34,069	**2.00**

Investment Portfolio

as at 30 June 2021

continued

	Sector	Fair Value ($'000)	% of Total Net Assets
Taiwan (2020 – 4.27%)			
Taiwan Semiconductor Manufacturing Company	Information Technology	104,491	6.15
		104,491	**6.15**
Thailand (2020 – 3.88%)			
Bangkok Dusit Medical Services	Health Care	24,197	1.43
CP All	Consumer Staples	8,548	0.50
Thai Beverage	Consumer Staples	8,868	0.52
		41,613	**2.45**
Turkey (2020 – 0.86%)			
Anadolu Efes Biracılık	Consumer Staples	7,365	0.43
Ülker Bisküvi Sanayi	Consumer Staples	1,599	0.10
		8,964	**0.53**
United States (2020 – 0.84%)			
Liberty Global LiLaC 'A'	Communication Services	4,471	0.26
Liberty Global LiLaC 'C'	Communication Services	14,742	0.87
		19,213	**1.13**
Vietnam (2020 – 1.99%)			
Mobile World Investment	Consumer Discretionary	8,696	0.51
Vietnam Dairy Products (Vinamilk)	Consumer Staples	14,894	0.88
		23,590	**1.39**
Total Investments		**1,679,935**	**98.87**
Net Current Assets		**19,140**	**1.13**
Total Net Assets		**1,699,075**	**100.00**

(1) *Investee Funds. The Company's investments in non-related investment companies.*

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

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

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

Governance Report

Board of Directors

Hélène Ploix

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

Appointed 2 November 2012

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

Meeting Attendance Board: 6/6, Audit and Risk Committee: 3/3, Nomination Committee: 3/3

Russell Edey

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

Appointed 1 January 2015

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

Meeting Attendance Board: 6/6, Audit and Risk Committee: 3/3, Nomination Committee: 3/3

Sujit Banerji

Director

Appointed 31 October 2013

Sujit Banerji (Indian) is an independent advisor on corporate strategy to a number of companies in the finance and finance-related technology sectors globally. In 2009 he completed a 33 year career at Citigroup where he had been a Managing Director since 1996, latterly serving as Head of Strategy and Institutional M&A for Europe, the Middle East and Africa ('MENA'). His career at Citi covered a number of regional roles including strategy and corporate finance, and relationships with multinational clients across the MENA region. He has also served as the country and region head for Citi in India, and as the head of the corporate business in Thailand. 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: 6/6, Audit and Risk Committee: n/a, Nomination Committee: 3/3

Katherine Tsang

Director

Appointed 19 July 2017

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, Ms Tsang founded Max Giant that trades in different markets as well as making direct investments in Asia. Ms Tsang is currently an independent Non Executive Director on the Board of China CITIC Bank International Limited, Fosun International Limited and Budweiser Brewing Company APAC 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 Gap Inc., and 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. She is based in Hong Kong.

Meeting Attendance Board: 6/6, Audit and Risk Committee: n/a, Nomination Committee: 3/3

Torsten Koster

Director, Member of the Audit and Risk Committee

Appointed 1 July 2020

Torsten Koster (Swiss) has over 30 years' experience working for large multi-national companies. He spent two periods at Nestle SA (1991-1997 and 2003-2016). During his second spell he held the positions of Chief Financial Officer Nestle Russia & Eurasia (2007-2011) and Chief Financial Officer Nestle Nespresso SA (2011-2016). He also held the positions of Chief Financial Officer at Lukoil SA (1998-2000) and Elca Informatique SA (2000-2003). In 2016 Torsten started his own consultancy business, Baussan Concept SA providing due diligence and portfolio services to European and US based private equity firms. He was a board member of SodaStream International (2016-2018) (NASDAQ:SODA) and is currently a board member of Banque Heritage SA and Natra SA (both of which are unlisted entities). He holds a Masters degree from HEC Lausanne.

Meeting Attendance Board: 6/6, Audit and Risk Committee: 2/2* Nomination Committee: 3/3

** Appointed to the Audit and Risk Committee on 2 November 2020.*

Saffet Karpat

Director, Member of the Audit and Risk Committee

Appointed 1 October 2011
Retired 2 November 2020

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. He is based in Switzerland.

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

Dr Simon Colson

Director

Appointed 1 July 2019

Dr Simon Colson (British) has over 30 years' experience in financial markets, working in investment banking, investment management and financial consulting. From 1995-2001 he was Managing Director, Deutsche Bank AG London, in charge of closed-end fund origination and distribution, and in previous roles was responsible for the launch, restructuring and repurposing of a significant number of investment companies. From 2002-2005 he was a non-executive director of The Association of Investment Companies. In 2002 he started his own FCA regulated consulting and distribution business which raised assets for emerging managers across a range of traditional and alternative asset classes (including closed-end funds). In 2017 he relinquished his FCA licence to concentrate on unregulated advisory and non-executive work. He is currently a non-executive director of the Children's Liver Disease Foundation. He is a qualified medical doctor and holds an MBA in Finance & Investment from Bayes Business School (University of London). Dr Colson is based in the UK.

Meeting Attendance Board: 6/6, Audit and Risk Committee: n/a, Nomination Committee: 3/3

Directors' Report

The Directors are pleased to present their thirty-second Annual Financial Report of the Company, covering the year ended 30 June 2021.

Financial Performance

The results and reserve movements for the year are set out in the Statement of Financial Position and Statement of Comprehensive Income on pages 51 and 52 and the Notes to the Financial Statements on pages 55 to 74.

Results and Dividends

The profit for the year for the Company amounted to $483,970,000, this compared to a loss of $46,427,000 in the previous year. Refer to GIML's Investment Review on pages 16 to 18 for an explanation of the Company's performance.

The Directors propose a dividend of 18.0¢ per Participating Preference Share in respect of the year ended 30 June 2021 (2020: 17.0¢). If approved by shareholders at the AGM on 8 December 2021, the dividend will be payable on 17 December 2021 to shareholders on the register at close of business on 12 November 2021. The ex-dividend date is 11 November 2021.

Capital Values

At 30 June 2021, the value of Equity Shareholders' Funds was $1,699,075,000 (2020: $1,235,754,000) an increase of $463,321,000. The Net Asset Value per Participating Preference Share was $13.99 (2020: $10.17).

Key Performance Indicators

The Financial Highlights and Performance section on pages 2 and 3 show the Company's Key Performance Indicators including its performance and discount to its NAV over the last five years.

Shareholders

Notifiable Interests in the Company's Voting Rights

During the financial year, the following shareholders declared a notifiable interest in the Company's voting rights:

Shareholder	Participating Preference Shares Held	% Shares in Issue	Date of Notification
City of London Investment Management	34,027,418	28.0	4 March 2021

The following updates to notifiable interests in the Company's voting rights have been declared post the financial year-end:

Shareholder	Participating Preference Shares Held	% Shares in Issue	Date of Notification
City of London Investment Management	36,121,691	29.74	5 October 2021

As at 30 September 2021, the Board is also aware of the following significant shareholdings in the Company:

Shareholder	Participating Preference Shares Held	% Shares in Issue
Strathclyde Pension Fund	26,992,040	22.22
Wells Capital Management	13,595,037	11.19
Lazard Asset Management	11,240,185	9.21
1607 Capital Partners	4,155,919	3.37

Note: All of the above % Shares in Issue are calculated based on the number of shares in issue as at 30 September 2021, being 121,466,754 Participating Preference Shares.

Corporate Governance

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

The Company is a member of the Association of Investment Companies ('AIC') and the Board has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance ('AIC Code'). The AIC Code addresses the Principles and Provisions set out in the 2018 UK Corporate Governance Code ('UK Code'), as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission provides more relevant information to shareholders.

The Company 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.

As a Guernsey incorporated company with a premium listing on the London Stock Exchange within the FTSE 250, the Company is required to comply with Listing Rule 9.8.7 (for overseas incorporated companies). This requires the Company to state how it has applied the main principles set out in the 2018 UK Corporate Governance Code (the 'UK Code') and whether it has complied with these provisions throughout the accounting period.

Statement of Compliance

The Board confirms that during the year under review, the Company has complied with the provisions of the AIC Code and therefore, insofar as they apply to the Company's business, with the provisions of the 2018 UK 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 were delegated to the Manager, Investment Manager, and other third party service providers, the Company does not have a Chief Executive.

- Executive directors' remuneration

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

- Nomination Committee

  All Directors are members of the Nomination Committee. Given the size of the Board, the Board believes that it is important that all Directors are involved in the evaluation and appointment of new directors from an early stage.

- Internal audit function

  As the Company has no employees and delegates its day-to-day operations to the Manager, Investment Manager, and other third party service providers, 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 Company's systems of internal controls in order to provide assurance that they operate as intended.

- Workforce policies and practices

  As the Company has no employees and delegates its day-to-day operations to the Manager, Investment Manager, and other third party service providers, it is not required to comply with this this provision.

  The Board is committed to the continuing compliance with the AIC Code.

Regulatory Disclosures

The Alternative Investment Fund Managers Directive ('AIFMD')

GIML is a limited liability partnership organised under the laws of England and Wales and qualifies as an EU alternative investment fund manager ('AIFM'). Article 22 of AIFMD requires certain qualitative and quantitative disclosures on remuneration to assist the understanding of the risk profile of the Company. Details of GIML's Remuneration Policy during the year under review and amounts attributable to the Company are available on page 76.

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 Company.

Significant votes against at the EGM held on 1 October 2021

The resolution to approve the Company's new investment objective and investment policy which was passed at the Company's EGM held on 1 October 2021 had more than 20% of votes cast against the resolution. Provision 4 of the UK Corporate Governance Code states that when 20% or more of votes have been cast against a resolution recommended by a company's board of directors, the relevant company should explain what actions it intends to take to consult with shareholders in order to understand the reasons behind the result, to provide an update on the consultation no later than six months after the shareholder meeting and to provide a final summary in the company's annual report on what impact the consultation has had on the decisions the board has taken. As announced by the Company at the time, the Board and its advisors consulted extensively with shareholders in advance of the EGM in respect of the decision to appoint Fidelity International as the Company's Investment Manager, including on the basis of the amended investment policy, and do not propose to consult further in that respect. The Board notes that the principal reason for the size of the vote against the resolution was because a significant shareholder of the Company, who held in excess of 20% of the Company's shares at the time of the vote, was opposed to the change of investment policy. The Board will continue to consult with shareholders on all important matters.

Annual General Meeting

This year's AGM will be held on Wednesday, 8 December 2021 at 10:30 a.m. at the registered office of the Company, 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St Peter Port, Guernsey GY1 6JB.

In addition to the ordinary business to be conducted at the meeting, the following special business will be proposed.

Resolution 12: Authority to purchase own shares (special resolution)

Resolution 12 is seeking to renew authority to purchase through the London Stock Exchange Participating Preference Shares representing 14.99% of the issued share capital of the Company. The decision as to whether the Company purchases any such shares will be at the discretion of the Board. Purchases of Participating Preference Shares will be made within the guidelines permitted by the UK Listing Authority. Any Participating Preference Shares which are repurchased may be held in treasury.

If held in treasury, these shares may subsequently be cancelled or sold for cash at above their net asset value at the time of sale.

Recommendation

The Board considers that the passing of all resolutions being put to the Company's AGM would be in the best interest of the Company and its shareholders as a whole. It therefore recommends that shareholders vote in favour of resolutions 1 to 12, as set out in the Notice of Annual General Meeting.

The Board

The Board, chaired by Hélène Ploix, consists of six non-executive Directors, all of whom are considered to be independent of both GIML and the Investment Manager. Hélène Ploix was considered independent on appointment. The biographies of the Directors are shown on pages 32 and 33. Following Saffet Karpat's retirement on 2 November 2020, the Board 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 GIML, the Administrator and the Company Secretary to discuss their performance. Russell Edey is the Senior Independent Director. The Audit and Risk Committee and the Nomination Committee both have separate reports on pages 40 and 42 respectively.

The Board regularly reviews both the performance of, and the contractual arrangements with GIML. The management agreement sets out matters over which GIML has authority and includes management of the Company's assets and the provision of administrative duties.

As noted on page 41, 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 GIML who provides the Board with appropriate and timely information. Attendance at those meetings is given below each Director's biography on pages 32 and 33. 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 Company to cover Directors against certain liabilities that may arise in the course of their duties.

Company Secretary

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

Other Matters

Voting Policy

During the year under review, and up until the change of manager on 4 October 2021, the Board authorised GIML discretion to exercise the Company's voting rights in respect of resolutions proposed by investee companies.

GIML aims to vote in the best interests of the Company, 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, GIML'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, GIML 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 GIML's policy to request that such securities be recalled to enable the shares to be voted.

During the year under review, GIML 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 GIML, 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 GIML's investment decision-making process. Each voting issue is analysed independently, however, and GIML's votes are not necessarily in line either with company management or the ISS recommendations.

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

With effect from 4 October 2021, the Board has authorised Fidelity to exercise the Company's voting rights in respect of resolutions proposed by investee companies.

Details of Fidelity's voting policy can be found at **www.fidelity.co.uk/responsible-investing**.

Borrowing Facilities

The Articles of Incorporation permit the Company to borrow up to 10% of the value of its Net Assets. No borrowing facility was used in either 2020 or 2021.

Discount/Premium to Net Asset Value

The Board reviews the level of the discount or premium between the middle market price of the Company's Participating Preference Shares and their net asset value on a regular basis.

The UK's Exit from the European Union ('EU')

The Company is a Guernsey based authorised closed-ended investment scheme listed in the UK and traded on the London Stock Exchange.

The European Securities and Markets Authority ('ESMA') has approved the co-operation arrangements between the FCA and GFSC. There was limited impact on the Company as a result of Brexit.

Going Concern

The financial statements have been prepared on a going concern basis. The Board, on recommendation from the Audit and Risk Committee, consider that this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the Company's investment objective, risk management, the diversified portfolio of readily realisable securities which can be used to meet short term funding commitments, and the ability of the Company to meet all of its liabilities and ongoing expenses.

In determining the appropriateness of the going concern basis, in light of the economic uncertainty arising from the ongoing Covid-19 pandemic, the Directors continue to pay particular attention to the operational resilience and ongoing viability of the Investment Manager and the Company's other key service providers. Following review, the Directors are satisfied that Fidelity and the Company's other key service providers have the necessary contingency plans in place to ensure that operational functionality continues to be maintained during the pandemic.

In assessing the viability of the Company, the Directors also considered whether the Company's investment objective could be met in the current economic environment, as well as its ongoing attractiveness to investors.

The Directors were satisfied that there were no viability issues that would affect the going concern of the Company. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Signed on behalf of the Board

Hélène Ploix

28 October 2021

Directors' Remuneration Report

The Directors of the Company 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 8 November 2016 and can only be amended by shareholder approval at a general meeting.

The level of Directors' Fees is independently assessed and was reviewed in June 2019 by Stephenson & Co. concurrently with the independent evaluation of the Board's performance. The assessment concluded that the level of Directors' Fees remained competitive. The fees for the 2021 financial year remain unchanged. 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 Company or in connection with the business of the Company.

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. All Directors are subject to re-election by shareholders annually and 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 30 June 2021 and 2020 are shown in the table below with any year-on-year differences being explained:

	30 June 2021	30 June 2020
Hélène Ploix	£45,000	£45,000
Sujit Banerji	£30,000	£30,000
Dr Simon Colson	£30,000	£30,000
Russell Edey	£37,500	£37,500
Torsten Koster[1]	£35,000	–
Saffet Karpat[2]	£11,986	£35,000
Katherine Tsang	£30,000	£30,000
	£219,486	**£207,500**

[1] Appointed as a Director on 1 July 2020

[2] Retired as a Director on 2 November 2020

No additional fees or expenses were paid to Directors in respect of the financial year ended 30 June 2021.

Directors' Interests

The following Directors had a beneficial interest (including family interests) in the share capital of the Company. The table shows the number of Participating Preference Shares held by each Director as at 30 June 2021 and 2020:

Director	30 June 2021	30 June 2020
Hélène Ploix	15,000	15,000
Sujit Banerji*	10,000	10,000
Dr Simon Colson	4,416	4,416
Russell Edey	10,000	–
Saffet Karpat	n/a	20,000

* *On 9 August 2021, Sujit Banerji purchased an additional 5,000 shares in the Company bringing his total holding to 15,000 Participating Preference Shares.*

AGM Resolution

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

Statement of voting at the last AGM

The following table sets out the votes received at the AGM of the shareholders of the Company, held on 2 November 2020 in respect of the approval of the Directors' Remuneration Report.

Votes cast for		Votes cast against			
Number	%	Number	%	Total votes cast	Number of votes withheld
78,628,791	99.99	3,046	0.01	78,631,837	346

For and on behalf of the Board

Hélène Ploix

28 October 2021

Audit and Risk Committee's Report

The Board has an established Audit and Risk Committee which consists of Russell Edey, Torsten Koster and Hélène Ploix. Russell Edey is Chairman of the Audit and Risk Committee.

The Chairman of the Board, Ms Ploix also serves as a member of the Audit and Risk Committee. With reference to the provision 8.2 of the AIC Code, the Audit and Risk Committee notes that Ms Ploix was independent on appointment and considers Ms Ploix's appointment as a member to be appropriate having regard to her skills, experience and valued contributions which enhance the overall effectiveness of the Audit and Risk Committee. The Board consists of six directors who are widely dispersed geographically. It is therefore considered sensible for Ms Ploix, Chairman of the Board, to be a member of the committee.

The Audit and Risk Committee has formally delegated duties and responsibilities with written Terms of Reference, which are available on the Company's website.

The responsibilities of the Audit and Risk Committee are, inter alia:

- To monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcement relating to its financial performance;
- To review the Company'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 Company 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 and emerging 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 Company's auditors.

Significant accounting matters

During the review of the Company's financial statements for the year ended 30 June 2021, 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 *This is a key issue because investments represent 99% of the Company's total net assets.*	99.5% 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 GIML to independent price sources. 0.5% of the investment portfolio was invested in other Companys ('Investee Funds') which were valued using the most recently available valuation statements from their respective administrator, updated to include subsequent cashflows. GIML'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. GIML regularly provides information to the Directors on any stale, unquoted and illiquid securities contained within the investment portfolio for their review and comment.
Loss of assets and custody risk *This is a key issue because we need to carefully safeguard the Company's assets.*	All securities are held by an independent Custodian and GIML reconciles the Custodian's investment portfolio records on a weekly basis. GIML monitors the Custodian's service levels throughout the year with formal performance reviews conducted bi-annually. The latest review was in July 2021.

Auditor independence and assessment

The Audit and Risk Committee monitors the European and U.K. legislation regarding mandatory audit firm rotation and tendering to ensure compliance and an external tender was conducted during 2017. Following a robust evaluation of the responses to and presentations involved in the audit tender process, KPMG Channel Islands Limited ('KPMG' or the 'Auditor') was engaged by the Board to act as the Company's auditors from the 2018 financial year.

As part of its review of the continuing appointment of the Auditor, the Audit and Risk Committee considered the independence of the Auditor along with the effectiveness of the audit. The Auditor was asked to attest that KPMG and the audit team members were independent of the Company. KPMG also confirmed that they had not been engaged in the provision of any non-audit services to the Company 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 GIML and Administrator. 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 Company.

The fees paid to KPMG in respect of audit services for the year ended 30 June 2021 were $48,000 (2020: $47,000). KPMG did not provide any non-audit services during the year (2020: None).

Internal Controls

The Board is responsible for the Company'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 Company'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 Company 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 Manager, 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 Company. 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 Company's business, an annual review of all outsourced functions has taken place. Their performance was monitored against obligations specified in the relevant contracts and was found to be in order.

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

The Audit and Risk Committee has carried out its annual assessment of the internal controls of the Company's service providers for the year ended 30 June 2021 and considered the internal control procedures to be adequate based on the findings of their respective ISAE 3402 or SOC 1 reports.

For and on behalf of the Audit and Risk Committee

Russell Edey
Chairman of the Audit and Risk Committee

28 October 2021

Nomination Committee's Report

The Board has an established Nomination Committee which consists of all Directors. Hélène Ploix is Chairman of the Nomination Committee.

The Nomination Committee has formally delegated duties and responsibilities with written Terms of Reference, which are available on the Company's website.

The responsibilities of the Nomination Committee are inter alia:

- To regularly review the structure, size and composition (including the length of service of the Board members, skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
- To give full consideration to succession planning for Directors, taking into account the challenges and opportunities facing the Company, the skills and expertise needed on the Board in the future and the promotion of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
- To be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise and for overseeing the development of a diverse pipeline for succession.

Diversity

It is seen as a prerequisite that each member of the Board must have the skills, experience and character that will enable them to contribute to the effectiveness of the Board and the success of the Company. Subject to that overriding principle, diversity of experience and approach, including gender diversity, amongst Board members is of great value, and it is the Board's policy to give careful consideration to overall Board balance and diversity in making new appointments to the Board.

Composition and independence

As at 30 June 2021 the Board comprised of four male and two female directors. All directors are non-executive and independent of both GIML and the Investment Manager. Each director is required to disclose any potential conflicts of interest at each Board meeting.

Board appointments and re-election

All members of the Nomination Committee consider new Board appointments. The Chairman, GIML or other appropriate persons provide new appointees to the Board with a preliminary briefing on the workings of the Company. When appointing a new Director, the Board takes care to ensure that the new Director enhances the balance of skills, diversity and experience appropriate to the requirements of the Company 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 Company's expense. Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Incorporation, it is required that they be elected by shareholders.

In accordance with the AIC Code, having served as a Director of the Company for nine years, Saffet Karpat was no longer deemed to be independent and retired as a Director on 2 November 2020 at the conclusion of the AGM.

As detailed in last year's Annual Report, Torsten Koster was duly appointed as an independent Non-Executive Director of the Company with effect from 1 July 2020, and was duly elected by shareholders at the AGM held on 2 November 2020. He was also appointed as a member of Nomination Committee with effect from 1 July 2020 and a member of the Audit and Risk Committee with effect from the conclusion of the AGM on 2 November 2020.

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 Company, the Board endorses them and commends their re-election to the shareholders.

Tenure and Succession Planning

The policy on Board refreshment is to ensure continuity and stability with no more than one Board member retiring and one successor recruited in each calendar year. In line with the AIC Code guidelines for independent Directors, individuals will generally serve on the Board for no more than nine years, although the Chairman's term of office may be extended by a maximum of three additional years to a total of twelve years. In recruiting new Directors, the aim will always be to preserve or enhance the skill sets on the Board, taking account of the need to ensure age, gender and ethnic diversity.

A review of succession planning was undertaken by the Nomination Committee in June 2021. It was noted that Helene Ploix had originally intended to retire from the Board at the conclusion of this year's AGM, however, on the recommendation of the Nomination Committee, the Board requested that Helene continue to act as Chairman of the Company for an additional one-year period. The extension of Helene's tenure by one year is to ensure that the handover to Fidelity, and to her successor, is undertaken in an orderly manner. Helene will now retire from the Board following the conclusion of the 2022 AGM. In addition, it was agreed that Sujit Banerji, who will have served as a Director of the Company for nine years in October 2022 will also retire following the conclusion of the 2022 AGM. Russell Edey has also advised of his intention to retire in the first half of 2023. Accordingly, the Nomination Committee will be appointing an external search consultant to source additional non-executive directors to join the Board in 2022. It is proposed that the Board will reduce to five directors upon Russell Edey's retirement.

Evaluation of the Board

The Board evaluates its performance on an annual basis and considers the balance of skills, experience, length of service and the promotion of diversity and inclusion as part of this process. In accordance with the AIC Code, consideration is given to the engagement of an external evaluator on a regular basis. An independent evaluation of the Board's performance was last conducted in June 2019 by Stephenson & Co. It is proposed that the next independent evaluation will be conducted in 2022. The findings of the 2019 review were considered by the Directors and actions, where appropriate, have been taken.

Hélène Ploix
Chairman of the Nomination Committee

28 October 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Financial Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union to meet the requirements of applicable law and regulations.

Under company law the Directors must not approve the financial statements unless they are satisfied that taken as a whole, they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The work carried out by the auditor does not include consideration of the maintenance and integrity of the website and, accordingly , the auditor accepts no responsibility for any changes that have occurred to the accounts when they are presented on the website.

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

Responsibility statement of the Directors in respect of the Annual Report

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal and emerging risks and uncertainties that the Company faces.

The Directors consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

There were no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4 during the financial period under review.

For and on behalf of the Board

Hélène Ploix

28 October 2021

Financial Statements

Independent Auditor's Report

to the Members of Fidelity Emerging Markets Limited (formerly Genesis Emerging Markets Fund Limited)

Our opinion is unmodified

We have audited the financial statements of Fidelity Emerging Markets Limited (formerly Genesis Emerging Markets Fund Limited) (the "Company"), which comprise the statement of financial position as at 30 June 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2021, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

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

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2020):

Valuation of financial assets at fair value through profit or loss	The risk	Our response
$1,679,935,000; (2020 $1,205,287,000) Refer to the Audit and Risk Committee Report on page 40, accounting policy note 2(b) and disclosure notes 3 and note 10.	***Basis:*** The Company's investment portfolio consists primarily of listed securities from emerging markets ("Investments"). As at 30 June 2021 the Company had invested the equivalent of $1,671,165,000 (2020: $1,195,304,000) in listed investments. These Investments, carried at fair value, are valued by the Company based on prices obtained from third party pricing providers. ***Risk:*** The valuation of the Company's Investments, given that it represents the majority of the Company's net assets, is a significant area of our audit.	*Our audit procedures included:* ***Internal Controls:*** We evaluated the design and implementation of key controls over the valuation of the Investments ***Use of our KPMG Valuation Specialists:*** We used our KPMG valuation specialist to independently price Investments with a value of $1,671,165,000 using a third party pricing source and evaluate the level of trading activity for those Investments. ***Assessing disclosures:*** We also considered the Company's investment valuation policies adopted in note 2(b) and the Company's disclosures (see note 3), in relation to the use of estimates and judgements regarding the valuation of investments and the fair value disclosures in note 10 for compliance with IFRS.

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

Materiality for the financial statements as a whole was set at $33.5m, determined with reference to a benchmark of net assets of $1,699m, of which it represents approximately 2.0% (2020: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to $25.125m. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $1.7m (2020: $1.1m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to affect the Company's financial resources or ability to continue operations over this period is the availability of capital to meet operating costs and other financial commitments.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 2a to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's Report

continued

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. We have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement (pages 12 and 13) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (pages 12 and 13) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on pages 12 and 13 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit and Risk Committee, including the significant issues that the Audit and Risk Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

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

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

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

Independent Auditor's Report

continued

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 44, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Steven Stormonth
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors, Guernsey

28 October 2021

Statement of Financial Position

as at 30 June 2021

	Note	2021 $'000	2020 $'000
Assets			
Current Assets			
Financial assets at fair value through profit or loss	2(b), 10(a)	**1,679,935**	1,205,287
Amounts due from brokers	2(g)	**379**	15,541
Dividends receivable	2(d)	**2,062**	2,809
Other receivables and prepayments		**213**	212
Cash and cash equivalents	2(f)	**26,926**	16,530
Total Assets		**1,709,515**	1,240,379
Liabilities			
Current Liabilities			
Amounts due to brokers	2(g)	**–**	1,474
Capital gains tax payable	2(j)	**7,688**	1,739
Payables and accrued expenses	7	**2,752**	1,412
Total Liabilities		**10,440**	4,625
Total Net Assets		**1,699,075**	1,235,754
Equity			
Share premium	4	**6,291**	6,291
Capital reserve	6	**1,642,118**	1,178,583
Revenue account		**50,666**	50,880
Total Equity		**1,699,075**	1,235,754
Net Asset Value per Participating Preference Share*		**$13.99**	$10.17

* Calculated on a closing number of 121,466,754 Participating Preference Shares in issue (2020: 121,466,754).

The Financial Statements on pages 51 to 74 were approved by the Board of Directors of the Company on 28 October 2021 and signed on its behalf by:

Hélène Ploix **Russell Edey**

The notes on pages 55 to 74 form part of these financial statements

Statement of Comprehensive Income

for the year ended 30 June 2021

	Note	2021 Capital Reserve $'000	2021 Revenue Account $'000	2021 Total $'000	2020 Capital Reserve $'000	2020 Revenue Account $'000	2020 Total $'000
Income/(loss)							
Net change in financial assets at fair value through profit or loss	2(b),10(b)	**482,914**	**–**	**482,914**	(56,342)	–	(56,342)
Net exchange losses	2(c)	**(487)**	**–**	**(487)**	(1,316)	–	(1,316)
Dividend income	2(d)	**–**	**28,819**	**28,819**	–	23,467	23,467
Securities lending income	2(m),9(d)	**–**	**33**	**33**	–	206	206
Interest income	2(d)	**–**	**29**	**29**	–	346	346
Total income/(loss)		**482,427**	**28,881**	**511,308**	(57,658)	24,019	(33,639)
Expenses							
Management fees	2(i),9(a)	**(11,160)**	**(2,790)**	**(13,950)**	(9,193)	(2,299)	(11,492)
Custodian fees	9(d)	**–**	**(925)**	**(925)**	–	(928)	(928)
Transaction costs	12	**(1,095)**	**–**	**(1,095)**	(1,675)	–	(1,675)
Directors' fees and expenses	9(f)	**–**	**(313)**	**(313)**	–	(415)	(415)
Administration fees	9(c)	**–**	**(330)**	**(330)**	–	(292)	(292)
Audit fees		**–**	**(48)**	**(48)**	–	(47)	(47)
Legal and professional fees		**(967)**	**(103)**	**(1,070)**	–	(138)	(138)
Other expenses		**5**	**(241)**	**(236)**	–	(204)	(204)
Total operating expenses		**(13,217)**	**(4,750)**	**(17,967)**	(10,868)	(4,323)	(15,191)
Operating profit/(loss)		**469,210**	**24,131**	**493,341**	(68,526)	19,696	(48,830)
Finance costs							
Bank charges		**–**	**(2)**	**(2)**	–	(4)	(4)
Total finance costs		**–**	**(2)**	**(2)**	–	(4)	(4)
Taxation							
Capital gains tax	2(j),8	**(5,675)**	**–**	**(5,675)**	4,506	–	4,506
Withholding taxes	2(j),8	**–**	**(3,694)**	**(3,694)**	–	(2,099)	(2,099)
Total taxation		**(5,675)**	**(3,694)**	**(9,369)**	4,506	(2,099)	2,407
Profit/(loss) after tax for the year attributable to Participating Preference Shares		**463,535**	**20,435**	**483,970**	(64,020)	17,593	(46,427)
Total comprehensive income/(loss)		**463,535**	**20,435**	**483,970**	(64,020)	17,593	(46,427)
Earnings/(losses) per Participating Preference Share (basic and diluted)*	5	**$3.81**	**$0.17**	**$3.98**	$(0.53)	$0.15	$(0.38)

* Calculated on an average number of 121,466,754 Participating Preference Shares in issue (2020: 121,466,754).

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

The notes on pages 55 to 74 form part of these financial statements

Statement of Changes in Equity

for the year ended 30 June 2021

	Note	2021			
		Share Premium $'000	**Capital Reserve $'000**	**Revenue Account $'000**	**Total $'000**
Balance at the beginning of the year		**6,291**	**1,178,583**	**50,880**	**1,235,754**
Total comprehensive income		**–**	**463,535**	**20,435**	**483,970**
Dividends paid in the year	11	**–**	**–**	**(20,649)**	**(20,649)**
Balance at the end of the year		**6,291**	**1,642,118**	**50,666**	**1,699,075**

	Note	2020			
		Share Premium $'000	**Capital Reserve $'000**	**Revenue Account $'000**	**Total $'000**
Balance at the beginning of the year		6,291	1,242,603	56,366	1,305,260
Total comprehensive (loss)/income		–	(64,020)	17,593	(46,427)
Dividends paid in the year	11	–	–	(23,079)	(23,079)
Balance at the end of the year		6,291	1,178,583	50,880	1,235,754

The notes on pages 55 to 74 form part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2021

	2021 $'000	2020 $'000
Operating activities		
Dividends and interest received	**29,595**	23,516
Securities lending income received	**33**	206
Taxation paid	**(3,420)**	(1,994)
Purchase of investments	**(318,603)**	(467,672)
Proceeds from sale of investments	**340,557**	482,709
Bank charges paid	**(2)**	(4)
Operating expenses paid	**(16,628)**	(15,323)
Net cash inflow from operating activities	**31,532**	21,438
Financing activities		
Dividends paid	**(20,649)**	(23,079)
Net cash outflow from financing activities	**(20,649)**	(23,079)
Effect of exchange losses on cash and cash equivalents	**(487)**	(1,316)
Net increase/(decrease) in cash and cash equivalents	**10,396**	(2,957)
Net cash and cash equivalents at the beginning of the year	**16,530**	19,487
Net cash and cash equivalents at the end of the year	**26,926**	16,530
Comprising:		
Cash and cash equivalents	**26,926**	16,530

The notes on pages 55 to 74 form part of these financial statements

Notes to the Financial Statements

for the year ended 30 June 2021

1. General

Fidelity Emerging Markets Limited (formerly Genesis Emerging Markets Fund Limited) (the 'Company') was incorporated in Guernsey on 7 June 1989 and commenced activities on 19 September 1989. The Company 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 Company is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.

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

These financial statements were approved by the Board of Directors and authorised for issue on 28 October 2021.

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 Company's financial statements, which give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), the IFRS Interpretations Committee and interpretations approved by the International Accounting Standards Committee ('IASC') that remain in effect and the Companies (Guernsey) Law, 2008.

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. Actual results may differ from the 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 Company. The Company 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

IAS 1 and IAS 8 Amendments: Definition of Material.

IAS 9, IAS 39 and IAS 7 Amendments: Interest Rate Benchmark Reform. These will be effective for the financial statements for the year ending 31 March 2022.

2. Summary of Significant Accounting Policies continued

Standards issued but not yet effective

At the date of authorisation of the financial statements, the following standards and interpretations were assessed to be relevant and are all effective for annual periods beginning on or after 1 January 2021:

LIBOR

With LIBOR expected to be discontinued after the end of 2021, this being part of the loan facility interest calculation, a new reference rate will be implemented upon renewal of the loan facility in March 2022.

There are no other accounting standards, amendments, or interpretations effective, that have or will have material impact on these financial statements. Furthermore, the Company has not been an early adopter of any such standards, amendments, and interpretations to existing standards prior to their effective date.

The Directors expect that the adoption of the standards listed above will have either no impact or that any impact will not be material on the financial statements of the Company in future periods.

Early adoption of standards

The Company did not early adopt any new or amended standards/interpretations for the year ended 30 June 2021.

(b) Financial Instruments

Classification

(i) Assets

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Company's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Company's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(ii) Liabilities

Derivative contracts that have a negative fair value are presented as derivative financial liabilities at fair value through profit or loss. As such, the Company classifies all of its investment portfolio as financial assets or liabilities at fair value through profit or loss. The Company's policy requires the Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Recognition/derecognition

The Company 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 Company commits to purchase or sell the investment. Investments are derecognised when the rights to cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

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

Measurement

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Securities listed on active markets are valued based on their last traded price for valuation and financial statement purposes.

In the normal course of business, the Company 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 Company 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 Company'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 Company 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 Company makes adjustments to the net asset value of the Investee Funds to obtain the best estimate of fair value.

The Company may make adjustments to the value of a security if it has been materially affected by events occurring before the Company's NAV calculation but after the close of the primary markets on which the security is traded. The Company 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 Company'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, 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 Company 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 Company 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 Company. The financial statements, results and financial position of the Company are also expressed in US dollars which is the presentation currency of the Company and have been rounded to the nearest thousand unless otherwise stated.

Notes to the Financial Statements

continued

2. Summary of Significant Accounting Policies continued

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 Company'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 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 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 Company 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 Directors of the Company, as the Directors are ultimately responsible for investment decisions.

(i) Expenses

All expenses are accounted for on an accruals basis and are charged to the Statement of Comprehensive Income. Expenses are allocated wholly to revenue with the following exceptions:

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

(j) Taxation

The Company 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 Company 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 Company'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 Company. 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 Company but are entitled to receive dividends. They are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds net of tax.

(l) Purchase of Own Shares

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

(m) Securities Lending

The Company 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 Company-owned listed investments. Under the terms of its lending agreement, the Company receives compensation in the form of fees, 20% of which are commissions payable to the Lending Agent for their services. The Company 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 Company.

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

3. Critical Accounting Estimates and Assumptions

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

4. Share Capital and Share Premium

(a) Authorised

1,000 Founder shares of no par value

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

(b) Issued

	Number of Shares	Share Capital $'000	Share Premium $'000
As at 30 June 2020	121,467,754	–	6,291
As at 30 June 2021	**121,467,754**	**–**	**6,291**

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(l))	121,466,754
As at 30 June 2021 and 30 June 2020	**121,467,754**

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 6 June 1989 to GIML 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 30 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.

On 7 October 2021, all of the Founder shares were transferred from GIML to FIL Investment Services (UK) Limited.

Treasury Shares

The Company does not hold treasury shares as all historical repurchases of its own shares have been cancelled.

Participating Preference Shares

At the Extraordinary General Meeting of the Company held on 30 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 Company.

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

5. Earnings/(Losses) Per Share

Basic earnings/(losses) per share are calculated by dividing the profit/(loss) for the year by the weighted average number of Participating Preference Shares in issue during the year.

	2021 $'000	2020 $'000
Capital return/(loss)	**463,535**	(64,020)
Revenue return	**20,435**	17,593
Profit/(loss) after tax for the year attributable to Participating Preference Shares	**483,970**	(46,427)
Weighted average number of Participating Preference Shares outstanding	**121,466,754**	121,466,754
Capital earnings/(losses) per Participating Preference Share	**$3.81**	($0.53)
Revenue earnings per Participating Preference Share	**$0.17**	$0.15
Basic earnings/(losses) per Participating Preference Shares – basic and diluted	**$3.98**	($0.38)

6. Capital Reserve

The capital reserve as at 30 June 2021 consists of the following accumulated amounts:

	2021 $'000	2020 $'000
Realised gains on investments sold	**1,201,991**	1,132,546
Unrealised appreciation on revaluation of investments	**503,269**	89,800
Exchange losses	**(8,824)**	(8,337)
Transfer to share premium	**(27)**	(27)
Expenses charged to capital	**(54,291)**	(35,399)
	1,642,118	1,178,583

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.

Notes to the Financial Statements

continued

7. Payables and Accrued Expenses

	2021 $'000	2020 $'000
Investment Management fees	**1,389**	966
Legal and professional fees	**967**	–
Custodian fees	**164**	151
Directors' fees	**92**	102
Audit fees	**–**	12
Other accrued expenses	**140**	181
	2,752	1,412

8. Taxation

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. As such, the Company is only liable to pay a fixed annual fee, currently £1,200.

Income due to the Company is subject to withholding taxes. GIML undertakes a biannual review of the tax situation of the Company 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 Company 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 Company's investments generate taxable income on realisation. GIML, 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. Related parties also include key management personnel and entities under common control of the Manager.

(a) GIML's remuneration and terms of appointment

Under the terms of its Management Agreement, GIML is entitled to receive a management fee from the Company, payable monthly in arrears equal to 0.90% (2020: 0.90%) per annum, calculated and accrued on the Net Asset Value of the Company as at each weekly Valuation Day, except for investments in Investee Funds, where GIML will absorb the expenses of the management of such funds to a maximum of 1% per annum of the value of the Company's holding in the relevant fund at the relevant time. Genesis related investment companies, refer to note 9(f), do not pay a separate management fee to GIML. The management fee for the financial year ended 30 June 2021 was $13,950,000 (2020: $11,492,000).

GIML ceased to act as manager to the Company on 4 October 2021, however, in accordance with the notice of termination and under the terms of the management agreement, it will receive a management fee until 31 October 2021.

(b) Fidelity's remuneration and terms of appointment

On 4 October 2021, FIL Investment Services (UK) Limited was appointed as Manager (`the Manager') to the Company and has delegated the role of Investment Manager to FIL Investments International (`the Investment Manager'), both the Manager and Investment Manager are part of the FIL Group of companies, (`Fidelity'). Under the Investment Management Agreement (`the IMA'), the Manager is entitled to receive a Management Fee of 0.6% per annum of the Net Asset Value of the Company.

The Management Fee is calculated and charged daily and payable monthly in arrears.

Under the terms of the IMA, the Manager has waived its entitlement to receive a Management Fee for a period of nine months from its date of appointment.

No Management Fee is payable by the Company in respect of the Company's holdings in collective investment schemes or investment trusts managed or advised by the Manager or Fidelity.

(c) Administration fees

The Administrator is entitled to receive a fee, payable monthly, based on the Net Asset Value of the Company and time incurred. Administration fees for the year were $330,000 and charged by JP Morgan Administration Services (Guernsey) Limited (2020: $292,000).

(d) Custodian fee

Under the Custodian Agreement, the Custodian to the Company is entitled to receive a fee payable monthly, based on the Net Asset Value of the Company. All custody services are performed by JP Morgan Chase Bank.

The Company 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 0.05% (2020: 0.08%) per annum of the average Net Assets of the Company. Custodian fees for the year were $925,000 (2020: $928,000).

(e) Securities lending fees

The Company generated gross income of $41,000 (2020: $257,000) from securities lending transactions during the year. Commissions amounting to $8,000 (2020: $51,000) 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.

(f) Directors' fees and expenses

Included in Directors' fees and expenses are Directors' fees for the year of $280,000 (2020: $260,000). 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 Company.

Directors' related party interests are stated on page 39 as part of the Directors' Remuneration Report.

There were no transactions between the Company and such related parties during the year and there were no outstanding balances between these entities at 30 June 2021.

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

(a) Statement of Financial Position

	30 June 2021 $'000	30 June 2020 $'000
Financial assets at fair value through profit or loss:		
Listed equity securities	**1,671,165**	1,195,304
Unlisted equity securities	**8,770**	9,983
Total financial assets at fair value through profit or loss:	**1,679,935**	1,205,287

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

(b) Statement of Comprehensive Income

	30 June 2021 $'000	30 June 2020 $'000
Net change in financial assets at fair value through profit or loss:		
Realised gains	**101,348**	95,433
Realised losses	**(31,903)**	(76,733)
Net realised gains	**69,445**	18,700
Change in unrealised appreciation	**352,230**	(54,181)
Change in unrealised depreciation	**61,239**	(20,861)
Net unrealised change in financial assets at fair value through profit or loss	**413,469**	(75,042)
Net change in financial assets at fair value through profit or loss	**482,914**	(56,342)

(c) Fair Value Hierarchy

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of unobservable inputs. The following table summarises the valuation of the 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 two equity securities on the basis of an analysis of trading activity and valued by reference to quoted market prices.

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 GIML's Valuation Committee and the results reported to the Board on a regular basis. GIML 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 Company's securities using the fair value hierarchy:

At 30 June 2021	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Investment in equity securities	**1,671,165**	**1,638,420**	**32,745**	**–**
Investee Funds	**8,770**	**–**	**–**	**8,770**
	1,679,935	**1,638,420**	**32,745**	**8,770**

At 30 June 2020	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Investment in equity securities	1,195,787	1,172,676	23,111	–
Investee Funds	9,500	–	–	9,500
	1,205,287	1,172,676	23,111	9,500

(d) Level 3 Investments

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

Valuation basis for Level 3 Investment	2021 $'000	2020 $'000
Administrator's Net Asset value	**8,770**	9,500
	8,770	9,500

As at 30 June 2021 there were five holdings (2020 : five holdings) classified as Level 3 investments. Two holdings (2020: two 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. Three holdings (2020: three holdings) had a nil value.

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

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

	2021 Level 3 $'000	2020 Level 3 $'000
Balance at 1 July	**9,500**	10,691
Return of capital	**(1,338)**	(1,075)
Realised gain	**869**	596
Net change in unrealised depreciation	**(261)**	(712)
Balance at 30 June	**8,770**	9,500

Unrealised losses as at year end amounting to $4,809,000 (2020: unrealised losses of $4,548,000) 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'.

Notes to the Financial Statements

continued

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

(e) Transfers between Levels

The following table presents the transfers between levels for the investments held at 30 June 2021 and 30 June 2020:

	Level 1 $'000	Level 2 $'000	Level 3 $'000
Transfers between Level 1 and Level 2:			
Equity Securities	(8,548)	8,548	–

There was one security that transferred from Level 1 to Level 2 due to an analysis of trading activity.

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

(f) Securities Lending

As at 30 June 2021 the Company had securities with a fair value of $11,808,000 (2020: $nil) on loan and received $5,319,000 (2020: $nil) of non-cash collateral for these loans. Included in the securities on loan were Brazilian securities with a fair value of $6,794,000 (2020: $nil). All Brazilian securities lending transactions must go through the Brazilian Clearing and Depository Corporation ('CBLC'), who act as a counterparty, managing and holding the collateral. The CBLC do not disclose specific collateral amounts held for individual loans. The Company is still indemnified by the Lending Agent on securities lending transactions going through the CBLC.

11. Dividend

	2021 $'000	2020 $'000
Dividends paid		
2020 final dividend of 17.0¢ (2019: 19.0¢) per Participating Preference Share	**20,649**	23,079
	20,649	23,079
Dividend proposed		
2021 final dividend of 18.0¢ (2020: 17.0¢) per Participating Preference Share	**16,398**	20,649
	16,398	20,649

The dividend proposed in respect of the year ended 30 June 2021 is subject to shareholder approval at the forthcoming AGM. In accordance with the accounting policy of the Company (see note 2(e)), this dividend will be reflected in the financial statements for the year ending 30 June 2022.

12. Transaction Costs

	2021 $'000	2020 $'000
Acquiring	**541**	768
Disposing	**554**	907
	1,095	1,675

13. Segment Information

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

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

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

As at 30 June 2021 and 30 June 2020, the Company has no assets classified as non-current assets. A full breakdown of the Company's financial assets at fair value through profit and loss is shown in the Country exposure of the Company's portfolio on pages 26 to 30.

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

14. Financial Risk Management

The Company'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 Company'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 Company'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 Company 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 Company also invests in securities and investments, including Investee Funds, that are not traded in active markets and are susceptible to market price risk from uncertainties about the future values of those securities and investments.

Market price risk management

Market price risk can be moderated in a number of ways by GIML 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.

14. Financial Risk Management continued

The Company's portfolio at the end of reporting period reflects the diversified strategy. The charts and tables on Country and Sector Exposure of the Portfolio (pages 22 and 23) and The Investment Portfolio (pages 26 to 30) illustrate the allocation of the portfolio assets according to these criteria as at 30 June 2021.

GIML has identified the MSCI EM (TR) Index as a relevant reference point for the markets in which it operates. However, GIML does not manage the Company's investment strategy to track the MSCI EM (TR) Index or any other index or benchmark. The short-term performance of the Company and its correlation to the MSCI EM (TR) Index is shown in the Financial Highlights and Performance section on pages 2 and 3 and is expected to change over time.

Given that the observed volatility of the Company's NAV in 2021 was 11.06% (2020: 23.66%), 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:

	2021 $'000	2020 $'000
Financial assets at fair value through profit or loss	**1,679,935**	1,205,287
Net Asset Value and profit impact	**185,801**	285,171

Market price risk – Investee Funds

The Company'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. GIML 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 Company'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 Company'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 Company's investment strategy entails trading in other funds on a regular basis. There were no purchases in Investee Funds during the year ended 30 June 2021 (2020: none); Total sales amounted to $1,338,000 (2020: $1,075,000). As at 30 June 2021 and 2020 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases. During the year ended 30 June 2021 total net losses incurred on investments in Investee Funds were $608,000 (2020: gains of $116,000).

(b) Foreign Currency Risk

The Company invests in financial instruments and enters into transactions denominated in currencies other than its functional currency. Consequently, the Company 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 Company's assets or liabilities denominated in currencies other than US dollars (functional currency).

Foreign currency risk exposure

The following table sets out the Company's material exposures to foreign currency risk as at 30 June 2021:

Currency	Net non-monetary assets and (liabilities) $'000	Net monetary assets and (liabilities) $'000	Total foreign currency risk $'000
Brazilian real	49,357	223	49,580
Chinese yuan renminbi	106,591	194	106,785
Euro	105,033	–	105,033
Hong Kong dollar	281,470	903	282,373
Hungarian forint	24,804	–	24,804
Indian rupee	147,723	749	148,472
Indonesian rupiah	35,499	–	35,499
Korean won	121,076	247	121,323
Mexican peso	64,190	267	64,457
Nigerian naira	18,228	893	19,121
Philippine peso	28,329	–	28,329
South African rand	87,028	–	87,028
Sterling	28,495	–	28,495
Swiss Franc	34,069	–	34,069
Taiwan dollar	104,491	347	104,838
Thailand baht	32,745	–	32,745
United States dollar	335,288	13,737	349,025
Vietnamese dong	23,590	766	24,356
Other currencies	51,929	814	52,743
	1,679,935	**19,140**	**1,699,075**

14. Financial Risk Management continued

Comparative figures as at 30 June 2020 are as follows:

Currency	Net non-monetary assets and (liabilities) $'000	Net monetary assets and (liabilities) $'000	Total foreign currency risk $'000
Brazilian real	32,999	30	33,029
Chinese yuan renminbi	68,798	1,006	69,804
Euro	46,087	–	46,087
Hong Kong dollar	172,132	856	172,988
Hungarian forint	20,304	–	20,304
Indian rupee	99,338	1,375	100,713
Indonesian rupiah	31,832	53	31,885
Korean won	101,695	264	101,959
Mexican peso	48,719	141	48,860
Nigerian naira	13,698	620	14,318
Philippine peso	18,804	–	18,804
South African rand	56,121	–	56,121
Sterling	23,493	(75)	23,418
Swiss franc	21,235	–	21,235
Taiwan dollar	52,725	333	53,058
Thailand baht	39,259	–	39,259
United States dollar	291,214	25,007	316,221
Vietnamese dong	24,569	273	24,842
Other currencies	42,265	584	42,849
	1,205,287	**30,467**	**1,235,754**

Foreign currency risk management

The Company 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 Company's assets to foreign currency risk depends on the net exposure of the Company to each specific currency and the volatility of that specific currency in the year. At 30 June 2021, had the average exchange rate of the US dollar weakened by a reasonable possible movement of 500 basis points (2020 : 500 basis points) in relation to the basket of currencies in which the Company's net assets are denominated, weighted by the Company's exposure to each currency with all other variables held constant, the Company estimates net assets and the change in net assets per the Statement of Comprehensive Income would have increased by $67,503,000 (2020: $45,977,000).

An increase in the US dollar by 500 basis points in relation to the basket of currencies in which the Company'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.

GIML does not consider it realistic or useful to examine foreign currency risk in isolation. GIML considers the standard deviation of the NAV (which is struck in US dollars) as the appropriate risk measurement for the portfolio as a whole as it reflects market price risk generally. Please see Market Price Risk section in Note 14(a).

(c) Liquidity Risk

Liquidity risk exposure

Liquidity risk is the risk that the Company 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 Company's assets may be invested in equities in emerging markets which may be less liquid than developed markets. The Company is closed-ended; therefore risk arising from redemption requests from investors does not exist. Furthermore, the risk of the Company 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 Company as at 30 June 2021 was as follows:

	2021 $'000	2020 $'000
Amounts due within one month		
Amounts due to brokers	–	1,474
Payables and accrued expenses	**2,752**	1,412
Amounts due within one year		
Capital gains tax payable	**7,688**	1,739
Total liabilities	**10,440**	4,625

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 Company from the risks created by the lower level of liquidity in the markets in which the Company operates.

The Company has no receivables past their due dates as at 30 June 2021 (2020: nil).

(d) Credit Risk

Credit risk exposure

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Company. The Company 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 Company. GIML, on behalf of the Board, regularly reviews the brokers and Custodian used by the Company, including their internal controls, in order to mitigate these risks.

The Company has no receivables past their due dates as at 30 June 2021 (2020: 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 GIML. 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.

Notes to the Financial Statements

continued

14. Financial Risk Management continued

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

	2021 Amounts due within 1 year $'000	2020 Amounts due within 1 year $'000
Amounts from brokers	**379**	15,541
Dividends receivable	**2,062**	2,809
Other receivable and prepayments	**213**	212
Cash and cash equivalents	**26,926**	16,530
	29,580	35,092

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

Credit Risk – Securities Lending

Participation in securities lending transactions exposes the Company to risk of default by the third party borrower. To mitigate this risk, 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 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. The Company has the right under the lending agreement to recover the securities from the borrower on demand. In case of default by the borrower, the responsibility to 'make good' the transaction falls to the Lending Agent.

GIML 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 Company has the ability to borrow up to 10% of the Company's NAV in order to increase the amount of capital available for investment. The Company 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 Company was not leveraged in 2021 or 2020. The majority of the Company's net financial assets were non interest bearing (98.87% on average over the twelve-month period to 30 June 2021 (2020: 97.55%)). As a result, the Company 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 Company.

(f) Capital Risk Management

The capital of the Company 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 Company is a closed-ended fund with the ability to issue additional shares only if certain conditions are met as set out in the Company's scheme particulars. The Company's objective when managing capital is to safeguard the Company'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 Company.

(g) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk or currency risk, which may affect the value of investments. Fair value impacts of changes in interest rates on fixed interest investments are also captured within other price risk.

Other price risk sensitivity

The following table illustrates the sensitivity of loss after taxation for the year/period and net assets to an increase or decrease of 10% (period ended 30 June 2020: 10%) in the fair value of investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on investments and adjusting for change in the management fee, but with all other variables held constant.

The other price sensitivity analysis is based on the valuation of investments directly held by the Company. For underlying investment funds this is based on the net assets of such underlying funds as included in the Company's portfolio of investments at reporting date.

The value of certain investments, in particular positions held in underlying funds may vary due to currency, interest rate and credit risks and such risks are not directly considered in the other price risk sensitivity analysis.

Effect of a 10% increase in fair value:

	2021		2020	
	10% increase in fair value $'000	10% decrease in fair value $'000	10% increase in fair value $'000	10% decrease in fair value $'000
Statement of Comprehensive Income – return after taxation				
Total return after taxation for the year	166,985,000	(166,985,000)	119,444,000	(119,444,000)
Net assets	**166,985,000**	**(166,985,000)**	**119,444,000**	**(119,444,000)**

15. Ultimate Controlling Party

In the opinion of the Directors on the basis of the shareholdings advised to them, the Company has no immediate or ultimate controlling party.

Notes to the Financial Statements

continued

16. Events After Reporting Date

On 6 September 2021, the Company launched a tender offer to buy back up to 25% of its issued share capital. As a result of the tender offer, on 22 October 2021, the Company re-purchased 30,366,688 Participating Preference Shares for cancellation. The resultant number of shares in issue is 91,100,066 Participating Preference Shares.

On 4 October 2021, FIL Investment Services (UK) Limited was appointed as Manager to the Company and has delegated the role of Investment Manager to FIL Investments International, both the Manager and Investment Manager are part of the FIL Group of companies, (`Fidelity').

On 28 October 2021, the Board proposed that a dividend of 18.0¢ per Participating Preference Share be paid on 17 December 2021 subject to shareholder approval at the AGM to be held on 8 December 2021.

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

Other Information

Remuneration Disclosure

AIFMD Remuneration Disclosure - Genesis Investment Management, LLP (unaudited)

AIFMD requires certain qualitative and quantitative disclosures on GIML's remuneration to assist the understanding of the risk profile of the Company.

GIML's primary aim is to achieve excellent investment returns for its clients and believes that this focus on asset performance has been a key contributor to its success in the past and will continue to be so in the future. GIML believes that fund management organisations with strong alignment structures are going to be best placed to attract, retain and motivate key talent and hence have the greatest likelihood of generating long-term outperformance.

GIML's remuneration philosophy reflects this primary aim and is based on rewarding individual contribution whilst ensuring that its investment team remain a cohesive group that retains its team-based culture. GIML's goal has been to create a culture which is based upon performance rather than entitlement and long-term business viability rather than short-term personal gain.

GIML's remuneration arrangements need to promote effective risk management and be consistent with its risk profile, risk structure and risk strategy. GIML achieves this through appropriate remuneration frameworks for its Partners, Independent Members and Staff throughout the Genesis Group and the oversight of those frameworks by those charged with their governance.

The table below includes the remuneration of Genesis' Partners, Independent Members and Staff in relation to their management of the Company's activities during the 2020 calendar year for Genesis Investment Management, LLP.

Fixed remuneration includes Staff salary and pension costs as well the fees of Genesis' Non-Executive Directors. Variable remuneration includes Staff bonus, long term incentive awards, profit distributions due to Partners and deferred remuneration, all managed in accordance with Genesis' remuneration policies. Although Partners are advanced an equal fixed level of drawings, their remuneration is entirely dependent on GIML's overall profitability and hence is classified as variable.

	Year ended 31 December 2020 $'000
Fixed remuneration	525
Variable remuneration	4,003
Total remuneration	4,528
Number of beneficiaries	67

The aggregate amount of remuneration of Senior Management and members of Staff whose actions have a material impact on the risk profile of the Company was $4,108,000.

Administration

Registered Office

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

Website

www.fidelity.co.uk/emergingmarkets

Alternative Investment Fund Manager (from 4 October 2021)

FIL Investment Services (UK) Limited
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

Investment Manager (to 4 October 2021)

Genesis Investment Management, LLP
16 St James Street
London SW1A 1ER
United Kingdom
(Authorised and regulated by the United Kingdom's Financial Conduct Authority)
www.giml.co.uk

Investment Manager (from 4 October 2021)

FIL Investments International
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
SurreyKT20 6RP

Custodian

JP Morgan Chase Bank
25 Bank Street
Canary Wharf
London, E14 5JP
United Kingdom
(Authorised and regulated by the United Kingdom's Financial Conduct Authority)

Administrator and Company Secretary

J.P. Morgan Administration Services (Guernsey) Limited
1st Floor, Les Echelons Court
Les Echelons
South Esplanade
St. Peter Port
Guernsey GY1 6JB
Channel Islands
(Authorised and regulated by the Guernsey Financial Service Commission)

Registrar

Computershare Investor Services (Guernsey) Limited
13 Castle Street
St. Helier
Jersey JE1 1ES
Channel Islands
Telephone: +44 (0) 370 707 4040
www.investorcentre.co.uk/je

Stockbrokers

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

Jefferies International Limited
100 Bishopsgate
London EC2N 4JL
United Kingdom

Independent Auditor

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

Glossary of Terms

including Alternative Performance Measures and Reconciliations

Alternative Performance Measures

The European Securities and Markets Authority ('ESMA') has published guidelines on Alternative Performance Measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.' The guidelines are aimed at promoting the usefulness and transparency of APMs included in regulated information and aim to improve comparability, reliability and/or comprehensibility of APMs. The following definitions shown with a * are the APMs that are used throughout this Annual Financial Report, Financial Statements and Notes to the Financial Statements.

Net Asset Value per Participating Preference Share

Net Assets are the value of the Company's assets less its liabilities.

Net Asset Value ('NAV') per Participating Preference Share is the Net Assets divided by the number of Participating Preference Shares in issue.

As at 30 June 2021, the NAV per Participating Preference Share was £10.13 or $13.99 (2020: £8.23 or $10.17).

Net Asset Value per Participating Preference Share Total Return*

NAV per Participating Preference Share Total Return is a measure showing how the NAV per Participating Preference Share has performed over a period of time, taking into account dividends paid to shareholders. Total Return measures allow shareholders to compare performance between investment funds where the dividend paid may differ.

To calculate Total Return, it is assumed that dividends are reinvested into the assets of the Company at the prevailing NAV on the last day of the month that the shares first trade ex-dividend.

For the year ended 30 June 2021, the NAV per Participating Preference Share Total Return in GBP was 24.8% (2020: (0.8)%). The calculation of these figures is shown in the table below:

		30 June 2021	30 June 2020
Opening NAV per Participating Preference Share (p)	(a)	**823.3735**	844.2493
Closing NAV per Participating Preference Share (p)	(b)	**1,013.1344**	823.3735
Dividend paid (p)	(c)	**12.9465**	14.7774
NAV per Participating Preference Share on month end of ex-dividend (p)	(d)	**919.3973**	839.4898
Dividend adjustment factor (e = (c ÷ d) +1)	(e)	**1.014082**	1.017603
Adjusted closing NAV per Participating Preference Share (p) (f = b x e)	(f)	**1,027.4009**	837.8672
Net Asset Value per Participating Preference Share Total Return (g = (f - a) ÷ a x 100)	(g)	**24.8%**	(0.8)%

Share Price

The Share Price taken is the closing price. This is the price at which the Company's shares trade on the London Stock Exchange at the end of trading on a business day.

Share Price Total Return*

Share Price Total Return is a measure showing how the Share Price has performed over a period of time, taking into account dividends paid to shareholders. Total Return measures allow shareholders to compare performance between investment funds where the dividend paid may differ.

To calculate Total Return, it is assumed that dividends are reinvested into the shares of the Company at the prevailing Share Price on the last day of the month that the shares first trade ex-dividend.

*Alternative Performance Measure

For the year ended 30 June 2021, the Share Price Total Return in GBP was 30.0% (2020: (3.3)%). The calculation of these figures is shown in the table below:

		30 June 2021	30 June 2020
Opening Share Price (p)	(a)	**718.00**	757.00
Closing Share Price (p)	(b)	**919.00**	718.00
Dividend paid (p)	(c)	**12.9465**	14.7774
Share Price on month end of ex-dividend (p)	(d)	**829.00**	766.00
Dividend adjustment factor (e = (c ÷ d) +1)	(e)	**1.015617**	1.019292
Adjusted closing Share Price (p) (f = b x e)	(f)	**933.3520**	731.8514
Share Price Total Return (g = (f - a) ÷ a x 100)	(g)	**30.0%**	(3.3)%

Discount/premium*

The discount or premium is a measure showing the relationship between the share price and the NAV per Participating Preference Share, which is expressed as a percentage of the NAV per Participating Preference Share. If the share price is lower than the NAV per Participating Preference Share, the shares are said to be trading at a discount. If the share price is higher than the NAV per Participating Preference Share, the shares are said to be trading at a premium.

As at 30 June 2021, the discount was 9.3% (2020: 12.8%).

Ongoing charges ratio*

The ongoing charges ratio is a measure used to estimate the expenses likely to occur in the foreseeable future. It is calculated by dividing the annualised ongoing charges (total operating expenses excluding transaction costs and one-off charges) by the average month end net asset values of the Company for the year under review and has been prepared in accordance with the AIC's recommended methodology.

For the year ended 30 June 2021, the ongoing charges ratio was 1.03% (2020: 1.07%).

		30 June 2021	30 June 2020
Total operating expenses ($)	(a)	**17,000,000**	15,191,000
Transaction costs ($)	(b)	**1,095,000**	1,675,000
One-off charges ($)	(c)	**–**	–
Annualised ongoing charges ($) (d = a – b – c)	(d)	**15,905,000**	13,516,000
Average monthly net assets ($)	(e)	**1,540,591,000**	1,259,235,000
Ongoing charges ratio (f = d ÷ e)	(f)	**1.03%**	1.07%

Active Share*

Active Share is a measure of the percentage which stock holdings in the Company differ from the constituents of the benchmark, the MSCI EM Index. Active share is calculated by taking the sum of the absolute difference between the weights of the holdings in the Company and those in the MSCI EM Index and dividing the result by two.

*Alternative Performance Measure

Notice of Annual General Meeting

This Notice of Meeting is an important document. If you are in any doubt as to what action to take, you should consult an appropriate independent adviser.

The Board will continue to monitor Government and industry guidance on COVID-19. In the event that the situation surrounding COVID-19 should affect the plans to hold the AGM the Board will update shareholders through an announcement to the London Stock Exchange and will provide further details on the Company's website.

Notice is hereby given that the thirty-second Annual General Meeting of the shareholders of Fidelity Emerging Markets Limited (the 'Company') will be held at the registered office of the Company at 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey GY1 6JB, Channel Islands on Wednesday, 8 December 2021 at 10.30 a.m.

Shareholders will be asked to consider and, if thought fit, pass resolutions 1 to 11, which will be proposed as ordinary resolutions, and resolution 12, which will be proposed as a special resolution

Agenda

Ordinary Business

1. To receive the Report of the Directors and audited Financial Statements for the year ended 30 June 2021;
2. To approve the Directors' Remuneration Report for the year ended 30 June 2021;
3. To re-appoint KPMG Channel Islands Limited as Independent Auditor to the Company;
4. To authorise the Directors to agree the remuneration of the Independent Auditor;
5. To declare a final dividend of 18.0¢ per Participating Preference Share to be paid in respect of the financial year ended 30 June 2021;
6. To re-elect Mr Sujit Banerji as a Director of the Company;
7. To re-elect Dr Simon Colson as a Director of the Company;
8. To re-elect Mr Russell Edey as a Director of the Company;
9. To re-elect Mr Torsten Koster as a Director of the Company;
10. To re-elect Ms Hélène Ploix as a Director of the Company; and
11. To re-elect Ms Katherine Tsang as a Director of the Company.

Special Business

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

    (i) the maximum number of Participating Preference Shares that may be purchased shall be 13,655,899 being 14.99% of the issued number of Participating Preference Shares at the date of this document or, if lower, such number as is equal to 14.99% of the issued number of Participating Preference Shares at the date of passing the resolution;

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

    (iii) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 unless such authority is renewed prior to such time; and

    (iv) the Company may make a contract to purchase Participating Preference Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Participating Preference Shares pursuant to any such contract.

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