



ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2015



# GENESIS EMERGING MARKETS FUND LIMITED

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

# INTRODUCTION

## OBJECTIVE

The investment objective of the Fund is to achieve capital growth over the medium to long term, primarily through investment in equity securities quoted on Emerging Markets.

## STRUCTURE

Genesis Emerging Markets Fund Limited (the 'Fund' or 'GEMF') is a Guernsey based Authorised Closed-Ended Investment Scheme with the ability to issue additional shares. The Fund's shares are listed on the premium segment of the Official List of the UK Listing Authority, traded on the London Stock Exchange and are included in the FTSE 250. The number of Participating Preference Shares outstanding is 134,963,060 as at 30<sup>th</sup> June 2015 (30<sup>th</sup> June 2014: 134,963,060).

## MANAGER

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

## INVESTMENT APPROACH

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

## NEW SHARES

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

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

# HIGHLIGHTS

	30 <sup>th</sup> June 2015	30 <sup>th</sup> June 2014	% change
Published net asset value*	£771.4m	£780.1m	(1.1)
Published net asset value per Participating Preference Share*	£5.72	£5.78	(1.1)
Published net asset value per Participating Preference Share*	US\$8.99	US\$9.88	(9.0)
Share price	£5.04	£5.43	(7.2)
Discount	11.8%	6.1%	
Ongoing charges ratio	1.41%	1.67%	
Countries represented in portfolio	41	41	
Stocks in portfolio	162	166	

	Year to 30 <sup>th</sup> June 2015		Year to 30 <sup>th</sup> June 2014	
	Low	High	Low	High
Share price	£4.98	£5.83	£4.77	£5.57
Net asset value	£5.41	£6.42	£5.19	£5.90
Discount/(premium)	14.0%	3.0%	10.3%	0.1%

## £ Returns

	Annualised			
	1 Year %	3 Year %	5 Year %	Since Inception %
Fund share price	(7.2)	2.2	2.0	11.2
Fund NAV (net of fees)	(1.1)	3.6	3.3	11.7
MSCI EM (TR)	3.5	4.0	3.0	9.7
MSCI World (TR)	10.9	14.8	12.6	7.3

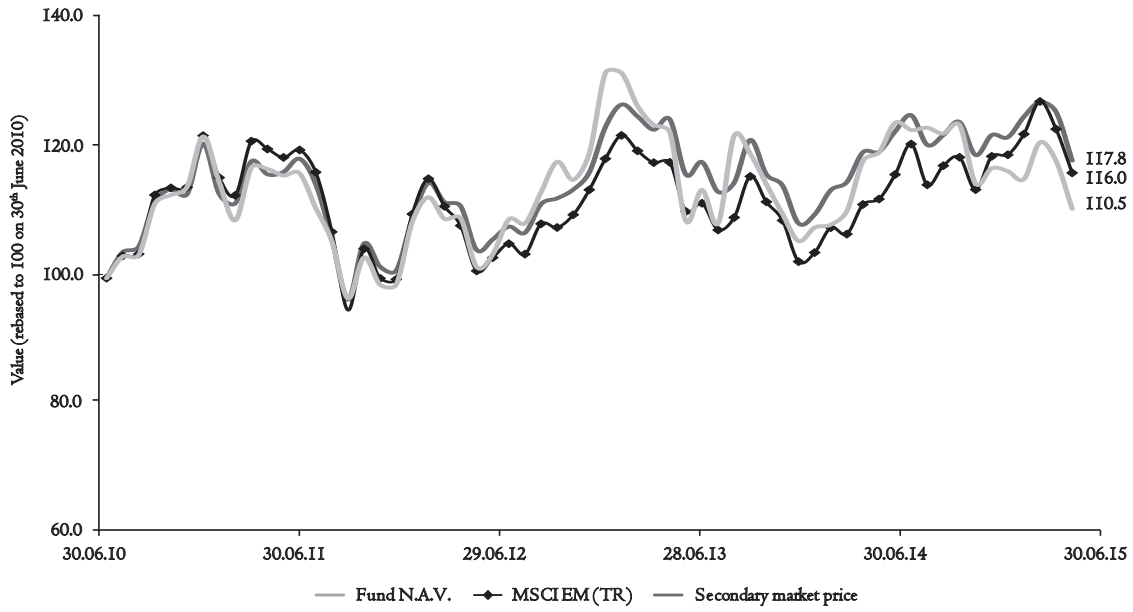
Past performance is no guarantee of future performance.

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

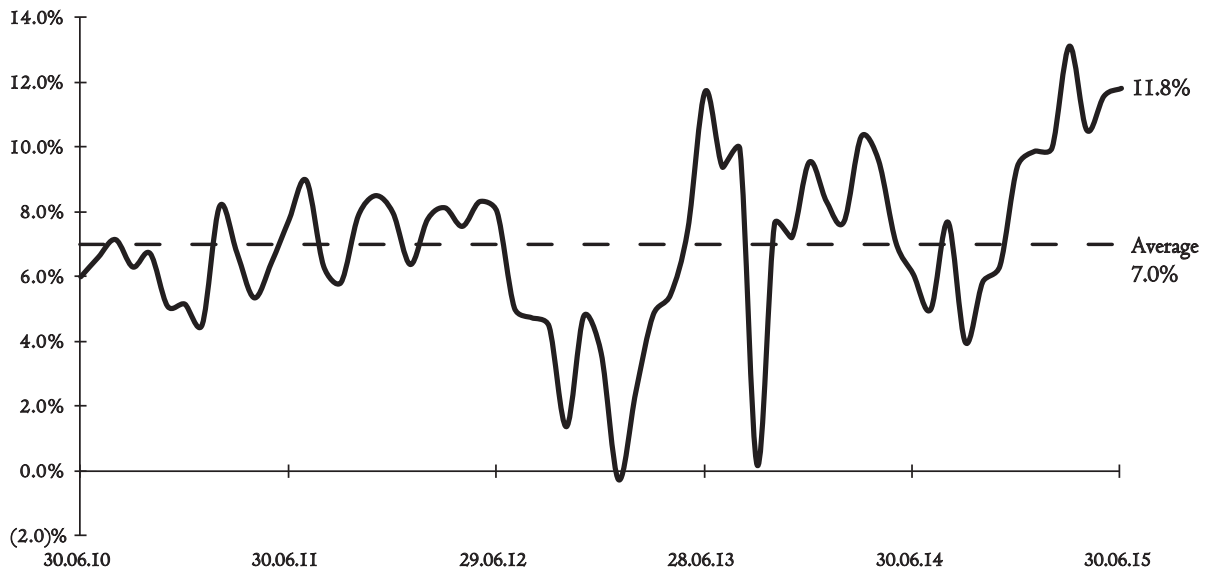
# HIGHLIGHTS

CONTINUED

Performance – last 5 Years\*



Discount to NAV – last 5 Years\*



\* Based on month-end Net Asset Values

# DIRECTORS

## COEN TEULINGS (Chairman)

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

## SUJIT BANERJI

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

## MICHAEL HAMSON †

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

## SAFFET KARPAT †\*

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

## DR. JOHN LLEWELLYN

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

† Member of Audit Committee

\* Chairman of Audit Committee

# DIRECTORS

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## HÉLÈNE PLOIX

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

## RUSSELL EDEY†

(appointed 1<sup>st</sup> 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 currently serves as Chairman of Avocet Mining plc, and is a Non-Executive Director of Blackrock World Mining Trust plc. He previously spent 12 years as Chairman of AngloGold Ashanti in South Africa, and in recent years he has also served as a Non-Executive Director of Old Mutual plc, Associated British Ports plc, FKI plc, and Paris Orleans SA. He qualified as a Chartered Accountant and began his career in finance at Anglo American in South Africa. He is based in the UK.

† Member of Audit Committee

\* Chairman of Audit Committee



# CHAIRMAN'S STATEMENT

I have pleasure in presenting to shareholders the twenty-sixth Annual Report of the Genesis Emerging Markets Fund Limited, for the year ended 30<sup>th</sup> June 2015.

## **Performance**

Emerging markets have been a source of nervousness for investors over the last twelve months. Local political issues (including political scandal in Brazil and geopolitical tension in Russia) have combined with global economic issues (such as China's declining growth, substantial falls in commodity prices and potential interest rate rises in the developed world) to reduce the appetite for emerging markets that many investors perceive as volatile.

The impact of this on the MSCI EM (TR) Index was a fall of 4.8% in US dollar terms over the year (with this decline almost entirely concentrated into the second half of the 2014 calendar year). From a UK investor perspective, however, this result translated to a gain of 3.5% in sterling terms as the dollar strengthened considerably against most other currencies over the period.

Against this index performance environment, the Fund's net asset value per share ('NAV') declined slightly, from £5.78 to £5.72, representing a return of -1.1% for shareholders. The share price – amid the negative sentiment around emerging markets in general – fell by 7.2%, with the discount correspondingly widening from 6.1% to 11.8%.

Naturally the Board reviews the portfolio with the Manager as part of their regular Board Meetings to understand the reasons behind the Fund's investment performance. But while the focus of this Report and Accounts is specifically performance over the last twelve months, shareholders should be aware that the objective of the Fund is to generate consistent returns over a longer-term horizon than just a single year. Results over these longer time-periods are therefore also a fundamental element of our discussions with the Manager.

## **The Fund's Portfolio and the Manager**

A key part of the Board's role is to engage regularly with the Manager in order to assess its ongoing ability to generate returns for shareholders through the Fund's investments in emerging markets. The Manager's fundamental approach is to invest in companies it feels are sufficiently high quality to generate attractive returns over at least a five-year horizon, but which the market appears to be pricing too cheaply. This investment approach has consistently added value for shareholders over the life of the Fund, and while we are of course extremely aware that the Fund's relative performance over the past three to five years is weaker than it has been for some time, the Board continues to believe that the investment approach remains appropriate and has confidence in the Manager's ability to generate stable long term performance through the cyclical swings that characterise markets, particularly those in the developing world.

The Fund's portfolio consists of a diversified group of companies from a large number of emerging market countries, and includes a significant number of smaller companies (although shareholders will note that within this structure a high proportion of the portfolio is concentrated in a number of larger businesses in which the Manager holds particularly strong conviction). The average holding period for companies in the Fund's portfolio is currently over seven years, with turnover at around 22% over the last twelve months. These attributes reflect the Manager's long-term fundamental approach.

# CHAIRMAN'S STATEMENT

CONTINUED

Covering what has been a difficult environment for emerging market investors, the Manager's Review which follows the Directors' Report elaborates on the portfolio activity, and explains the reasons for the disappointing performance relative to the MSCI EM (TR) index during the year.

As noted previously in the Half Year Report, the management fee payable to the Manager was reduced to 1.25% (from 1.50%) per annum, with effect from 1<sup>st</sup> January 2015.

## **The Board of Directors**

In the Fund's Half Year Report six months ago I noted the appointment of Russell Edey as a Director at the beginning of the year. His long career in banking included particular experience with the mining industry, and this specialist knowledge has further widened the Board's range of business expertise. Mr Edey has also been appointed as a member of the Audit Committee, with effect from the Committee's Meeting in June 2015, when I retired from the Audit Committee.

Mr Edey will formally stand for election at this year's Annual General Meeting ('AGM'), along with five other members of the Board who – in accordance with the requirements of the AIC Code of Corporate Governance and the UK Corporate Governance Code – are required to retire and stand for re-election each year.

I wish to inform shareholders, however, that I will not be standing for re-election in October. It has been a great honour, and a pleasure, to have been so closely associated with the Fund and its shareholders for many years, including the last ten as the Fund's Chairman, and I would like to express my thanks to shareholders for their generous support over that time.

Naturally I have the utmost confidence in my six fellow Directors and their ability to continue to meet shareholders' expectations and protect their interests appropriately. I trust therefore that shareholders will feel able to vote in favour of the re-election of all Directors at this year's AGM, allowing them to continue to serve as members of the Board of the Fund. The Directors will next meet formally in early October, at which point my successor as Chairman will be selected and formally approved by the Board, and the decision announced to shareholders.

## **AGM and Shareholder Meeting**

The notice convening the AGM to be held on 29<sup>th</sup> October 2015 in Guernsey can be found at the end of this Annual Financial Report, along with the schedule of resolutions to be considered. As always we strongly encourage all shareholders to vote on the resolutions, reflecting their support for the Fund.

Accompanying this Report is an invitation to the Fund's Information Meeting, which will take place on 29<sup>th</sup> October at the Investment Adviser's office in London. This will provide an opportunity for shareholders to hear directly from representatives of the Manager, and we hope that as many as possible will be able to do so.

# CHAIRMAN'S STATEMENT

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## Outlook

The outlook for equity investments in emerging markets remains uncertain. It has been apparent for some while (and has been noted in these pages) that the companies that in aggregate make up the Fund's (potential) holdings continue to face a number of challenges and the prospect of lower profitability as competition increases and more obvious business penetration opportunities gradually decline.

China's growth – and its impact on the rest of the world – remains a headline concern. It is also true that historically US interest rate “normalisation” tends to be associated with crises in emerging markets – and, sadly, not enough countries have implemented the necessary reforms over the mostly benign environment of the last decade that may have mitigated the heightened risks.

The Manager's Review on page 22 touches on some of these themes and also makes the point that despite disappointing performance in recent years, the fact that much of it was due to the weakness of emerging market currencies against the US dollar means that many companies are still not necessarily cheap in their own local context.

All that said, we continue to share the Manager's confidence in the high quality of the companies invested in by the Fund, and their potential to generate returns for shareholders over the next several years. There are some exciting developments in parts of the opportunity set (thinking in particular of businesses in the Chinese A-share market that appear to be attractive long term investments – notwithstanding the volatility which has been a characteristic of this market in recent months – and in which the Fund has taken some meaningful positions over the last two years). And as we have noted on previous occasions, the challenging global environment provides an excellent opportunity for good businesses to outperform their peers and gain market share.

Stock selection remains a key skill in such an environment, and the Board believes that the Manager's approach and process will continue to generate the long-term returns that our shareholders have come to expect.

Coen Teulings  
Chairman  
September 2015

# DIRECTORS' REPORT

The Directors are pleased to present their twenty sixth Annual Financial Report of the Fund, covering the year ended 30<sup>th</sup> June 2015.

## STRATEGY AND BUSINESS MODEL

### Fund Objective

The investment objective of the Fund is to achieve capital growth over the medium to long term, primarily through investment in equity securities quoted on Emerging Markets.

### Strategy

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

Genesis, the Fund's Manager, believe that superior long-term investment returns in emerging market equities are delivered by identifying underpriced companies through independent research and disciplined analysis, and by using a bottom-up investment approach to create a diversified portfolio. They believe it is necessary to be patient to achieve these returns, and therefore invest with at least a five-year time horizon.

### Business Model and Investment Process

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

During the year under review Genesis provided investment and risk management services, JP Morgan Chase Bank was the Custodian and JP Morgan Administration Services (Guernsey) Limited was the Administrator and Company Secretary.

The Board regularly reviews the performance and risks of its primary service providers and that they have appropriate frameworks in place for the oversight of their internal controls, monitoring and reporting.

The Manager's investment process aims to identify those companies best able to take advantage of emerging market growth opportunities and which are found to be trading at an attractive discount to their assessed intrinsic value. This leads the portfolio to have a 'growth' component (containing companies with entrepreneurial management, attractive volume growth prospects and high returns on incremental capital investment), as well as a 'value' component (where the companies have established market positions, healthy balance sheets and strong cashflows). As an investor in emerging markets, the Manager looks to take advantage of:

- **Structural Changes:** the natural course of economic development creates a dynamic investment environment, but one in which the opportunities are unlikely to be captured by those investors focused on the short term, as changes will unfold over years rather than months;
- **Change at the Corporate Level:** structural changes are unlikely to be universally beneficial to companies, but can lead to a more competitive operating environment which challenges management and widens the disparities between individual companies, thus providing further opportunities for investors; and

# DIRECTORS' REPORT

CONTINUED

## STRATEGY AND BUSINESS MODEL (continued)

- **Stockmarket Inefficiencies:** for various reasons, including less publicly available analysis, emerging markets tend to be less efficient at pricing shares than developed markets. Detailed analysis enables the Manager to identify those stocks which are selling at the greatest discount to their assessed intrinsic value.

The portfolio is diversified and will typically have approximately 140-170 individual positions, across a large number of emerging market countries (many of which are not represented in the standard indices). These holdings include a substantial number of smaller companies in emerging markets, which in general the Manager feels can be a source of particularly attractive long-term investment opportunities. In terms of internal weighting constraints the Manager specifies a 5% limit in any individual stock and a 25% limit in any country, at the time of purchase.

In line with the Fund's long-term investment horizon, portfolio turnover is low; typically of the order of 20-25% per annum. The weighted average holding period of positions within the portfolio is currently over seven years.

The portfolio's investments are primarily listed equity securities. However, the Fund also holds positions in Genesis affiliated investment companies, Participatory notes and Investee Funds, where appropriate. Details of the Fund's portfolio are shown on pages 30 to 36.

The Fund does not engage in any active management of foreign currency risk and the portfolio is unleveraged (refer to notes 13(b) and 13(d) respectively).

## FINANCIAL PERFORMANCE

### Results

The total loss for the year for the Fund amounted to \$120,705,000 compared to a total gain of \$188,714,000 in the previous year. Refer to the Manager's Review on pages 22 to 24 for an explanation of the Fund's performance. The Directors do not recommend the payment of a dividend in respect of the year ended 30<sup>th</sup> June 2015 (2014: nil).

### Capital Values

At 30<sup>th</sup> June 2015, the value of Equity Shareholders' Funds was \$1,213,314,000 (2014: \$1,334,019,000) a reduction of \$120,705,000. The Net Asset Value per Participating Preference Share was \$8.99 (2014: \$9.88).

### Key Performance Indicators

The Highlights section on pages 3 and 4 show the Fund's Key Performance Indicators including its performance and discount to its NAV over the last five years.

## PRINCIPAL RISKS AND RISK MANAGEMENT

The main risks to the value of its assets arising from the Fund's investment in financial instruments are unanticipated adverse changes in market prices and foreign currency exchange rates and an absence of liquidity. The Board reviews and agrees with the Manager policies for managing each of these risks and they are summarised on the following page. These policies have remained unchanged since the beginning of the period to which these financial statements relate.

# DIRECTORS' REPORT

CONTINUED

## PRINCIPAL RISKS AND RISK MANAGEMENT (continued)

### **Volatility of emerging markets and market risk**

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

### **Foreign currency exposure**

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

### **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. This lower level of liquidity exaggerates the fluctuations in the value of investments described previously. The restrictions on concentration and the diversification requirements detailed above also serve normally to protect the overall value of the Fund from the risks created by the lower level of liquidity in the markets in which the Fund operates.

### **Custody risk**

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

## CORPORATE GOVERNANCE

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

The Fund is a member of the Association of Investment Companies ('AIC') and the Board has considered the principles and recommendations of the 2012 AIC Code of Corporate Governance ('AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Fund.

# DIRECTORS' REPORT

CONTINUED

## CORPORATE GOVERNANCE (continued)

As a Guernsey incorporated company listed on the London Stock Exchange within the FTSE 250, the Fund is required to comply with Listing Rule 9.8.7 (for overseas incorporated companies). This requires the Fund to state how it has applied the main principles set out in the 2012 UK Corporate Governance Code and whether it has complied with these provisions throughout the accounting period.

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

The Board considers that by adhering to the principles and recommendations of the AIC Code, the Fund complies with the 2012 UK Corporate Governance Code and the Guernsey Code.

### Statement of compliance

The Directors believe that during the year under review, they have complied with the provisions of the AIC Code and therefore, insofar as they apply to the Fund's business, with the provisions of the 2012 UK Corporate Governance Code and Guernsey Code except as noted below.

- The role of Chief Executive

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

- Executive Directors' remuneration

As the Board has no Executive Directors, it is not required to comply with the principles of the 2012 UK Corporate Governance Code in respect of Executive Directors' remuneration and does not have a Remuneration Committee.

- Internal audit function

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

# DIRECTORS' REPORT

CONTINUED

## THE BOARD

The Board, chaired by Coen Teulings, consists of non-executive Directors, all of whom are considered to be independent of the Manager. The biographies of the Directors are shown on pages 5 and 6. Coen Teulings and Michael Hamson have served on the Board for more than nine years and continue to perform their duties independently. The Board has consisted of no more than seven Directors during the year and the Board feels that given its size and the fact that the Directors do not have executive roles, it is not necessary to appoint a Senior Independent Director or to establish separate Remuneration or Management Engagement Committees. The Audit Committee is chaired by Saffet Karpat and has formally delegated duties and responsibilities with written terms of reference, which are available on request from the Manager. All seven Directors form the Nomination Committee, chaired by Coen Teulings.

The Board regularly reviews both the performance of, and the contractual arrangements with the Manager, and is satisfied that the continuing appointment of the Manager is in the best interests of shareholders. The management agreement sets out matters over which the Manager has authority and includes management of the Fund's assets and the provision of administrative duties, including accounting, secretarial and administrative services. The agreement further permits the Manager to delegate its administrative duties, subject to the Board's prior consent. All other matters are reserved for the approval of the Board. Under this agreement, the Manager is entitled to receive a management fee from the Fund, payable monthly, equal to 1.25% per annum, calculated and accrued on the Net Asset Value of the Fund as at each Valuation Day. The Manager's appointment is under a rolling contract which may be terminated by three months' written notice given by the Fund, and twelve months' written notice given by the Manager.

As noted on page 18, the Audit Committee reviews the performance of, and the contractual arrangements with the Administrator and the Custodian. The Board is satisfied that the continuing appointment of the Administrator and the Custodian is in the best interests of shareholders.

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

Director	Board Meetings Attended	Audit Committee Meetings Attended
Coen Teulings	3	2
Sujit Banerji	3	n/a
Russell Edey (appointed 1 <sup>st</sup> January 2015)	2	1
Michael Hamson	3	3
Saffet Karpat	3	3
Dr. John Llewellyn	3	n/a
Hélène Ploix	3	n/a



# DIRECTORS' REPORT

CONTINUED

THE BOARD (continued)

## **Board appointments and re-election**

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

Russell Edey was appointed as a Director from 1<sup>st</sup> January 2015 and replaced Coen Teulings on the Audit Committee from 10<sup>th</sup> June 2015.

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

The Board evaluates its performance on an annual basis, and considers that the blend of skills, experience, age, gender and length of service is appropriate for the requirements of the Fund. In accordance with the AIC Code, an independent evaluation of the Board's performance is carried out and the next tri-annual review will be in 2016. The Board is aware of the requirements of the 2012 UK Corporate Governance Code and regularly reviews its succession plan. As noted in the Chairman's Statement, the Fund's new Chairman will be appointed, and the decision approved and announced, in early October.

## **Directors' remuneration**

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

The level of Directors' Fees is independently assessed and was last reviewed in 2013. Each Director receives £30,000 per annum, with a further £5,000 per annum for Audit Committee Directors and a further £10,000 per annum for the Chairman. Such remuneration is deemed to accrue on a daily basis.

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

# DIRECTORS' REPORT

CONTINUED

THE BOARD (continued)

## Directors' interests

The Directors listed on pages 5 and 6 served throughout the year under review (except Russell Edey who was appointed on 1<sup>st</sup> January 2015). The following (who were Directors during the financial year) had a beneficial interest in the share capital of the Fund at 30<sup>th</sup> June 2015:

Directors	Beneficial interest in Participating Preference Shares at 30 <sup>th</sup> June 2015
Coen Teulings	40,000
Sujit Banerji	10,000
Michael Hamson (including family interests)	8,700
Saffet Karpat	20,000
Hélène Ploix	7,690

## Directors' insurance and indemnification

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

## AUDIT COMMITTEE

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

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

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

# DIRECTORS' REPORT

CONTINUED

AUDIT COMMITTEE (continued)

## Significant accounting matters

During the review of the Fund's financial statements for the year ended 30<sup>th</sup> June 2015, the Audit Committee considered the following matters to be significant issues, both of which were satisfactorily addressed:

### Issue considered

### How the issue was addressed

Valuation of the investment portfolio

98.4% of the investment portfolio was valued using quoted prices or prices which were observable. The Administrator's weekly valuation of these securities was checked by the Manager to independent price sources. The Manager's monthly Valuation Committee monitors the fair value of all securities and the Manager regularly provides information to the Directors on any stale, unquoted and illiquid securities contained within the investment portfolio. 1.5% of the remaining investment portfolio was invested in other funds ('Investee Funds') valued at their net asset value. Other valuation techniques were applied to only 0.1% (\$550,000) of the investment portfolio.

Loss of assets and custody risk

All securities are held by an independent Custodian and the Manager reconciles the Custodian's investment portfolio records on a weekly basis. The Manager monitors the Custodian's service levels throughout the year with a formal performance review conducted annually. The latest annual review was in June 2015.

## Auditor independence and assessment

The Fund's external Independent Auditors, PricewaterhouseCoopers CI LLP ('PwC'), have acted in this role for more than ten years and although no tender for the audit of the Fund has taken place since their appointment, rotation of the Audit Partner has regularly taken place, most recently in 2013. The Audit Committee monitors the European and U.K. legislation regarding mandatory audit firm rotation and tendering to ensure compliance. There are no plans to undertake an external tender at this stage, although an external tender is likely to be conducted in 2017 prior to the completion of the existing Audit Partner's permitted service term.

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

The fees paid to PwC in respect of audit services for the year ended 30<sup>th</sup> June 2015 were \$81,000 (2014: \$100,000). PwC provided no non-audit services during the year (2014: None).

# DIRECTORS' REPORT

CONTINUED

## INTERNAL CONTROLS

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

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

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

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

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

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

The Audit Committee has carried out its annual assessment of the internal controls of the Fund's service providers for the year ended 30<sup>th</sup> June 2015 and considered the internal control procedures to be adequate based on the findings of their respective ISAE 3402 or SSAE 16 reports.

## SHAREHOLDERS

### **Shareholder relations**

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

# DIRECTORS' REPORT

CONTINUED

SHAREHOLDERS (continued)

## Significant shareholdings

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

Name	Participating Preference Shares Held	30 <sup>th</sup> June 2015 Percentage	Participating Preference Shares Held	28 <sup>th</sup> August 2015 Percentage
Strathclyde Pension Fund	29,991,155	22%	29,991,155	22%
Banque Degroof Luxembourg SA	13,753,236	10%	13,757,853	10%
Lazard Asset Management LLC Group	12,154,666	9%	12,154,666	9%
Banque Degroof SCS	11,470,693	9%	11,041,300	8%
Wells Capital Management	8,023,335	6%	8,208,235	6%
BAE Pension Fund Investment Management	5,230,000	4%	5,230,000	4%

**Website:** [www.giml.co.uk](http://www.giml.co.uk)

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

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

## REGULATORY DISCLOSURES

### The Alternative Investment Fund Managers Directive ('AIFMD')

The Manager is a limited liability partnership organised under the law of Delaware, USA and qualifies as a non-EU alternative investment fund manager ('non-EU AIFM'). Article 22 of AIFMD "Transparency Requirements: Annual Report" requires certain disclosures to be made with regard to the remuneration of the Fund's Manager, as referred to on page 65, although numerical disclosure is not currently required at this time.

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

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

# DIRECTORS' REPORT

CONTINUED

## OTHER MATTERS

### **Going Concern**

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

### **Voting Policy**

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

### **Borrowing Facilities**

The Articles of Incorporation permit the Fund to borrow up to 10% of the value of its Net Assets. No borrowing facility was used in either 2015 or 2014.

### **Company Secretary**

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

### **Authority to Purchase Own Shares**

Under Resolution 10 of the Annual General Meeting held on 31<sup>st</sup> October 2014, the shareholders authorised the Company to purchase its own shares. This authority is limited to the maximum number of 20,200,000 Participating Preference Shares of no par value (equivalent to approximately 14.9% of the issued share capital of the Company). This authority expires at this year's Annual General Meeting of the Company. The maximum price that may be paid for a Participating Preference Share will be the amount that is equal to 5% above the average of the middle market prices shown in quotations for a Participating Preference Share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Participating Preference Share is purchased.

Renewal of the Company's power to purchase its own shares will be sought at the Annual General Meeting on 29<sup>th</sup> October 2015. In the event that the Company should purchase shares for cancellation, the Directors would only do so after consideration of the effect on earnings per share and the longer term benefits for shareholders.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

# DIRECTORS' REPORT

CONTINUED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

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

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

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

Having taken all available information into consideration, the Board has concluded that the Annual Financial Report for the year ended 30<sup>th</sup> June 2015, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Fund's performance, business model and strategy.

### **Auditors and disclosure of information to auditors**

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

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

### **Compliance with disclosure and transparency directive**

The Directors confirm to the best of their knowledge that:

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

Signed on behalf of the Board

Coen Teulings

Saffet Karpat

25<sup>th</sup> September 2015

## MANAGER'S REVIEW

The Fund's financial year encompassed an intensifying financial crisis in Greece, the gradual revelation of the enormous scale of the Petrobras scandal in Brazil, dramatic volatility in the Chinese stock market (which of course subsequently continued throughout the summer), and weak corporate results in a number of emerging markets. But despite this the MSCI EM (TR) Index ended the period in positive territory, returning 3.5% in sterling terms, thanks to a stabilisation of commodity prices early in 2015, and a corresponding uptick in confidence about the global economy. The Fund's NAV, however, underperformed the MSCI EM (TR) Index over the period, with a 1.1% loss. We should note, however, that over the two months since the end of the financial year, renewed negative sentiment on global economic growth (particularly with respect to China) saw the MSCI EM (TR) Index fall 13% in sterling terms between 30<sup>th</sup> June and 28<sup>th</sup> August (with the Fund's NAV falling slightly less than this).

China and India, at around 15% each, are the largest markets represented in the portfolio. In India, stock prices have stabilised somewhat over the last few months following a three-year bull market. Against this generally exuberant backdrop, however, local company managers seem less enthused about near-term economic prospects, with corporate capex likely to remain subdued for some time. Certainly, the recording of an official year-on-year GDP growth figure for Q1 2015 of 7.5% did not correlate with recent weak corporate performance, and was met with some confusion and scepticism.

China, with an index weight that had risen to around 25% by the end of the period, continued to dominate investor discussion. Significant concerns remain about an overall debt-to-GDP level of 250%, the extent to which corporate borrowing makes up a particularly large proportion of that figure, and the pace at which debt has reached this level. GDP growth continues to slow, but there are counter-arguments to suggest that the high level of debt is mitigated by the assets the Chinese state has available on the other side of the balance sheet, their control over both the banking system and the corporates doing the borrowing, and their potential ability – given the low levels of inflation – to print as much renminbi as is necessary. Hence it may be premature to write off China's economy, although the ham-fisted way in which the Chinese authorities have interfered with the stockmarket and the currency over the summer has damaged their recently-improved reputation for sound management, and in our view makes a hard landing more likely than previously. But a degree of optimism and entrepreneurial blossoming remains, driven by lower costs of capital, and while the Fund is not invested in Chinese hyper-growth small companies due to the eye-watering speculative valuations that are still in place despite recent market falls, even in the less exciting, more cash-generative businesses in which we invest there are many compelling developments.

One-year relative performance to the end of the financial year has been disappointing, impacted by two main elements. First, holdings from the materials and energy sectors were prominent as their balance sheets felt the strain of lower commodity prices and weak market sentiment. Three such holdings were the African oil exploration company Tullow Oil (down 60%), the diversified global mining company Anglo American (down 32%) and First Quantum Minerals (down 33%), all of which had a significant negative impact on relative performance. Second, the underweight in the strong Chinese market also held the portfolio back. Historically the Fund's portfolio has tended to underperform when dominant markets – such as China – have risen very rapidly over a short period, but (as in 2008-9 following the excess of 2006-7) we would expect to see that relative performance recover as the market returns to a more rational viewpoint – as indeed has been the case to some degree during July and August. On the positive side, a number of Indian companies, notably Kotak Mahindra Bank (up 61%), Lupin (up 60%) and Axis Bank (up 50%), were high on the list of contributors, while the portfolio's overweight in this market was also beneficial. Stock selection gains in South Korea and being underweight in the weak Brazilian market were further positive drivers.



# MANAGER'S REVIEW

CONTINUED

## Relative Performance Attribution in GBP – 12 Months to June 2015

GEMF vs. MSCI EM (TR) Index

Top 10 Stock Contributors	%	Top 10 Stock Detractors	%
Kotak Mahindra Bank (India)	0.75	Tullow Oil (United Kingdom)	(2.01)
Lupin (India)	0.73	Anglo American (South Africa)	(1.73)
Axis Bank (India)	0.59	First Quantum Minerals (Zambia)	(0.98)
China Merchants Bank (China)	0.58	<i>Tencent (China)</i>	<i>(0.73)</i>
<i>Petrobras (Brazil)</i>	<i>0.58</i>	<i>China Construction Bank (China)</i>	<i>(0.53)</i>
Pidilite Industries (India)	0.55	<i>Bank of China (China)</i>	<i>(0.52)</i>
Cognizant Technology Solutions (India)	0.52	<i>Naspers (South Africa)</i>	<i>(0.46)</i>
<i>Vale (Brazil)</i>	<i>0.50</i>	Pão de Açúcar (Brazil)	(0.44)
Sun Pharmaceutical (India)	0.49	Sberbank (Russia)	(0.43)
Gree Electric Appliances (China)	0.47	ICBC (China)	(0.42)

*Stocks in italics are omissions at end of period*

Sector	%	Top 5 Country Contributors	%	Top 5 Country Detractors	%
Consumer Discretionary	0.78	India	3.66	China	(2.53)
Health Care	0.59	South Korea	1.36	South Africa	(2.19)
IT	0.32	Brazil	0.62	Zambia	(0.98)
Utilities	0.20	Greece	0.46	Nigeria	(0.55)
Telecoms	0.12	Malaysia	0.41	Taiwan	(0.44)
Consumer Staples	(0.32)				
Energy	(0.58)				
Industrials	(0.63)				
Materials	(1.01)				
Financials	(2.46)				

Source: FactSet

India and China dominated the Fund's trading activity over the period. Many holdings in the former performed strongly, allowing us to take profits, while the extreme market volatility in the latter provided opportunities to both buy and sell positions. In India there were significant reductions to Kotak Mahindra Bank, Sun Pharmaceutical, Axis Bank and Lupin, while Shriram Transport and Maruti Suzuki exited the portfolio. New purchases in China included ICBC, one of China's 'Big Four' state-owned commercial banks, premium *baijiu* producer Kweichow Moutai and car windscreen manufacturer Fuyao Glass. Other notable additions were made to the portfolio's food and beverage stocks, including WH Group and instant noodle manufacturer Tingyi. On the sell side there were reductions to Belle, China Mengniu Dairy and China Merchants Bank, while Beijing Yanjing Brewery was sold from the portfolio.

# MANAGER'S REVIEW

CONTINUED

Away from these markets, new positions included messaging service provider Naver (South Korea), Aspen Pharmacare (South Africa), Hypermarcas (Brazil) and Caribbean telecom service provider Cable & Wireless, and there were additions to three banks, Itau Unibanco (Brazil), Credicorp (Peru) and Garanti Bank (Turkey). Further highlights on the sell side included taking sizeable profits in TSMC (Taiwan) – although it remains the largest individual holding in the Fund – and reducing the position in America Movil (Mexico) whilst Indocement (Indonesia) was sold from the portfolio.

As we have noted in previous reports, we feel an adjustment is underway as many emerging markets companies adapt to a more challenging economic environment incorporating slower growth, higher interest rates, lower commodity prices, increased competition, and a gradual decline in penetration opportunities – and ultimately therefore, for most businesses, lower profitability. Yet, valuations remain challenging in many sectors, and in aggregate emerging markets are no cheaper than they were three years ago as US dollar strength has masked the fact that in local terms companies' stock prices have still performed relatively well.

Given the uncertainty, this kind of environment should reward a focus on stock selection. While the extreme market volatility we have seen in recent months has resulted in weak relative performance in the short run, we remain confident that the Fund's holdings are companies of high quality which are likely to generate strong relative and absolute returns for shareholders over the medium and long term.

Genesis Asset Managers, LLP  
September 2015

# TWENTY LARGEST HOLDINGS

as at 30<sup>th</sup> June 2015

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<b>Genesis Indian Investment Company (India)</b>	<b>6.54%</b>
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Investment Company

An open-ended Mauritian company whose objective is to achieve capital growth over the medium to long term through investment in equities listed on the Indian stock market. It held positions in 6 stocks as at 30<sup>th</sup> June 2015.

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<b>Taiwan Semiconductor Manufacturing (Taiwan)</b>	<b>4.15%</b>
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Information Technology

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

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<b>Samsung Electronics (South Korea)</b>	<b>4.00%</b>
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Information Technology

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

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<b>SABMiller (South Africa)</b>	<b>3.83%</b>
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Consumer Staples

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

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<b>Genesis Smaller Companies SICAV (Luxembourg)</b>	<b>3.74%</b>
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Investment Company

An open-ended Luxembourg SICAV whose objective is to achieve capital growth over the medium to long term through investment in smaller emerging market companies. It held positions in 28 listed stocks as at 30<sup>th</sup> June 2015.

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<b>Anglo American (South Africa)</b>	<b>3.40%</b>
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Materials

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

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<b>Samsung Fire &amp; Marine Insurance (South Korea)</b>	<b>2.78%</b>
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Financials

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

# TWENTY LARGEST HOLDINGS

CONTINUED

<b>Novatek (Russia)</b>	<b>1.88%</b>
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Energy

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

<b>Cognizant Technology Solutions (India)</b>	<b>1.84%</b>
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Information Technology

Cognizant is a leading provider of information technology, consulting and business process outsourcing services. The company employs over 100,000 people in India and is listed on NASDAQ.

<b>Industrial &amp; Commercial Bank of China (China)</b>	<b>1.82%</b>
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Financials

Industrial and Commercial Bank of China Ltd provides a broad range of personal and corporate commercial banking services all over China. The bank's businesses include deposit, loan, credit card, fund underwriting and trust, and foreign currency settlement and trading.

<b>Anhui Conch Cement (China)</b>	<b>1.81%</b>
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Industrials

Anhui Conch Cement is the largest and most efficient cement producer in China. It has a national presence and is an industry consolidator.

<b>Itau Unibanco Holding (Brazil)</b>	<b>1.66%</b>
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Financials

Itau Unibanco Holding attracts deposits and offer retail, commercial, corporate, and private banking services. The Bank offers consumer loans, financial management, insurance, pension plans, treasury services, mortgage loans, lease financing, securities brokerage, and foreign exchange services.

<b>Shinhan Financial Group (South Korea)</b>	<b>1.63%</b>
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Financials

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

<b>First Quantum Minerals (Zambia)</b>	<b>1.58%</b>
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Materials

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

# TWENTY LARGEST HOLDINGS

CONTINUED

<b>Kotak Mahindra Bank (India)</b>	<b>1.52%</b>
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Financials

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

<b>Thai Beverage (Thailand)</b>	<b>1.43%</b>
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Consumer Staples

Thai Beverage is Thailand's largest beverage company, providing a wide range of branded beers, spirits and non-alcoholic beverages.

<b>Bidvest Group (South Africa)</b>	<b>1.42%</b>
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Industrials

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

<b>Tata Consultancy Services (India)</b>	<b>1.40%</b>
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Information Technology

Tata Consultancy Services, a division of Tata Sons Limited, is a global IT services organisation that provides a comprehensive range of IT services to its clients in diverse industries. The company, caters to finance and banking, insurance, telecommunication, transportation, retail, manufacturing, pharmaceutical and utility industries.

<b>Central Pattana (Thailand)</b>	<b>1.39%</b>
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Financials

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

<b>Tullow Oil (United Kingdom)</b>	<b>1.32%</b>
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Energy

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

## COUNTRY EXPOSURE OF THE PORTFOLIO\*

Country	June 2015 %	June 2014 %	June 2013 %
China	16.42	10.89	12.98
India	14.63	13.03	11.29
South Africa	10.59	11.35	10.89
South Korea	9.43	9.04	8.36
Brazil	5.78	6.22	5.58
Russia	5.73	6.99	7.50
Taiwan	5.35	6.98	7.20
Thailand	5.15	5.36	5.54
Mexico	3.85	4.54	5.48
Turkey	3.12	3.03	3.11
United Kingdom	2.58	2.79	2.69
Nigeria	1.86	2.25	2.23
Zambia	1.58	2.92	2.32
Peru	1.03	0.45	0.20
Saudi Arabia	1.03	1.04	0.75
Egypt	1.02	1.17	1.00
Malaysia	0.99	1.08	1.01
Philippines	0.95	0.61	0.53
Indonesia	0.72	2.06	2.09
Kenya	0.65	0.16	0.08
Mauritius	0.60	0.53	0.73
Romania	0.60	0.58	0.66
Argentina	0.58	0.62	0.59
Colombia	0.51	0.75	0.88
Hungary	0.51	0.22	1.04
Vietnam	0.41	0.29	0.32
Chile	0.33	0.65	0.72
Austria	0.32	0.42	0.43
Ghana	0.32	0.22	0.26
Poland	0.32	0.29	0.32
Senegal	0.30	0.29	0.27
Greece	0.24	0.62	0.69
Tunisia	0.21	–	–
Zimbabwe	0.17	0.20	0.35
Estonia	0.15	0.16	0.21
Ukraine	0.13	0.16	0.18
Lebanon	0.13	0.10	0.11
Morocco	0.09	–	–
Mongolia	0.08	0.04	0.13
Tanzania	0.08	0.05	0.09
Sri Lanka	0.05	0.04	0.04
Mozambique	–	0.02	0.03
Croatia	–	0.01	0.02
Jordan	–	–	0.11
Czech Republic	–	–	0.04
Botswana	–	–	0.01
Net current assets	1.41	1.78	0.94
<b>Total</b>	<b>100.00</b>	<b>100.0</b>	<b>100.0</b>

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

## SECTOR EXPOSURE OF THE PORTFOLIO\*

Industry	June 2015 %	June 2014 %	June 2013 %
Financials	30.52	29.03	26.99
Consumer Staples	19.18	16.21	15.67
Information Technology	16.28	16.21	16.51
Materials	12.49	14.83	13.41
Health Care	4.77	4.62	3.93
Energy	4.71	6.10	7.17
Industrials	3.42	3.91	4.62
Consumer Discretionary	3.09	3.10	3.13
Telecommunications	2.18	2.50	4.54
Investment Companies	1.55	1.47	1.75
Utilities	0.40	0.24	1.34
Net current assets	1.41	1.78	0.94
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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

# THE PORTFOLIO

as at 30<sup>th</sup> June 2015

	Fair Value \$'000	Proportion of Fund (%)
<b>ARGENTINA (2014 – 0.39%)</b>		
Ternium ADR	3,627	0.30
<b>AUSTRIA (2014 – 0.42%)</b>		
Vienna Insurance Group	3,849	0.32
<b>BRAZIL (2014 – 5.95%)</b>		
Banco Santander Brasil ADR	7,646	0.63
BTG Pactual (Preferred)	6,819	0.56
CCR	2,609	0.22
Gerdau	132	0.01
Gerdau ADR	876	0.07
Gerdau (Preferred)	380	0.03
Grupo Pão de Açúcar ADR	1,315	0.11
Grupo Pão de Açúcar (Preferred)	6,590	0.54
Hypermarcas	3,249	0.27
Itaú Unibanco Holding ADR	7,449	0.61
Itaú Unibanco Holding (Preferred)	4,700	0.39
Itaúsa Investimentos Itaú (Preferred)	8,028	0.66
Linx	2,156	0.18
OdontoPrev	1,262	0.10
Rumo Logística	2,231	0.18
TOTVS	1,288	0.11
Tractebel Energia	4,905	0.41
Ultrapar Participações ADR	802	0.07
Ultrapar Participações (Preferred)	5,245	0.43
	<b>67,682</b>	<b>5.58</b>
<b>CHILE (2014 – 0.35%)</b>		
Embotelladora Andina 'A' ADR	177	0.01
Embotelladora Andina 'A' (Preferred)	1,404	0.12
Embotelladora Andina 'B' ADR	39	0.00
Embotelladora Andina 'B' (Preferred)	2,421	0.20
	<b>4,041</b>	<b>0.33</b>



# THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
<b>CHINA (2014 – 10.83%)</b>		
AAC Technologies Holdings	6,424	0.53
AIA Group	8,478	0.70
Alibaba Group ADR	3,191	0.26
Anhui Conch Cement 'A'	9,155	0.75
Anhui Conch Cement 'H'	12,854	1.06
ASM Pacific Technology	9,755	0.80
Belle International Holdings	2,725	0.22
China Foods	1,937	0.16
China Mengniu Dairy	10,036	0.83
China Merchants Bank	11,392	0.94
China Mobile	7,825	0.65
China Overseas Land & Investment	12,252	1.01
China Resources Enterprise	7,248	0.60
Fuyao Glass	3,154	0.26
Gree Electrical 'A'	9,914	0.82
Industrial & Commercial Bank of China	22,093	1.82
Jiangsu Yanghe Brewery 'A'	5,740	0.47
Kweichow Moutai 'A'	10,000	0.82
Li Ning	1,936	0.16
Longfor Properties	6,724	0.55
Mindray Medical ADR	3,773	0.31
Qinhuangdao Port	1,437	0.12
Tingyi	12,929	1.07
Tsingtao Brewery	5,790	0.48
West China Cement	1,334	0.11
WH Group	9,432	0.78
Wumart Stores	1,711	0.14
	<b>199,239</b>	<b>16.42</b>
<b>COLOMBIA (2014 – 0.75%)</b>		
Bancolombia	3,903	0.32
Bancolombia ADR	1,886	0.16
Bancolombia (Preferred)	505	0.04
	<b>6,294</b>	<b>0.52</b>
<b>EGYPT (2014 – 0.96%)</b>		
OCI	8,676	0.72
Orascom Construction	1,363	0.11
	<b>10,039</b>	<b>0.83</b>

# THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
<b>GHANA (2014 – 0.16%)</b>		
Kosmos Energy	3,502	0.29
<b>GREECE (2014 – 0.62%)</b>		
OPAP	3,047	0.25
<b>HUNGARY (2014 – 0.22%)</b>		
OTP Bank	6,129	0.50
<b>INDIA (2014 – 13.03%)</b>		
Ambuja Cements	4,742	0.39
Axis Bank	11,883	0.98
Cognizant Technology Solutions	22,298	1.84
Dabur India	618	0.05
Genesis Indian Investment Company*^	79,360	6.54
Hero Motocorp	6,448	0.53
Infosys	6,551	0.54
Infosys ADR	5,314	0.44
Kotak Mahindra Bank	18,452	1.52
Lupin	4,941	0.40
Tata Consultancy Services	16,960	1.40
	<b>177,567</b>	<b>14.63</b>
<b>INDONESIA (2014 – 1.71%)</b>		
Bank Tabungan Peniunan	573	0.05
Ramayana Lestari Sentosa	989	0.08
Semen Indonesia Persero	4,605	0.38
	<b>6,167</b>	<b>0.51</b>
<b>KENYA (2014 – 0.00%)</b>		
Equity Group Holdings	4,051	0.33
Safaricom	681	0.06
	<b>4,732</b>	<b>0.39</b>
<b>LUXEMBOURG (2014 – 4.45%)</b>		
Genesis Smaller Companies SICAV*^	45,378	3.74
<b>MALAYSIA (2014 – 1.08%)</b>		
7 Eleven Malaysia Holdings	1,353	0.11
CIMB Group Holdings	7,384	0.61
Lafarge Malayan Cement	1,319	0.11
Westports Holdings	1,966	0.16
	<b>12,022</b>	<b>0.99</b>

# THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
<b>MAURITIUS (2014 – 0.53%)</b>		
ECP Africa Fund II*†	7,254	0.60
<b>MEXICO (2014 – 3.96%)</b>		
América Móvil ADR Series L	8,522	0.70
Corp Moctezuma	3,422	0.28
First Cash Financial Services	4,066	0.34
Genomma Lab Internacional – B	530	0.04
Genera	140	0.01
Grupo Financiero Banorte	14,665	1.21
Grupo Financiero Inbursa	5,026	0.42
Megacable Holdings	6,111	0.50
Torex Gold Resources	1,503	0.13
	<b>43,985</b>	<b>3.63</b>
<b>MONGOLIA (2014 – 0.04%)</b>		
Mongolian Mining	1,005	0.08
<b>MOROCCO (2014 – 0.00%)</b>		
Attijariwafa Bank	1,087	0.09
<b>NIGERIA (2014 – 2.25%)</b>		
First City Monument Bank	1,082	0.09
Guaranty Trust Bank	7,178	0.59
Guaranty Trust Bank GDR	4,415	0.36
Nestle Nigeria	1,885	0.16
Nigerian Breweries	7,019	0.58
United Bank for Africa	980	0.08
	<b>22,559</b>	<b>1.86</b>
<b>PERU (2014 – 0.25%)</b>		
Credicorp	11,419	0.94
<b>PHILIPPINES (2014 – 0.00%)</b>		
Bank of Philippine Islands	2,788	0.23
International Container Terminal Services	241	0.02
	<b>3,029</b>	<b>0.25</b>
<b>POLAND (2014 – 0.29%)</b>		
Alior Bank	3,874	0.32
<b>ROMANIA (2014 – 0.58%)</b>		
NCH Balkan Fund*†	7,235	0.60

# THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
<b>RUSSIA (2014 – 6.87%)</b>		
Alrosa	10,421	0.86
Eurasia Drilling GDR Reg S	3,851	0.32
FESCO	549	0.04
Global Ports Investments GDR Reg S	1,277	0.10
LSR Group	231	0.02
LSR Group GDR	1,420	0.12
Moscow Exchange	1,989	0.16
Novatek GDR Reg S	22,847	1.88
Novolipetsk Steel GDR Reg S	3,147	0.26
O'Key Group GDR Reg S	137	0.01
QIWI ADR	1,419	0.12
Raspadskaya	825	0.07
Sberbank	11,421	0.94
X5 Retail Group GDR Reg S	9,077	0.75
	68,611	5.65
<b>SAUDI ARABIA (2014 – 1.04%)</b>		
Almarai – Deutsche Bank Participatory note maturing 13 <sup>th</sup> September 2016	1,779	0.15
Almarai – HSBC Bank Participatory note maturing 31 <sup>st</sup> July 2017	7,930	0.65
Saudi British Bank – HSBC Bank Participatory note maturing 22 <sup>nd</sup> January 2018	2,727	0.22
	12,436	1.02
<b>SOUTH AFRICA (2014 – 11.19%)</b>		
Anglo American	26,587	2.19
Anglo American (London Listing)	14,713	1.21
Aspen Pharmacare	1,832	0.15
Bidvest Group	17,285	1.42
Capevin Holdings	306	0.03
Capitec Bank	3,805	0.31
Discovery	3,365	0.28
Distell Group	130	0.01
Pick 'n' Pay Holdings	347	0.03
Pick 'n' Pay Stores	4,274	0.35
Platinum Group Metals	190	0.02
SABMiller	36,954	3.05
SABMiller (London Listing)	9,496	0.78
Standard Bank	7,364	0.61
	126,648	10.44

# THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
<b>SOUTH KOREA (2014 – 8.92%)</b>		
E-Mart	3,874	0.32
Naver Corp	5,865	0.48
Samsung Electronics (Ordinary)	29,301	2.41
Samsung Electronics (Preferred)	19,306	1.59
Samsung Fire & Marine Insurance	33,706	2.78
Shinhan Financial Group	19,729	1.63
	111,781	9.21
<b>TAIWAN (2014 – 6.98%)</b>		
MediaTek	14,564	1.20
Taiwan Semiconductor Manufacturing	50,350	4.15
	64,914	5.35
<b>THAILAND (2014 – 5.36%)</b>		
Big C Supercenter (Foreign)	5,398	0.44
Big C Supercenter NVDR	2,998	0.25
Central Pattana (Foreign)	16,917	1.39
Kasikorn Bank (Foreign)	1,344	0.11
Kasikorn Bank NVDR	9,045	0.74
Robinsons Department Store (Foreign)	3,018	0.25
Siam Commercial Bank (Foreign)	1,274	0.11
Thai Beverage	17,355	1.43
TMB Bank (Foreign)	5,066	0.42
	62,415	5.14
<b>TUNISIA (2014 – 0.00%)</b>		
Societe de Fabrication des Boissons de Tunisie	2,569	0.21
<b>TURKEY (2014 – 2.76%)</b>		
Akfen Holdings	1,576	0.13
Anadolu Efes Biracilik	9,334	0.77
Turkiye Garanti Bankasi	15,090	1.25
Ulker Biskuvi Sanayi	3,639	0.30
Yapi ve Kredi Bankasi	5,625	0.46
	35,264	2.91
<b>UKRAINE (2014 – 0.07%)</b>		
Ukraine Opportunity <sup>†</sup>	550	0.05

# THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
<hr/>		
<b>UNITED KINGDOM (2014 – 2.79%)</b>		
Cable & Wireless	2,305	0.19
Coca-Cola Hellenic Bottling	13,000	1.07
Tullow Oil	16,040	1.32
	<hr/>	<hr/>
	31,345	2.58
<hr/>		
<b>VIETNAM (2014 – 0.29%)</b>		
Mekong Enterprise Fund II*†	3,721	0.31
<hr/>		
<b>ZAMBIA (2014 – 2.92%)</b>		
First Quantum Minerals	19,155	1.58
<hr/>		
<b>ZIMBABWE (2014 – 0.20%)</b>		
Delta Corp	2,093	0.17
<hr/>		
<b>TOTAL INVESTMENTS</b>	<b>1,196,264</b>	<b>98.59</b>
<b>Net current assets</b>	<b>17,050</b>	<b>1.41</b>
<hr/>		
<b>TOTAL NET ASSETS</b>	<b>1,213,314</b>	<b>100.00</b>
<hr/> <hr/>		

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

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

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

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

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

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

NVDR Non-Voting Depositary Receipt.

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

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF GENESIS EMERGING MARKETS FUND LIMITED

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Genesis Emerging Markets Fund Limited ('the Fund') which comprise the Statement of Financial Position as of 30<sup>th</sup> June 2015 and the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Directors' Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 30<sup>th</sup> June 2015, and of its financial performance and of its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

### **Report on other Legal and Regulatory Requirements**

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

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

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

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

**Matters on which we are required to report by exception**

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

- the Directors' statement set out on page 20 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Fund's compliance with the ten provisions of the UK Corporate Governance Code specified for our review.

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

28<sup>th</sup> September 2015



# STATEMENT OF FINANCIAL POSITION

AS AT 30<sup>TH</sup> JUNE 2015

<i>Note</i>	2015 \$'000	2014 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
2(b), 10	1,196,264	1,310,219
2(g)	231	7,637
2(d)	4,170	1,426
	208	167
2(f)	23,729	17,416
	<b>1,224,602</b>	<b>1,336,865</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
2(j)	217	267
2(g)	8,992	265
7	2,079	2,314
	<b>11,288</b>	<b>2,846</b>
	<b>1,213,314</b>	<b>1,334,019</b>
<b>EQUITY</b>		
4	134,349	134,349
6	1,045,055	1,169,925
	33,910	29,745
	<b>1,213,314</b>	<b>1,334,019</b>
<b>NET ASSET VALUE PER PARTICIPATING PREFERENCE SHARE*</b>		
	<b>\$8.99</b>	<b>\$9.88</b>

\* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2014: 134,963,060).

Signed on behalf of the Board of  
Genesis Emerging Markets Fund Limited  
Coen Teulings  
Saffet Karpat  
25<sup>th</sup> September 2015

The notes on pages 43 to 64 form part of these financial statements

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2015

<i>Note</i>	<b>2015</b> <b>\$'000</b>	2014 \$'000
	<u>                    </u>	<u>                    </u>
	INCOME	
2(b),10	Net change in financial assets at fair value through profit or loss	(126,208)      187,622
2 (c)	Net exchange gains	1,338      135
2 (d)	Dividend income	28,426      25,201
	Miscellaneous income	3      7
	<u>                    </u>	<u>                    </u>
	<b>(96,441)</b>	<b>212,965</b>
	EXPENSES	
9(a)	Management fees	(17,442)      (18,440)
9(c)	Custodian fees	(924)      (1,008)
II	Transaction costs	(1,836)      (1,455)
9(d)	Directors' fees and expenses	(570)      (523)
9(b)	Administration fees	(289)      (298)
	Audit fees	(81)      (100)
	Other expenses	(206)      (151)
	<u>                    </u>	<u>                    </u>
	<b>(21,348)</b>	<b>(21,975)</b>
	<u>                    </u>	<u>                    </u>
	<b>(117,789)</b>	<b>190,990</b>
	OPERATING (LOSS)/PROFIT	
2(j),8	Capital gains tax	50      (20)
2(j),8	Withholding taxes	(2,966)      (2,256)
	<u>                    </u>	<u>                    </u>
	<b>(2,916)</b>	<b>(2,276)</b>
	(LOSS)/PROFIT AFTER TAX FOR THE YEAR ATTRIBUTABLE TO PARTICIPATING PREFERENCE SHARES	
	<u>                    </u>	<u>                    </u>
	<b>(120,705)</b>	<b>188,714</b>
	<u>                    </u>	<u>                    </u>
	Other Comprehensive Income	–      –
	<u>                    </u>	<u>                    </u>
	<b>(120,705)</b>	<b>188,714</b>
	TOTAL COMPREHENSIVE (LOSS)/INCOME	
	<u>                    </u>	<u>                    </u>
	<b>(120,705)</b>	<b>188,714</b>
	(LOSS)/EARNINGS PER PARTICIPATING PREFERENCE SHARE*	
5	<u>                    </u>	<u>                    </u>
	<b>\$(0.89)</b>	<b>\$1.40</b>

\* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2014: 134,963,060).

The notes on pages 43 to 64 form part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2015

	2015			
	Share Premium \$'000	Capital Reserve \$'000	Revenue Account \$'000	Total \$'000
Balance at the beginning of the year	134,349	1,169,925	29,745	1,334,019
Total Comprehensive Income	–	–	(120,705)	(120,705)
Transfer from Capital Reserves	–	(124,870)	124,870	–
Balance at the end of the year	134,349	1,045,055	33,910	1,213,314

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

The notes on pages 43 to 64 form part of these financial statements

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2015

	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
OPERATING ACTIVITIES		
Dividends received	25,685	25,627
Taxation paid	(2,966)	(2,256)
Purchase of investments	(268,571)	(227,103)
Proceeds from sale of investments	272,451	233,365
Operating expenses paid	(21,624)	(21,741)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>4,975</u>	<u>7,892</u>
Effect of exchange gains on cash and cash equivalents	<u>1,338</u>	<u>135</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,313	8,027
Net cash and cash equivalents at the beginning of the year	<u>17,416</u>	<u>9,389</u>
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>23,729</u></u>	<u><u>17,416</u></u>
Comprising:		
Cash and cash equivalents	<u><u>23,729</u></u>	<u><u>17,416</u></u>

The notes on pages 43 to 64 form part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2015

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

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

2. SUMMARY OF  
SIGNIFICANT  
ACCOUNTING  
POLICIES

**(a) Basis of Preparation**

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **(a) Basis of Preparation (continued)**

*New standards, amendments and interpretations effective from 1<sup>st</sup> July 2014*

The following new standards and amendments to existing standards are relevant to the Fund's operations and are mandatory for accounting periods ending on 30<sup>th</sup> June 2015:

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

Amendments to IAS 32, 'Financial instruments: assets and liabilities offsetting' (effective 1<sup>st</sup> January 2015).

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

*New standards, amendments and interpretations issued but not yet effective*

The following standards and interpretations have been issued and are expected to be relevant to the Fund in future periods, with effective dates on or after 1<sup>st</sup> July 2015:

Amendments to IAS 27, 'Separate financial statements' (effective 1<sup>st</sup> January 2016).

Amendments to IFRS 10, IFRS 12 and IAS 28, 'Investment Entities: Applying the Consolidation Exception' (effective 1<sup>st</sup> January 2016).

Amendments to IAS 1, 'Disclosure Initiative' (effective 1<sup>st</sup> January 2016).

Amendments to IFRS 9, 'Financial Instruments' (effective 1<sup>st</sup> January 2016).

Annual improvements 2014 (effective 1<sup>st</sup> January 2016).

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

*Early adoption of standards*

The Fund did not early adopt any new or amended standards/interpretations for the year ended 30<sup>th</sup> June 2015.

### **(b) Financial Instruments**

*Classification*

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

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF  
SIGNIFICANT  
ACCOUNTING  
POLICIES  
(CONTINUED)

**(b) Financial Instruments (continued)**

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

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

*Recognition/derecognition*

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to its contractual terms.

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

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

*Measurement*

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

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

*Fair value measurement*

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

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF  
SIGNIFICANT  
ACCOUNTING  
POLICIES  
(CONTINUED)

**(b) Financial Instruments (continued)**

Securities listed on active markets are valued based on their last traded price for valuation and financial statement purposes. Positions held in affiliated investment companies, Genesis Smaller Companies SICAV (open-ended and listed but not traded) and Genesis Indian Investment Company (closed-ended and non-listed), are valued at their fair value at the reporting end date.

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **(b) Financial Instruments (continued)**

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

#### *Amortised cost measurement*

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

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

### **(c) Foreign Currency Translation**

#### *Functional and Presentation Currency*

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

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

#### *Transactions and Balances*

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

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF  
SIGNIFICANT  
ACCOUNTING  
POLICIES  
(CONTINUED)

**(d) Recognition of Dividend and Interest Income**

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

**(e) Dividend Distribution**

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

**(f) Cash and Cash Equivalents**

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

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

**(g) Due To and Due From Brokers**

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

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

**(h) Segment Reporting**

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

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF  
SIGNIFICANT  
ACCOUNTING  
POLICIES  
(CONTINUED)

**(i) Expenses**

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

**(j) Taxation**

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

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

**(k) Share Capital**

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

**(l) Purchase of Own Shares**

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

3. CRITICAL  
ACCOUNTING  
ESTIMATES AND  
ASSUMPTIONS

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

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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

(b) Issued	Number of Shares	Share Capital \$'000	Share Premium \$'000
As at 30 <sup>th</sup> June 2015	<u>134,964,060</u>	<u>–</u>	<u>134,349</u>
As at 1 <sup>st</sup> July 2014	<u>134,964,060</u>	<u>–</u>	<u>134,349</u>

**Consists of:**

Founder shares of no par value	1,000
Participating Preference Shares of no par value adjusted for purchase of own shares (note 2(1))	<u>134,963,060</u>
As at 30 <sup>th</sup> June 2015	<u><b>134,964,060</b></u>

**Share Premium**

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

**Founder Shares**

All of the Founder Shares were issued on 6<sup>th</sup> June 1989 to the Manager or its nominees. The Founder Shares were issued at \$1 each par value. The Founder Shares are not redeemable. At the Extraordinary General Meeting of the Fund on 30<sup>th</sup> 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.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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

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

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

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

## 5. EARNINGS PER SHARE

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

	2015 \$'000	2014 \$'000
(Loss)/profit after tax for the year attributable to Participating Preference Shares	(120,705)	188,714
Weighted average number of Participating Preference Shares outstanding	134,963,060	134,963,060
Basic (loss)/earnings per Participating Preference Shares – basic and diluted	<u>(\$0.89)</u>	<u>\$1.40</u>

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

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

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

6. CAPITAL RESERVE The capital reserve as at 30<sup>th</sup> June 2015 consists of the following accumulated amounts:

	2015	2014
	\$'000	\$'000
Realised gains on investments sold	908,775	857,594
Unrealised appreciation on revaluation of investments	144,078	321,467
Exchange losses	(7,771)	(9,109)
Transfer to share premium	(27)	(27)
	<u>1,045,055</u>	<u>1,169,925</u>

7. PAYABLES AND ACCRUED EXPENSES	2015	2014
	\$'000	\$'000
Management fees	1,347	1,662
Custodian fees	224	150
Directors' fees	372	331
Audit fees	48	82
Other accrued expenses	88	89
	<u>2,079</u>	<u>2,314</u>

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

Income due to the Fund is subject to withholding taxes. The Manager undertakes a biannual review of the tax situation of the Fund for both withholding taxes on dividend income and capital gains taxes on realised and unrealised capital gains.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

9. RELATED PARTIES AND OTHER MATERIAL AGREEMENTS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

**(a) Manager's remuneration and terms of appointment**

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

Under the Management Agreement, the Manager is entitled to receive a management fee from the Fund, payable monthly in arrears equal to 1.25% per annum (1.50% prior to 31<sup>st</sup> December 2014). It is calculated and accrued on the Net Asset Value of the Fund as at each weekly Valuation Day, except for investments in Investee Funds, where the Manager will absorb the expenses of the management of such funds to a maximum of 1% per annum of the value of the Fund's holding in the relevant fund at the relevant time. The two Genesis affiliated investment companies, refer to note 9(e), do not charge a separate management fee to the Manager.

**(b) Administration fees**

The Administrator is entitled to receive a fee, payable monthly, based on time incurred. Administration fees for the year were \$289,000 and charged by JP Morgan Administration Services (Guernsey) Limited (2014: \$298,000).

**(c) Custodian fee**

Under the Custodian Agreement, the Custodian to the Fund is entitled to receive a fee payable monthly, based on the Net Asset Value of the Fund. Since 1<sup>st</sup> May 2013 all custody services have been performed by JP Morgan Chase Bank.

The Fund also reimburses the charges and expenses of other organisations with whom securities are held. The total of all Custodian fees for the year represented approximately 0.07% (2014: 0.08%) per annum of the average Net Assets of the Fund.

**(d) Directors' fees and expenses**

Included in Directors' fees and expenses are Directors' fees for the year of \$352,000 (2014: \$374,000). Also included are travelling, hotel and other expenses which the Directors are entitled to when properly incurred by them in travelling to, attending and returning from meetings and while on other business of the Fund.

Directors' related party interests are stated on page I6 as part of the Directors' Report.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

9. RELATED  
PARTIES AND  
OTHER  
MATERIAL  
AGREEMENTS  
(CONTINUED)

**(e) Other group investments**

The Genesis Indian Investment Company Limited and Genesis Smaller Companies SICAV are related parties of the Fund by virtue of having a common Manager in Genesis Asset Managers, LLP. The Fund's holdings in these funds are summarised in the portfolio statement on pages 30 to 36, subscriptions and redemptions during the year under review are detailed in the table below. No dividends were received from these funds during the year (2014: nil).

There were no other transactions between the Fund and such related parties during the year except as disclosed in Notes 9 (a), (b), (c) and (d) above and there were no outstanding balances between these entities at 30<sup>th</sup> June 2015.

	2015	
	Subscriptions \$'000	Redemptions \$'000
Genesis Indian Investment Company Limited	–	7,785
Genesis Smaller Companies SICAV	241	1,346
	2014	
	Subscriptions \$'000	Redemptions \$'000
Genesis Indian Investment Company Limited	–	3,987
Genesis Smaller Companies SICAV	–	5,267

10. FINANCIAL  
ASSETS AT FAIR  
VALUE THROUGH  
PROFIT OR LOSS

	2015 \$'000	2014 \$'000
<b>Financial assets at fair value through profit or loss:</b>		
Designated at fair value through profit or loss:		
Listed equity securities	1,053,316	1,145,044
Unlisted equity securities	142,948	165,175
Total financial assets at fair value through profit or loss:	<u>1,196,264</u>	<u>1,310,219</u>
<b>Other net changes in fair value of financial assets at fair value through profit or loss:</b>		
Realised gains	51,181	37,056
Net change in unrealised appreciation	<u>(177,389)</u>	<u>150,566</u>
Net change in financial assets at fair value through profit or loss	<u>(126,208)</u>	<u>187,622</u>



# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of unobservable inputs. The following table summarises the valuation of the Fund's securities using the fair value hierarchy:

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

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

Investments in Level 2 include both P Notes and listed equity securities held via affiliated investment companies (refer page 46).

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 (no pricing on an exchange for some time). These investments are reviewed on a monthly basis by the Manager's Valuation Committee and the results reported to the Board on a regular basis. The Manager considers the appropriateness of the valuation inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
At 30 <sup>th</sup> June 2015	\$'000	\$'000	\$'000
Investment in equity securities	1,040,330	124,738	–
Participatory notes	–	12,436	–
Investee funds	–	–	18,760
	<u>1,040,330</u>	<u>137,174</u>	<u>18,760</u>

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)	At 30 <sup>th</sup> June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
	Investment in equity securities	1,131,115	145,495	–
	Participatory notes	–	13,929	–
	Investee funds	–	–	19,680
		<u>1,131,115</u>	<u>159,424</u>	<u>19,680</u>

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

	2015 \$'000	2014 \$'000
<b>Valuation basis for Investee Funds</b>		
Administrator's Net Asset value	18,210	18,559
Most recently traded price	550	981
Indicative broker quotes	–	140
	<u>18,760</u>	<u>19,680</u>

As at 30<sup>th</sup> June 2015 there were four holdings classified as Level 3 investments. Three holdings in Investee Funds were valued using the most recently available valuation statements as received from the respective general partner/manager/administrator, updated to include subsequent cash flows. The remaining holding was classified Level 3 due to low recent trading volumes. No liquidity discount was deemed necessary.

As the key input into the valuation of Level 3 investments is official valuation statements, we do not consider it appropriate to put forward a sensitivity analysis on the basis 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:

	2015 Level 3 \$'000	2014 Level 3 \$'000
Balance at 1 <sup>st</sup> July	19,680	20,376
Transfers into Level 3	–	–
Realised gain/(loss)	–	–
Net change in unrealised depreciation	(920)	(696)
Balance at 30 <sup>th</sup> June	<u>18,760</u>	<u>19,680</u>

Unrealised losses as at year end amounting to \$6,651,000 (2014: unrealised losses of \$5,275,000) 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

11. TRANSACTION COSTS	2015 \$'000	2014 \$'000
Acquiring	810	656
Disposing	1,026	799
	<u>1,836</u>	<u>1,455</u>

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

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

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

As at 30<sup>th</sup> June 2015 and 30<sup>th</sup> June 2014, the Fund has no assets classified as non-current assets. A full breakdown of the Fund's financial assets at fair value through profit and loss is shown in the Country exposure of the Fund's portfolio on page 28.

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

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

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

**(a) Market Price Risk**

Market price risk is the risk that the 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.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK  
MANAGEMENT  
(CONTINUED)

**(a) Market Price Risk (continued)**

*Market price risk exposure*

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

*Market price risk management*

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

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

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

The Fund's portfolio at the end of reporting period reflects the diversified strategy. The tables on Country Exposure of the Portfolio, Sector Exposure of the Portfolio and Composition of the Portfolio (see pages 28 to 36) illustrate the allocation of the portfolio assets according to these criteria as at 30<sup>th</sup> June 2015.

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

Given that the observed volatility of the Fund's NAV in 2015 was 10.14% (2014: 11.09%), 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:

	2015 \$'000	2014 \$'000
Financial assets at fair value through profit or loss	1,196,264	1,310,219
Net Asset Value and profit impact	121,301	145,303

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK  
MANAGEMENT  
(CONTINUED)

**(b) Foreign Currency Risk**

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

*Foreign currency risk exposure*

The following table sets out the Fund's material exposures to foreign currency risk as at 30<sup>th</sup> June 2015:

Currency	Net	Net monetary	Total foreign currency risk
	non-monetary assets and (liabilities) \$'000	assets and (liabilities) \$'000	
Brazilian real	49,595	28	49,623
Canadian dollar	20,848	–	20,848
Hong Kong dollar	158,470	1,893	160,363
Hungarian forint	6,129	–	6,129
Indian rupee	70,595	250	70,845
Indonesian rupiah	6,167	31	6,198
Korean won	111,781	17	111,798
Malaysian ringgit	12,022	244	12,266
Mexican peso	29,895	(59)	29,836
Nigerian naira	18,144	–	18,144
Singapore dollar	17,355	–	17,355
South African rand	102,249	4	102,253
Sterling	55,554	(271)	55,283
Taiwan dollar	64,914	1,290	66,204
Thailand baht	45,059	(134)	44,925
Turkish lira	35,265	–	35,265
United States dollar	318,317	15,845	334,162
Other currencies	73,905	(2,088)	71,817
	<b>1,196,264</b>	<b>17,050</b>	<b>1,213,314</b>

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK  
MANAGEMENT  
(CONTINUED)

**(b) Foreign Currency Risk (continued)**

Comparative figures as at 30<sup>th</sup> June 2014 are as follows:

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

*Foreign currency risk management*

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

The degree of sensitivity of the Fund's assets to foreign currency risk depends on the net exposure of the Fund to each specific currency and the volatility of that specific currency in the year. At 30<sup>th</sup> June 2015, had the average exchange rate of the US dollar weakened by a reasonable possible movement of 500 basis points in relation to the basket of currencies in which the Fund's net assets are denominated, weighted by the Fund's exposure to each currency with all other variables held constant, the Fund estimates net assets and the change in net assets per the Statement of Comprehensive Income would have increased by \$43,958,000 (2014: \$47,855,000).

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

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

I3. FINANCIAL RISK  
MANAGEMENT  
(CONTINUED)

**(b) Foreign Currency Risk (continued)**

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

**(c) Liquidity Risk**

*Liquidity risk exposure*

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

The liquidity risk profile of the Fund as at 30<sup>th</sup> June 2015 was as follows:

	2015	2014
	\$'000	\$'000
<b>Amounts due within one month</b>		
Amounts due to brokers	8,992	265
Payables and accrued expenses	2,079	2,314
<b>Amounts due within one year</b>		
Capital gains tax payable	217	267
Total liabilities	<u>11,288</u>	<u>2,846</u>

There were no amounts due beyond one year.

*Liquidity risk management*

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

**(d) 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.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK  
MANAGEMENT  
(CONTINUED)

**(d) Interest Rate Risk (continued)**

*Interest rate risk exposure and management*

The Fund has the ability to borrow up to 10% of the Fund's NAV in order to increase the amount of capital available for investment. The Fund aims to keep its use of an overdraft facility for trading purposes to a minimum only using a facility to enable settlements. It may also hold interest bearing securities and cash.

Interest rate movements may affect the level of income receivable on cash deposits and cash equivalents and interest payable on borrowing. However, the Fund was not leveraged in 2015 or 2014. The majority of the Fund's net financial assets were non interest bearing (98.04% on average over the 12 month period to 30<sup>th</sup> June 2015 (2014: 98.69%)). As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates other than the impact such fluctuations may have on capital returns. The Directors do not consider the exposure to interest risk as being material to the Fund.

**(e) Credit Risk**

*Credit risk exposure*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Fund. The Fund is exposed to counterparty credit risk on cash and cash equivalents and amounts due from brokers. The risk relating to unsettled transactions is considered small due to the credit quality of the custodians used by the Fund. The Manager, on behalf of the Board, regularly reviews the brokers and Custodian used by the Fund, including their internal controls, in order to mitigate these risks. The Fund has no receivables past their due dates as at 30<sup>th</sup> June 2015 (2014: nil).

*Credit risk management*

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



# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## 13. FINANCIAL RISK (e) Credit Risk (continued)

MANAGEMENT The maximum exposure to credit risk at 30<sup>th</sup> June is the carrying amount of the financial  
(CONTINUED) assets as set out below.

	2015 Amounts due within 1 year \$'000	2014 Amounts due within 1 year \$'000
Amounts due from brokers	231	7,637
Dividends receivable	4,170	1,426
Other receivable and prepayments	208	167
Cash and cash equivalents	23,729	17,416
	<u>28,338</u>	<u>26,646</u>

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

### *Credit Risk – Participatory Notes*

Investments in P Notes involve similar risks associated with a direct investment in the underlying foreign companies or foreign markets that they seek to replicate. The P Notes held by the Fund are disclosed in the Portfolio (page 34) and are provided by Deutsche Bank and HSBC which allows the Fund to trade in equity securities in Saudi Arabia. P Notes are not used for the purposes of hedging risk. Although each P Note is structured with a defined maturity date, early redemption may be possible. Other risks associated with P Notes include the possible failure of a counterparty to perform in accordance with the terms of the agreement and potential delays or an inability to redeem before maturity under certain market conditions. The Fund minimizes this risk by entering into agreements only with the counterparties that the Investment Advisor deems credit worthy. Standard and Poor's long-term credit ratings for Deutsche Bank and HSBC are A and AA- respectively. The secondary markets on which the P notes are traded may be less liquid than the markets for other securities, due to liquidity and transfer restrictions.

### (f) Capital Risk Management

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

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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

# ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE DISCLOSURE

AIFMD requires certain disclosures on the remuneration of the Manager to assist the understanding of the risk profile of the Fund.

The Manager's primary aim is to achieve excellent investment returns for its clients and it 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. The Manager 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.

The Manager's remuneration philosophy remains 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. The Manager'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.

The Manager's remuneration arrangements need to promote effective risk management and be consistent with its risk profile, risk structure and risk strategy. The Manager achieves this through remuneration frameworks for its Partners, Non-Executive Operating Committee Members and Staff and the oversight of those frameworks by those charged with their governance.

The Manager's remuneration policy is available on request to investors in the Fund and the Manager's contact details are shown on the Administration page at the back of the Annual Report.

# PERFORMANCE RECORD

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

# PERFORMANCE RECORD

CONTINUED

Date	Fund NAV (\$)	FX Rate	Fund NAV (£)	MSCI EM (TR) (\$)	MSCI EM (TR) (£)	Percentage increase from 6 <sup>th</sup> July 1989	Percentage increase from 30 <sup>th</sup> June 1989
						Fund NAV (£)	MSCI EM (TR) (£)
30.06.08	7.40	1.99	3.72	1,823.79	916.43	1,053.17	716.80
31.12.08	3.97	1.44	2.76	966.34	672.10	755.31	499.03
30.06.09	5.47	1.65	3.32	1,316.39	799.36	928.94	612.46
31.12.09	7.40	1.62	4.57	1,729.96	1,070.52	1,318.22	854.14
30.06.10	7.26	1.50	4.85	1,625.46	1,085.95	1,403.59	867.90
31.12.10	9.12	1.56	5.84	2,062.04	1,320.72	1,710.43	1,077.14
31.03.11	8.97	1.60	5.71	2,105.28	1,311.62	1,669.95	1,069.03
30.06.11	9.20	1.61	5.73	2,083.30	1,297.12	1,675.77	1,056.11
30.09.11	7.34	1.56	4.69	1,615.42	1,033.27	1,354.64	820.94
30.12.11	7.64	1.56	4.91	1,687.30	1,084.10	1,421.11	866.25
30.03.12	8.65	1.60	5.40	1,925.64	1,204.33	1,576.88	973.41
29.06.12	8.06	1.57	5.14	1,756.77	1,119.89	1,492.04	898.14
28.09.12	8.70	1.61	5.40	1,895.32	1,175.54	1,572.48	947.74
31.12.12	9.15	1.62	5.65	2,001.60	1,231.60	1,645.11	997.71
29.03.13	9.16	1.52	6.04	1,965.85	1,295.71	1,772.37	1,054.85
30.06.13	8.51	1.52	5.61	1,813.50	1,195.69	1,640.05	965.70
28.09.13	8.99	1.62	5.55	1,920.46	1,185.91	1,621.52	956.99
31.12.13	9.16	1.66	5.53	1,956.22	1,181.12	1,615.08	952.71
31.03.14	9.17	1.67	5.50	1,949.08	1,169.11	1,604.32	942.01
30.06.14	9.88	1.71	5.78	2,079.79	1,216.36	1,691.92	984.12
30.09.14	9.45	1.62	5.83	2,009.95	1,239.83	1,707.46	1,005.04
31.12.14	8.98	1.56	5.76	1,920.69	1,231.81	1,684.36	997.89
31.03.15	8.96	1.48	6.03	1,964.49	1,323.34	1,771.63	1,079.47
30.06.15	8.99	1.57	5.71	1,980.54	1,259.32	1,671.85	1,022.42

The \$ and £ NAV figures have been adjusted to reflect the one-for-one capitalisation issue made in September 1993.  
The \$ and £ NAV figures have been adjusted to reflect the ten-for-one share split in November 2009.  
NAV figures are based on the last traded price for investments.

# ADMINISTRATION

## REGISTERED OFFICE

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

## WEBSITE

[www.giml.co.uk](http://www.giml.co.uk)

## MANAGER

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

## CUSTODIAN

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

## INVESTMENT ADVISER

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

## ADMINISTRATOR AND COMPANY SECRETARY

JP Morgan Administration Services (Guernsey) Limited  
1<sup>st</sup> Floor, Les Echelons Court, Les Echelons, South Esplanade  
St. Peter Port, Guernsey GY1 6JB, Channel Islands

## REGISTRAR AND TRANSFER AGENT

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

## STOCKBROKERS

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

## Smith & Williamson Securities

25 Moorgate, London EC2R 6AY, United Kingdom

## INDEPENDENT AUDITORS

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

## LEGAL ADVISERS

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

# NOTICE OF MEETING

Notice is hereby given of the twenty sixth Annual General Meeting of the Shareholders of the Company which is to be held at the Company's registered office at 1<sup>st</sup> Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey GY1 6JB, Channel Islands on 29<sup>th</sup> October 2015 at 10 a.m. for the following purposes:

## AGENDA

### ORDINARY RESOLUTIONS

1

To receive the Report of the Directors and audited Financial Statements for the year ended 30<sup>th</sup> June 2015;

2

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

3

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

4

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

5

To elect Russell Edey as a Director of the Company;

6

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

7

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

8

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

9

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

None of the Directors have a service contract.

# NOTICE OF MEETING

CONTINUED

## SPECIAL RESOLUTION

10

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

THAT

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

- (i) the maximum number of Participating Preference Shares hereby authorised to be purchased shall be 20,200,000;
- (ii) the maximum price which may be paid for a Participating Preference Share is an amount equal to 105% of the average of the middle market quotations for a Participating Preference Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Participating Preference Share is purchased;
- (iii) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2016 unless such authority is renewed prior to such time; and
- (iv) the Company may make a contract to purchase Participating Preference Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Participating Preference Shares pursuant to any such contract.





GENESIS EMERGING MARKETS FUND LIMITED

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