FIDELITY EMERGING MARKETS LIMITED

Final Results for the year ended 30 June 2024

Financial Highlights:

- During the twelve-month period ended 30 June 2024, Fidelity Emerging Markets Limited reported a Net Asset Value (NAV) return of +18.7% and ordinary share price total return of +22.6%.
- The benchmark index, the MSCI Emerging Markets Index, produced a total return of +13.2% over the same timeframe.
- The company's extensive 'toolkit' contributed positively to performance including mid-cap exposure and the short book.
- Long positions in the financials and information technology sectors also stood out.
- The Board has announced a final dividend of $0.20 Participating Preference Share.

Contacts

For further information, please contact:

Nira Mistry
Company Secretary
07778 345 517
FIL Investments International

Chairman's Statement

I am pleased to present your Company's 35th annual report, covering a year in which Fidelity Emerging Markets Limited ('the Company') performed strongly, both in absolute terms and relative to the Company's benchmark, the MSCI Emerging Markets Total Return Index ('the Index'). With the Company's portfolio now having been managed by Fidelity for approaching three years, it is particularly pleasing to observe that the extended investment toolkit available to the investment management team is having an appreciable impact, and we are beginning to show a clean pair of heels to the competition with this notably differentiated product.

Overview

During the 12-month period to 30 June 2024, the Company's NAV increased by 18.7% in GBP terms, compared with a gain of 13.2% in the benchmark. The share price advanced by 22.6%, with the discount to NAV narrowing from 14.6% at the beginning of the period to 11.9% at year-end (all performance figures stated on a total return basis). Having underperformed the Index somewhat in NAV terms in the first half of the financial year (with a total return of +3.2% versus +4.4% for the Index), the full-year NAV total return outperformance of 5.5 percentage points speaks to a particularly strong outcome in the second half of the period.

Thus, after a difficult year in 2022, when the Company's performance was negatively affected by Russia's invasion of Ukraine, and then a period of consolidation in 2023, it is encouraging to see in 2024 that the investment process – one which has delivered notably positive results since 2011 in the strategy's open-ended vehicle, the FAST Emerging Markets Fund – is now firing again on all cylinders and driving strong NAV performance.

You will find more detail on the contributors to absolute and relative performance in the Portfolio Managers' Review on the following pages. However, your Board is pleased to note the positive impact of stock selection – which drove the majority of the outperformance – as well as the significant value delivered by the enhanced investment toolkit. Stock selection – rather than investing by country or sector – is at the heart of your Company's investment strategy, facilitated by Fidelity's large and experienced team of portfolio managers and analysts, whose location in the markets they cover gives them a key advantage in terms of information and access to company managements. Their deep understanding of their investment universe is also what drives the ability to identify successful short as well as long positions.

At Board level, your Directors and I continue to work hard to support the share price, both through capital management initiatives and by promoting the Company to current and potential investors. I am pleased to note the proactive efforts of the investment manager in raising the Company's profile through events, presentations, and meetings with stakeholders, combined with regular advertising and content placement on many of the UK's leading investment websites and in key printed media to reach the broadest possible audience, both professional and retail. These efforts continue apace and are helping build investor conviction in the investment thesis, as well as contributing towards a positive perception of the Company's Portfolio Managers as thought leaders in emerging markets.

A key attraction for fee-conscious investors remains our low ongoing charges ratio of 0.81% (FY23: 0.81%), underpinned by a very competitive management fee that your Board believes offers great value for a truly actively managed emerging markets portfolio with a full set of investment tools at the managers' disposal.

Outlook

Although US financial markets have continued to suck liquidity from the rest of the world, your Portfolio Managers are positive on the outlook for emerging markets in the coming year and well beyond. Emerging market central banks have been ahead of the curve in raising interest rates, inflation is generally well controlled, and they have significant policy headroom as the US Federal Reserve continues to ease, which should be beneficial for emerging market equities. Moreover, while much of the US stock market performance has been driven by multiple expansion, emerging market equities remain very attractively valued on a relative basis.

With artificial intelligence (AI) stocks having dominated the investment headlines from the US, it is important to remember the role that emerging market companies, such as Taiwanese semiconductor makers and Korean memory suppliers, play in the AI value chain. Emerging markets are also among the largest producers of essential commodities such as copper and lithium, all of which are fundamental to the build-out of AI and low-carbon infrastructure.

Often the best investment opportunities can be found in smaller and medium-sized companies with a longer runway for growth. However, in far-flung emerging markets, these can be very hard for individual investors to identify. Your Board and I believe that one of the Company's major advantages is having a large team with 'boots on the ground', employing huge amounts of time and effort in finding the best mid-sized and smaller companies that can contribute to performance over many years. The permanent capital structure of the Company provides the freedom to invest for the long term in stocks that may not yet be widely known.

Board composition

As reported at the half-year stage, Julian Healy, Chairman of the Audit and Risk Committee, stepped down from the Board for personal reasons following the AGM in December. On 17 January we announced the appointment of Mark Little. Mark – a qualified Chartered Accountant with extensive financial services experience and a successful track record as an investment company director – has replaced Julian both as a Director and as Chairman of the Audit and Risk Committee, and will stand for election at the next AGM in December 2024. There have been no further Board changes in the period under review, and with none of the Directors yet approaching nine years' tenure, we do not foresee any in the immediate future. We thank Julian for his service, and with Mark's appointment we feel the board continues to have a strong diversity of background, specialist knowledge and competency.

Due diligence trip

In September 2023, the Board was fortunate to have the opportunity to visit Fidelity's team in the Middle East. We travelled to Saudi Arabia, Abu Dhabi and Dubai, following an investment team led schedule and observing the team at work, which was very helpful to our understanding of the investment opportunities in the region. The Middle East is not currently a large part of the portfolio, but it has contributed positively to performance, notably Saudi Arabian water utility Alkhorayef Water & Power Technologies was amongst the top ten contributors to performance this year and the region has the potential to play a greater role in the future.

Discount management

As noted above, during the year the discount to NAV narrowed somewhat, from 14.6% to 11.9% in what was a challenging year for the broader London listed closed end fund sector. The Company completed a tender offer in March 2024, which saw 13,531,881 shares (14.99% of the shares in issue) repurchased at a 2% discount to NAV, and we also bought back shares in the market, with an additional 2.9m shares repurchased (FY23: nil). Since year-end, we have repurchased an additional 2.8m shares (3.7% of shares in issue), and at 2 October 2024 (the latest practicable date), the discount to NAV stood at 12.2%. At the AGM in December 2024 we will seek to renew the existing annual authority to repurchase up to 14.99% of our Participating Preference Shares.

I would also remind readers that the Company has committed to undertake a further tender for up to 25% of its then shares in issue (excluding any shares held in treasury) should its NAV total return fail to exceed the benchmark over the five years ending on 30 September 2026.

While buybacks are NAV-accretive for existing shareholders, share repurchases on their own do not narrow discounts, and as such we continue to work to ensure that potential and existing investors fully understand the Company's story and the enhanced investment toolkit available to the managers, whose performance is beginning to speak for itself.

Dividend

Your Board does not task the Portfolio Managers with finding yield. However, some dividend income naturally arises, and after accounting for costs charged to the revenue account, the majority of this is paid out to our shareholders in the form of dividends.

A resolution to declare a final dividend of $0.20 per share (2023: $0.19) will be proposed at the AGM of the shareholders of the Company that will be held on 10 December 2024. Subject to shareholder approval, the final dividend will be paid on 13 December 2024 to shareholders on the Register of Members on 15 November 2024. The ex-dividend date is 14 November 2024.

AGM

This year's AGM will be held on Tuesday, 10 December 2024 at 11.00 a.m. at the registered office of the Company, Level 3, Mill Court La Charroterie, St Peter Port, Guernsey GY1 1EJ. Notice of the AGM, containing full details of the business to be conducted at the meeting, is set out in the Annual Report. Your attention is also drawn to the Corporate Governance section of the Directors' Report in the Annual Report where resolutions relating to special business are explained.

Electronic proxy voting is now available and shareholders are encouraged to submit voting instructions using the web based voting facility at www.eproxyappointment.com and for institutional shareholders via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 11.00 a.m. on 8 December 2024. In order to use electronic proxy voting, shareholders will require their shareholder registration number, control number and pin. If you do not have access to these details please contact the Company's Registrar, Computershare, their contact details can be found in the Annual Report.

Heather Manners

Chairman

8 October 2024

Portfolio Managers' Review

Question

How has Fidelity Emerging Markets Limited performed in the financial year to 30 June 2024?

Answer

The twelve months to the end of June was a period of strong performance for the Company. Markets were volatile as they reacted to developments in China and signals from the Federal Reserve about the pace of interest rate cuts. Another key driver for markets was the incredibly strong performance of AI-related stocks, not only in the US, but across the emerging market universe, too. Against this backdrop, emerging markets rallied over the period but underperformed developed markets such as the US. Over the year, the portfolio gained on an absolute basis and the Company delivered an NAV total return of 18.7% in sterling terms, outperforming the benchmark, which returned 13.2%.

Question

What were the main contributors to the outperformance during the year and why?

Answer

The Company's extensive 'toolkit' added significant value over the year. When managing the portfolio, we draw on a broad range of 'tools', namely the ability to adjust the level of gross exposure via gearing, to invest in mid-cap companies, take out short positions, and use options. It is pleasing to see that many of these tools, including the mid-cap exposure and the short book, added substantial value over the past year. While yield enhancement (or the options book) detracted, this is a function of it being a hedging tool, which means it detracts when performance is strong.

The short book in particular generated very positive performance. We take out short positions in businesses that are in structural or cyclical decline, and that have a number of red flags around aspects like their balance sheet structure, cash conversion, or related party/management conflicts of interest. Over the year there were two short positions in the top ten contributors to relative returns, a notable achievement given that we limit the size of short positions to c.100bps. The top performer in the short book was a declining Asian utility that is unsuccessfully pivoting into unrelated business areas, and which saw its share price halve during June, following poor earnings and after the major shareholder faced margin calls.

Looking to the rest of the portfolio, several holdings in the financials sector stand out. These included high-conviction positions like Brazilian digital challenger bank Nu Holdings, and Kazakhstan's e-commerce and payments platform Kaspi. Another contributor was Russia's TCS Group[1], a provider of online financial services, which we disposed of after identifying a liquidity opportunity. The Company's holdings in Russian securities have been fair valued at nil since the first quarter of 2022. Within information technology, Taiwanese semiconductor foundry business TSMC performed well given the growing tailwind from AI-related demand.

The Chinese consumer names held in the portfolio were the main headwind to performance. The portfolio had a marginal underweight exposure to China and Hong Kong combined at the end of June, but the Hong Kong listed names held such as sportwear company Li Ning and insurance company AIA lagged the domestic A-share market. A feature of 2023 was the significant underperformance of Hong Kong listed H-shares as foreign investors exited the market, although this started to reverse over the first half of 2024 as sentiment began to improve.

Overall, it was a strong period for the Company, which benefited from broad-based performance drivers and where the extensive toolkit added notable value.

Question

The Company is unique in its peer group given its ability to use both long and short positions. How did you exploit that flexibility over the past year?

Answer

One of the additional tools the Company has at its disposal is the ability to take out short positions. This allows us to profit not only from the winning businesses in each industry, but also from the losers.

An example of a now-closed short position that worked well for us is Microvast, a battery maker using antiquated, obsolete technology. We thought that Microvast also had a questionable order book and a stretched balance sheet. The company's share price fell significantly, and we exited the position at a profit earlier this year.

Other high-conviction short positions include several current holdings in Chinese EV makers (disclosure rules mean we are unable to name open short positions). These companies operate in an industry that suffers from high competitive intensity and overcapacity, while at a fundamental level these businesses also have undifferentiated products, high cash burn, and significant debt on their balance sheets.

Top 5 Positions

As at 30 June 2024	Country	Sector	Portfolio (%)	Index Weight (%)	Relative (%)
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	11.6	9.7	1.8
Naspers	South Africa	Consumer Discretionary	5.4	0.5	5.0
Kaspi.KZ	Kazakhstan	Financials	5.4	0.0	5.4
Samsung Electronics	South Korea	Information Technology	5.1	4.2	0.8
Nu Holdings	Brazil	Financials	4.6	0.0	4.6

1 Fidelity investment, trading and operational teams actively monitor developments, which can result in the identification of liquidity opportunities. Importantly, any pre-trade assessment ensures that activities do not contravene international sanctions. Prudent assessment of counterparties and all aspects of trade settlement arrangements are scrutinised and carefully managed in the best interests of clients. The decision to trade TCS was based on our assessment that a fair exit multiple was achievable.

Question

What were some of the major changes you made to the portfolio during the year and what drove those?

Answer

Over the twelve months to the end of June we focused on adjusting the portfolio's China/Hong Kong exposure. Something we pay very close attention to is the extent of negative sentiment towards China and the potential for a rebound, which we did indeed see following the end of the review period, when China announced meaningful stimulus measures in September. While the Chinese market faces structural issues, we think it is important to hedge the portfolio's underweight exposure. We also saw a number of very high-quality businesses that had disproportionately derated, offering attractive entry points.

One of the ways we looked to add exposure towards the end of the period was through the options book, initiating a long position in an out-of-the-money Hang Seng China Enterprises Index call option, which we funded by selling out-of-the-money put options. Given that implied volatility is at decade lows for emerging markets, utilising the options book is a cost-effective way to take out insurance against a rally in Chinese equities (which we saw during April and May and subsequent to the end of the review period in September). We also added a number of long positions in Chinese stocks during the review period, including high-quality consumer and internet businesses that now trade on very attractive valuations, including premium sportwear company Anta Sports and leading online travel agent Trip.com.

We also made changes within the portfolio's information technology holdings. The semiconductor industry has performed extremely well and index heavyweight TSMC, the Taiwanese foundry business, now makes up about a tenth of the emerging market index. We have a very constructive outlook for TSMC, which is a vital part of the AI supply chain, and the company remains a core position in the portfolio. However, we have looked to diversify exposure to other AI supply chain beneficiaries, with recent additions including Elite Material, a Taiwanese manufacturer of copper clad laminate, a vital input for printed circuit boards, and another beneficiary of AI-driven demand.

Question

What opportunities are you particularly excited about – are there any stand-out markets, sectors or themes you'd highlight?

Answer

We have a particularly constructive outlook for copper miners. Electrification and datacentres alone could add an incremental 4% per annum to demand over the rest of the decade, while the backdrop for supply is very muted, with few copper mines currently in operation, and little supply expected to come online given it takes around 10 years to bring a greenfield copper discovery into production. This creates a buoyant environment for copper prices.

The largest position we have is in Grupo Mexico, which is the holding company for Southern Copper, one of the lowest cost copper producers in the world. Given the Company's closed-ended nature we also have positions in mid-cap copper miners, for example Minsur, a Peruvian miner of copper and tin which has good assets, and a healthy cash balance that it has signalled it intends to pay out to investors.

We continue to see opportunities in the financials sector. While interest rates have likely peaked, the Company's financials exposure is not rate sensitive. Examples of companies we own are Indian private sector banks, companies in the fintech space and banks in Eastern Europe that are beneficiaries of falling rates.

Indian private sector banks HDFC Bank, ICICI Bank, and Axis Bank remain core holdings. These companies all stand to benefit from the underpenetration of financial services in India, and growing demand for credit cards and mortgage products. Unlike the Indian market in aggregate, these stocks trade at reasonable valuations. We have seen in recent years a significant shift in business towards these private banks at the expense of the state-owned banks and think that going forward they stand to benefit from strong GDP and credit growth in the Indian market.

High conviction holdings in fintech include Brazil's digital challenger bank Nu Holdings, which is rapidly taking market share from incumbents. Five years ago, the incumbent banks in Brazil were levying very high fees and rates on consumers, using that revenue to finance a bloated bricks-and-mortar cost base. This created a fantastic backdrop for a challenger bank like Nu to offer a great value proposition with no fees and lower interest rates, all at much better unit economics. As a result, it has been able to rapidly grow its customer base to 100m customers and start to expand into other markets like Mexico.

We also have exposure to beneficiaries of falling rates, for example, banks in countries such as Hungary, which are liability sensitive. This means that their liabilities reprice more quickly than their assets, so when rates come down, margins expand rather than contract. One of the stocks we hold is Hungary's OTP Bank, which has a dominant position in Eastern Europe and is set to benefit from net interest margin expansion as rates continue to come down.

Question

Another aspect of the company's broad toolkit is the ability to invest in smaller companies and in "off-the-beaten-track" markets like Vietnam. Can you outline some of the most exciting opportunities you are seeing in those areas?

Answer

One of the key benefits of the investment company structure is that we can take a longer investment horizon and move further down the market cap spectrum. This might be into smaller companies that are less well known by investors and are often poorly covered by the sell side, or companies in frontier markets such as Vietnam.

One mid-cap company we are particularly excited about is Brazil's Direcional, a developer of large-scale, low-income housing projects in Brazil. Affordable housing is a key priority for Brazil's President Lula, and recent changes to the "Minha Casa, Minha Vida" social housing programme make the low-income housing market much larger and more profitable than it has been historically. Despite these structural tailwinds and a benign competitive environment, the company is trading on a very cheap valuation, and is, we think, an underappreciated beneficiary of the growth in social housing in Brazil.

We also see opportunities in frontier markets such as Vietnam. One Vietnamese company we hold is FPT, an IT services business that benefits from Vietnam's highly skilled low-cost labour and is a beneficiary of the diversification of supply chains away from China. FPT owns its own university, providing access to the country's talent base, and offers unparalleled value to its customers, putting it in a good position to continue gaining market share.

Question

Given the scale of the emerging market opportunity set, one of Fidelity's strengths is the depth of resources and local presence around the world combined with your frequent research trips to the countries in which the Company invests. How do you leverage that resource to the benefit of the Company's shareholders and what were some of the key takeaways from recent country visits?

Answer

Travel is a huge part of our process and the investment team go on a number of research trips every year. These overseas trips form a crucial part of our due diligence process, and we've visited Poland, Greece, and the Middle East, among other places, over the past year. Speaking to local experts on their home turf is a vital input that allows us to assess all manner of opportunities and, of course, risks.

One of the more recent trips we went on was to Poland, where we wanted to assess the backdrop for companies following last year's election, when the right-wing PiS party was replaced by Donald Tusk's pro-EU coalition. This has resulted in management team changes at state-owned companies, leading to many companies having a much more shareholder friendly mandate than previously. We wanted to visit the country to assess this for ourselves and were heartened to see what appears to be a significant corporate change story underway, with a huge improvement in the treatment of minority shareholders. We think it is vital to meet these management teams in person in order to really understand who the winners and losers of this corporate change story are.

Question

How do you actively and efficiently manage the portfolio, given the extensive universe of companies to choose from in emerging markets?

Answer

Fidelity's extensive emerging market research team is one of the key mechanisms that lets us effectively manage the portfolio. We have about 50 analysts across the globe looking only at emerging market companies, which means we can develop a deep, unrivalled view of their dynamics, and explore the opportunities among mid-cap companies. There is excellent collaboration between all our analysts across regions and sectors, with those focused on global sectors like oil and gas, metals and mining, and technology helping us analyse what is going on in emerging markets alongside changes in developed markets.

Our research team really allows us to have 'boots on the ground' across emerging markets. This year we travelled to countries like Greece and Poland and spent time meeting with companies, their competitors, and their suppliers, seeing the assets and operations of companies first hand. There is no substitute for this sort of on the ground presence, and Fidelity research analysts carry out around 20,000 company meetings a year.

The way our global emerging markets investment team is structured also allows us to effectively cover different regions. The broader team manages three regional portfolios, encompassing Latin America, emerging EMEA, and emerging Asia, which all feed ideas into our global emerging markets portfolio, and within this the Company's portfolio. This structure is an acknowledgement of the fact that the emerging market universe is vast and means we can apply multiple layers of due diligence to the stocks we invest in.

Question

Finally, how do you view the prospects for the broad asset class and China in particular given overall valuation levels, macroeconomic conditions and the political backdrop across the emerging world?

Answer

Emerging market equities have structurally derated over the past 15 years. Weakness in China and a muted backdrop for commodity prices partly explains this, as well as the environment of higher interest rates and concerns about geopolitics.

We are cautiously optimistic about the year ahead. As the Fed has now started to ease policy, this should give the green light to emerging economies to continue cutting interest rates, which will be supportive of consumers and corporates, and will help drive flows to equity markets. During the current rate-hiking cycle, many emerging economies were far ahead of developed economies in acting decisively to raise rates and bring inflation under control. This means that real interest rates in many emerging markets are still incredibly high, and there is huge scope for rates to come down further.

Emerging economies also benefit from an improved fiscal backdrop, which stands in stark contrast to developed economies like the UK or the US, where the fiscal environment is the worst it's been for many years. While much of the boom in developed markets has been underpinned by QE and stimulus, we have not seen the same level of support extended in emerging economies, which makes the asset class better equipped for an environment of structurally higher interest rates.

Part of the reason the fiscal backdrop is better for emerging markets is the more buoyant backdrop for commodity prices. For emerging economies, the past decade has been marked by a bursting of the commodity bubble as demand from the China property market slowed down. Looking ahead to the next decade we see a much tighter environment for prices, given there has been a decade of underinvestment in the commodity complex, and the fact that there are strong demand drivers from electrification and AI. We expect this will be a huge tailwind for commodity exporting emerging market economies such as Brazil, South Africa, Indonesia, and Peru.

China remains key to the outlook. We are emerging from a period of significantly negative sentiment towards China and while structural problems persist, any signs that we are past the worst could lead international investors to start reallocating capital to the market. Following the end of the review period there was a significant rally in the Chinese market, as the government announced meaningful stimulus measures. The big challenge for China is consumer confidence as the post-Covid spending boom seen in developed markets failed to materialise, given weakness in the property market, which has historically made up around half of household wealth. This year the government has shifted from deleveraging the property market to looking to reflate it, with the most significant measures announced post the end of the review period in late September. While the recovery will likely be slow and protracted, any positive momentum in prices will support consumer confidence. However, we expect excess capacity in industries like steel, cement, and solar to persist, while the potential for higher tariffs is also a tail risk. For that reason, it is vital to be incredibly selective when investing in China.

Another driver for emerging markets is the exposure it offers to the AI supply chain. While US companies are typically thought of as AI beneficiaries, what is often overlooked is the fact that the bulk of the AI supply chain sits in emerging markets like Taiwan. Indeed, Jensen Huang, Nvidia's CEO, has said that Nvidia wouldn't be the company it is today without Taiwan's TSMC, which manufactures Nvidia's AI chips. Given the discount that emerging markets are trading on relative to the US, the emerging market universe offers exposure to the AI supply chain at much more attractive valuations.

The emerging market universe is trading at multi-decade lows relative to developed markets. Part of this is down to concerns about geopolitics. 2024 is a busy election year, with developments in both emerging economies and the US requiring close scrutiny. These are the types of events we continue to monitor incredibly carefully, drawing on the inputs of external experts to help make sense of elevated unpredictability in markets, and we continue to focus on staying fully engaged and speaking to geopolitical experts with a range of different perspectives.

With an improving fundamental backdrop, we think today represents an attractive entry point for emerging market equities. Using our bottom-up, highly differentiated approach, we are focused on using the Company's extensive toolkit to carefully manage country-level exposures, and the short book to benefit from the universe's structural losers, as well as identifying the winners for the long book. Against a backdrop that will likely remain highly uncertain, we will continue to use this flexibility to closely manage risk, all the while exploiting the most exciting opportunities throughout the emerging market universe.

Nick Price
Chris Tennant
Portfolio Managers

8 October 2024

Principal and Emerging Risks And Uncertainties, Risk Management

In accordance with the AIC Code, the Board has a robust ongoing process for identifying, evaluating and managing the principal risks and uncertainties faced by the Company, including those that could threaten its business model, future performance, solvency or liquidity. The Board, with the assistance of the Manager, has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties that the Company faces. The Audit and Risk Committee continues to identify any new emerging risks and take any action feasible to mitigate their potential impact. The risks identified are placed on the Company's risk matrix and graded appropriately. This process, together with the policies and procedures for the mitigation of existing and emerging risks, is updated and reviewed regularly in the form of comprehensive reports considered by the Audit and Risk Committee. The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives.

The Manager also has responsibility for risk management for the Company. It works with the Board to identify and manage the principal and emerging risks and uncertainties and to ensure that the Board can continue to meet its corporate governance obligations.

Key emerging issues that the Board has identified include; rising geopolitical tensions, including contagion of the Ukraine crisis and escalation of Middle East tensions or tensions between China and Taiwan into the wider region or an increase in tensions in the South China Sea; continuous "high levels of so-called cost of living crisis impacting demand for UK-listed shares; Artificial Intelligence hype. AI as a differentiator capability and as a multiplier of existing risks and climate change, which is one of the most critical emerging issues confronting asset managers and their investors. The Board notes that the Manager monitors these issues, and has integrated macro and ESG considerations, including climate change, into the Company's investment process. The Board will continue to monitor how this may impact the Company as a risk, the main risk being the impact on investment valuations.

The Board considers the following as the principal risks and uncertainties faced by the Company.

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
Volatility of Emerging Markets and Market Risks	• The economies, currencies and financial markets of a number of developing countries in which the Company invests may be	• The Company's investments are geographically diversified in order to manage risks from adverse price	Stable

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
	extremely volatile. • Further risks on emerging markets from high inflation, and challenging financial conditions exacerbated by the war in Ukraine and Middle East. • Market volatility from worsening Chinese/Taiwanese relations that could prompt the US to intervene amplified by uncertainty of the foreign policy changes following US elections. • US imposed Executive Orders prohibiting US investments in certain Chinese companies and the passing of the Holding Foreign Companies Accountable Act (HFCAA). • Rising geopolitical tensions, including contagion of the Ukraine and Middle East crisis or tensions between China and Taiwan into the wider region. • Regulatory measures impacting sectors such as IT sector or biotech sector and a lingering weakness in the real estate sector.	fluctuations. • Russian securities already held at nil value. • The exposure to any one company is unlikely to exceed 5% of the Company's net assets at the time the investment is made. • Review of material economic or market changes and major market contingency plans for extreme events. • China's integration into the global financial system and into global supply chains. • Companies that were solely listed in the US are listing on the HK or mainland markets. • Robust risk governance in place supports risk profile assessment.	
Investment Performance Risk	• The Portfolio Manager may fail to outperform the Benchmark Index over the longer-term.	• An investment strategy overseen by the Board to optimise returns. • A well-resourced team of experienced analysts covering the market. • Board scrutiny of the Manager and the ability in extreme circumstances to change the Manager.	Stable
Changing Investor Sentiment	• As a Company investing in emerging markets, changes in investor sentiment may	• The Company has an active investor relations programme.	Stable

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
	lead to the Company becoming unattractive to investors and reduced demand for its shares, causing the discount to widen.	• The Board is updated regularly by the Investment Manager on developments in emerging markets and on the portfolio. • The Chairman communicates regularly with major shareholders. • The Company pays a regular dividend and considers regularly when and how to use share buybacks.	
Cybercrime and Information Security Risks	• Cybersecurity risk to the functioning of global markets and to national infrastructure, as a targeted attack or overspilling from the Russia/Ukraine war, Middle East crisis and geopolitical events. • Cybersecurity risk from Covid or successor pandemics affecting the functioning of businesses and global markets. • External cybercrime threats such as spam attacks, ransomware, DDoS (Distributed Denial of Service) attacks, financial theft and reputational risk arising from accidental data leakage. Ransomware continues to increase globally and is also becoming a supply chain risk.	• The risk is monitored by the Board with the help of the extensive Fidelity global cybersecurity team and assurances from outsourced suppliers. • Development of systems and procedures by the AIFM resulting from the experience of the Covid pandemic and cyber activity following the Russian invasion of Ukraine.	Increased
Level of Discount to Net Asset Value (“NAV”) Risk	• The share price performance lags NAV performance. • The Board may fail to implement its discount management policy. • Elevated energy costs and cost of living crisis	• The Board reviews the discount on a regular basis and has the authority to repurchase shares so shares can trade at a level close to the NAV. • If the NAV total return	Increased

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
	impact on retail demand for shares.	for the five years ending 30 September 2026 does not exceed the Benchmark Index, the Company will make a tender offer for up to 25% of the shares in issues (excluding shares held in treasury) at that time. • The Board and manager proactively try to raise the Company's profile through events, presentations, and meetings with stakeholders, combined with regular advertising and content placement on many of the UK's leading investment websites and in key printed media to reach the broadest possible audience.	
Lack of Market Liquidity Risk	• Low trading volumes on stock exchanges of less developed markets. • Lack of liquidity from temporary capital controls in certain markets. • Exaggerated fluctuations in the value of investments from low levels of liquidity.	• Restrictions on concentration and diversification of the assets in the Company's portfolio to protect the overall value of the investments and lower risks of lack of liquidity.	Stable
Business Continuity & Event Management Risks	• The wars in Ukraine and Middle East conflict has increased the risk for working from home or in offices, specifically concerning the potential loss of network outages. • Business process disruption risk globally considers Cyber, Geopolitical, and Earthquake as the top risks, which if were to materialise to a business disruption event, the impact could be reputational in the near term and broader over time	• Business Continuity and Crisis Management Frameworks in place. Business Continuity Oversight Group (BCOG) is established which provides support to drive business continuity through the organisation that ranges from strategic input to operational processes. • Digital teams continue to maintain solutions to allow business continuity	Stable

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
	(financial, client, industry) depending on the duration/severity of the events.	and operational. • Annual requirement to perform recovery site test, remote working test, work transfer test and notification test.	
Gearing Risk	• The Portfolio Manager may fail to use gearing adequately, resulting in a failure to outperform in a rising market or to underperform in a falling market.	• The Board sets a limit on gearing and provides oversight of the Manager's use of gearing.	Stable
Foreign Currency Exposure Risk	• The functional currency in which the Company reports its results is US dollars, whilst the underlying investments are in different currencies. The value of assets is subject to fluctuations in currency rates and exchange control regulations.	• The Portfolio Manager does not hedge the underlying currencies of the holdings in the portfolio but will take currency risk into consideration when making investment decisions.	Stable
Environmental, Social and Governance (ESG) Risk	• The adoption of international standards may adversely impact the profitability of companies in the portfolio. • The Manager may fail to meet its regulatory requirements on ESG, including climate risk, in relation to the Company. • Higher degree of valuation and performance uncertainties and liquidity risks.	• Fidelity has adopted a sophisticated and comprehensive system for analysing ESG risks, including climate risk, in investee companies. • The Portfolio Manager is active in analysing the effects of ESG when making investment decisions. • The Company is not labeled as an ESG product.	Stable
Key Person Risk	• Loss of the Portfolio Manager or other key individuals could lead to potential performance and/or operational issues.	• Succession planning for key dependencies. • Depth of the team within Fidelity. • Experience of the analysts covering the Company's investments.	Stable

Other risks facing the Company include:

Tax and Regulatory Risks

There is a risk of the Company not complying with the regulatory requirements of the Guernsey Financial Services Commission, UK listing rules, corporate governance requirements or local tax requirements that could result in loss of status as an Authorised Closed Ended Investment Scheme, becoming subject to additional tax charges or to exclusion from trading in particular markets.

The Board monitors tax and regulatory changes at each Board meeting and through active engagement with regulators and trade bodies by the Manager.

Operational Risks

The Company relies on a number of third-party service providers, principally the Manager, Registrar and Custodian. It is dependent on the effective operation of the Manager's control systems and those of its service providers with regard to the security of the Company's assets, dealing procedures, accounting records and the maintenance of regulatory and legal requirements. The Registrar and Custodian are all subject to a risk-based programme of internal audits by the Manager. In addition, service providers' own internal control reports are received by the Board on an annual basis and any concerns are investigated. Risks associated with these service providers is rated as low, but the financial consequences could be serious, including reputational damage to the Company.

Professional negligence liability risks

The requirement to cover potential liability risks arising from professional negligence is covered by the Manager's own funds. Sufficient capital above the regulatory limit is held which is monitored by the board of the Manager.

VIABILITY STATEMENT

In accordance with provision 35 of the 2019 AIC Code of Corporate Governance the Directors have assessed the prospects of the Company over a longer period than the twelve month period required by the "Going Concern" basis. The Company is an investment fund with the objective of achieving long-term capital growth from an actively managed portfolio made up primarily of securities and financial instruments providing exposure to emerging market companies, both listed and unlisted. The Board considers long-term to be at least five years, and accordingly, the Directors believe that five years is an appropriate investment horizon to assess the viability of the Company, although the life of the Company is not intended to be limited to this or any other period. In making an assessment on the viability of the Company, the Board has considered the following:

- The ongoing relevance of the investment objective in prevailing market conditions;
- The Company's NAV and share price performance;
- The principal and emerging risks and uncertainties facing the Company as set out above and their potential impact;
- The future demand for the Company's shares;
- The Company's share price discount to its NAV;
- The liquidity of the Company's portfolio;
- Consideration of the continuation vote in 2026;
- The level of income generated by the Company; and
- Future income and expenditure forecasts.

The Company has assumed for the purposes of the viability statement that the continuation vote in 2026 would be passed.

The Company's performance for the five year reporting period to 30 June 2024 lagged the Benchmark Index, with a NAV total return of +3.1%, and a share price total return of +2.3% compared to the Benchmark Index total return of +18.2%.

The Board regularly reviews the investment policy and considers whether it remains appropriate. The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years based on the following considerations:

- The Investment Manager's compliance with the Company's investment objective and policy, its investment strategy and asset allocation;
- The fact that the portfolio comprises sufficient readily realisable securities which can be sold to meet funding requirements if necessary; and
- The ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets.

When considering the risk of under-performance, a series of stress tests were carried out including in particular the effects of any substantial future falls in investment value on the ability to maintain dividend payments and repay obligations as and when they arise.

In preparing the Financial Statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risk identified within the ESG Risk on in the Annual Report . The Board has also considered the impact of regulatory changes and significant market events and how this may affect the Company. In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement which is included in the Directors' Report in the Annual Report .

Promoting the Success of the Company

The Company is not required to comply with the provisions of the UK Companies Act 2006, but it is a requirement of the AIC Code of Corporate Governance to report upon Section 172 of this statute irrespective of domicile. Section 172 recognises that Directors of a company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long-term; the need to foster relationships with the Company's suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

As an externally managed Investment Company, the Company has no employees or physical assets, and a number of the Company's functions are outsourced to third parties. The key outsourced function is the provision of investment management services by the Manager, but other professional service providers support the Company by providing administration, custodian, banking and audit services. The Board considers the Company's key stakeholders to be the existing and potential shareholders, the external appointed Manager and other third-party professional service providers. The Board considers that the interest of these stakeholders is aligned with the Company's objective of delivering long-term capital growth to investors, in line with the Company's stated objective and strategy, while providing the highest standards of legal, regulatory and commercial conduct.

The Board, with the Portfolio Manager, sets the overall investment strategy and reviews this regularly. In order to ensure good governance of the Company, the Board has set various limits on the investments in the portfolio, whether in the maximum size of individual holdings, the use of derivatives, the level of gearing and others. These limits and guidelines are regularly monitored and reviewed and are set out in the Annual Report.

The Board places great importance on communication with shareholders and is committed to listening to their views. The primary medium through which the Company communicates with shareholders is through its Annual and Half Year Financial Reports. Monthly factsheets are also produced. Company related announcements are released via the Regulatory News Service ('RNS') to the London Stock

Exchange. All of the aforementioned information is available on the Company's website **www.fidelity.co.uk/emergingmarkets**. Shareholders may also communicate with Board members at any time by writing to the Company Secretary at FIL Investments International, Beech Gate, Millfield Lane, Tadworth, Surrey KT20 6RP or by email at **investmenttrusts@fil.com**. The Portfolio Managers meet with major shareholders, potential investors, stock market analysts, journalists and other commentators throughout the year. These communication opportunities help inform the Board in considering how best to promote the success of the Company over the long-term.

The Board seeks to engage with the Manager and other service providers and advisers in a constructive and collaborative way, promoting a culture of strong governance, while encouraging open and constructive debate, in order to ensure appropriate and regular challenge and evaluation. This aims to enhance service levels and strengthen relationships with service providers, with a view to ensuring shareholders' interests are best served, by maintaining the highest standards of commercial conduct while keeping cost levels competitive.

Whilst the Company's direct operations are limited, the Board recognises the importance of considering the impact of the Company's investment strategy on the wider community and environment. The Board believes that a proper consideration of ESG issues aligns with the Company's investment objective to deliver long-term growth in both capital and income, and the Board's review of the Manager includes an assessment of their ESG approach.

In addition to ensuring that the Company's investment objective was being pursued, key decisions and actions taken by the Directors during the reporting year, and up to the date of this report, have included:

- **Marketing & PR**

  The Board has been proactive in its efforts to promote the success of the Company. It has worked closely with the Manager, utilising the Manager's extensive marketing capabilities, in combination with the Company's appointed stockbrokers, and public relations firm to execute a comprehensive promotional programme for the Company.

- **Discount Control – Share Buybacks**

  In November 2023 the Company announced a share buyback programme to address the discount to NAV at which the Company's shares trade with the ambition that it may ultimately be maintained in single digits in normal market conditions on a sustainable basis.

- **Discount Control – Tender Offer**

  In recognition of the imbalance between demand and supply of its shares the Company undertook a tender offer for 14.99% of its issued share capital in March 2024. The tender was priced at a 2% discount to the Net Asset Value per Share as at 6.00 p.m. on 22 March 2024 and resulted in 13,531,881 participating preference shares being repurchased by the Company and cancelled.

- **Dividend**

  The decision to recommend a dividend of $0.19 per Participating Preference Share in respect of the year ended 30 June 2023 (2022: $0.16). Shareholders approved the dividend at the 2023 AGM.

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

Responsibility statement of the Directors in respect of the Annual Report

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Chairman's statement, Strategic Report and Portfolio Managers' Review includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal and emerging risks and uncertainties that the Company faces.

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

There were no instances where the Company is required to make disclosures in respect of UK Listing Rule 6.6.1 during the financial period under review.

For and on behalf of the Board

Heather Manners
Chairman

8 October 2024

Statement of Comprehensive Income

for the year ended 30 June 2024

		Year ended 30 June 2024			Year ended 30 June 2023		
	Note	Revenue $'000	Capital $'000	Total $'000	Revenue $'000	Capital $'000	Total $'000
Revenue							
Investment income	3	**19,284**	**–**	**19,284**	22,272	–	22,272
Derivative income	3	**19,711**	**–**	**19,711**	17,709	–	17,709
Other income	3	**1,252**	**–**	**1,252**	620	–	620
Total Income		**40,247**	**–**	**40,247**	40,601	–	40,601
Net gains on investments at fair value through profit or loss	10	**–**	**81,553**	**81,553**	–	36,553	36,553
Net gains/(loss) on derivative instruments	11	**–**	**35,890**	**35,890**	–	(37,809)	(37,809)
Net foreign exchange losses		**–**	**(1,569)**	**(1,569)**	–	(933)	(933)
Total income and gains/(losses)		**40,247**	**115,874**	**156,121**	40,601	(2,189)	38,412
Expenses							
Management fees	4	**(935)**	**(3,741)**	**(4,676)**	(923)	(3,690)	(4,613)
Other expenses	5	**(1,631)**	**–**	**(1,631)**	(1,619)	–	(1,619)
Profit/(loss) before finance costs and taxation		**37,681**	**112,133**	**149,814**	38,059	(5,879)	32,180
Finance costs	6	**(21,566)**	**–**	**(21,566)**	(15,653)	–	(15,653)
Profit/(loss) before taxation		**16,115**	**112,133**	**128,248**	22,406	(5,879)	16,527
Taxation	7	**(2,060)**	**(123)**	**(2,183)**	(2,622)	644	(1,978)
Profit/(loss) after taxation for the year attributable to Participating Preference Shares		**14,055**	**112,010**	**126,065**	19,784	(5,235)	14,549
Earnings/(loss) per Participating Preference Share (basic and diluted)	8	**$0.16**	**$1.29**	**$1.45**	$0.22	$(0.06)	$0.16

The Company does not have any income or expenses that are not included in the profit/(loss) after taxation for the year. Accordingly the profit/(loss) after taxation for the year is also the total comprehensive income for the year and no separate Statement of Comprehensive Income has been presented.

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

All the profit/(loss) and total comprehensive income is attributable to the equity shareholders of the Company. There are no minority interests.

No operations were acquired or discontinued in the year and all items in the above statement derive from continuing operations.

The notes below form an integral part of these financial statements

Statement of Changes in Equity

for the year ended 30 June 2024

	Note	Share premium account $'000	Capital reserve $'000	Revenue reserve $'000	Total equity $'000
Total equity at 30 June 2023		**6,291**	**735,860**	**54,583**	**796,734**
Profit after taxation for the year		**–**	**112,010**	**14,055**	**126,065**
Repurchase and cancellation of the Company's own shares	14	**–**	**(127,125)**	**–**	**(127,125)**
Participating Preference Shares repurchased into Treasury	14	**–**	**(24,923)**	**–**	**(24,923)**
Dividend paid to shareholders	9	–	–	(17,305)	(17,305)
Total equity at 30 June 2024		**6,291**	**695,822**	**51,333**	**753,446**

	Note	Share premium account $'000	Capital reserve $'000	Revenue reserve $'000	Total equity $'000
Total equity at 30 June 2022		6,291	741,095	49,375	796,761
(Loss)/profit after taxation for the year		–	(5,235)	19,784	14,549
Dividend paid to shareholders	9	–	–	(14,576)	(14,576)
Total equity at 30 June 2023		6,291	735,860	54,583	796,734

The notes below form an integral part of these financial statements

Statement of Financial Position

as at 30 June 2024

	Note	30 June 2024 $'000	30 June 2023 $'000
Non-current assets			
Investments at fair value through profit or loss	10	**696,753**	778,608
Current assets			
Derivative assets	11	**25,399**	9,468
Amounts held at futures clearing houses and brokers		**44,952**	18,210
Other receivables	12	**8,083**	6,480
Cash at bank		**8,794**	18,057
		87,228	52,215
Current liabilities			
Derivative liabilities	11	**11,857**	12,847
Other payables	13	**18,678**	21,242
		30,535	34,089
Net current assets		**56,693**	18,126
Net assets		**753,446**	796,734
Equity			
Share premium account	15	**6,291**	6,291
Capital reserve	15	**695,822**	735,860
Revenue reserve	15	**51,333**	54,583
Total Equity Shareholders' Funds		**753,446**	796,734
Net asset value per Participating Preference Share	16	**$10.09**	$8.75

The Financial Statements above were approved by the Board of Directors of the Company on 8 October 2024 and signed on its behalf by:

Heather Manners
Chairman

The notes below form an integral part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2024

	30 June 2024 $'000	30 June 2023 $'000
Operating activities		
Cash inflow from investment income	**24,168**	24,214
Cash inflow from derivative income	**9,769**	6,184
Cash inflow from other income	**20**	33
Cash outflow from taxation paid	**(2,060)**	(1,063)
Cash outflow from the purchase of investments	**(695,450)**	(928,894)
Cash inflow from the sale of investments	**854,047**	930,627
Cash inflow/(outflow) from net proceeds from settlement of derivatives	**23,436**	(4,819)
Cash outflow from amounts held at futures clearing houses and brokers	**(26,742)**	(6,309)
Cash outflow from operating expenses	**(6,217)**	(5,150)
Net cash inflow from operating activities	**180,971**	14,823
Financing activities		
Cash outflow from CFD interest paid	**(18,527)**	(10,111)
Cash outflow from short CFD dividends paid	**(2,726)**	(5,564)
Cash outflow from dividends paid to shareholders	**(17,305)**	(14,576)
Cash outflow from repurchase of participating preference shares into treasury	**(22,982)**	–
Cash outflow from repurchase and cancellation of Participating Preference Shares	**(127,125)**	–
Net cash outflow from financing activities	**(188,665)**	(30,251)
Net decrease in cash at bank	**(7,694)**	(15,428)
Cash at bank at the start of the year	**18,057**	34,418
Effect of foreign exchange movements	**(1,569)**	(933)
Cash at bank at the end of the year	**8,794**	18,057

The notes below form an integral part of these financial statements

Notes to the Financial Statements

for the year ended 30 June 2024

1. Principal Activity

Fidelity Emerging Markets Limited (the 'Company') was incorporated in Guernsey on 7 June 1989 and commenced activities on 19 September 1989. The Company is an Authorised Closed-Ended Investment Scheme as defined by The Authorised Closed-Ended Investment Schemes Rules and Guidance, 2021 (and, as such, is subject to ongoing supervision by the Guernsey Financial Services Commission). The Company is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.

The Company’s registered office is at Level 3, Mill Court La Charroterie, St Peter Port, Guernsey GY1 1EJ, Channel Islands.

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

These financial statements were approved by the Board of Directors and authorised for issue on 8 October 2024.

2. Summary of Material Accounting Policies

(a) Basis of preparation

The principal accounting policies applied in the preparation of these financial statements on a going concern basis are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The Company’s financial statements, which give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (‘IFRS’), which comprise standards and interpretations approved by the International Accounting Standards Board (‘IASB’), the IFRS Interpretations Committee and interpretations approved by the International Accounting Standards Committee (‘IASC’) that remain in effect and the Companies (Guernsey) Law, 2008. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. In making their assessment the Directors have reviewed the income and expense projections, the liquidity of the investment portfolio, stress testing performed and considered the Company’s ability to meet liabilities as they fall due. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

Significant accounting estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS may require management to make critical accounting judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from the estimates.

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

Adoption of new and revised International Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the year as shown below.

At the date of authorisation of these financial statements, the following revised International Accounting Standards (IAS) were in issue but not yet effective:

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
- Lack of Exchangeability – Amendments to IAS 21
- Presentation and Disclosure in Financial Statements – IFRS 18

- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
- Subsidiaries without Public Accountability – IFRS 19

The adoption of these new and amended standards, together with any other IFRSs or IFRIC interpretations that are not yet effective, are not expected to have a material impact on the financial statements of the Company other than IFRS 18 (Presentation and Disclosure in Financial Statements) that the Company is in the process of assessing.

(b) Financial Instruments

Classification

(i) Assets

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. All investments are measured at fair value through profit or loss. The Company's investments are included in the Financial assets at fair value through profit and loss line in the Statement of Financial Position.

(ii) Liabilities

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

Recognition/derecognition

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

Regular-way purchases and sales of investments are recognised on their trade date, the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

Measurement

Financial assets at fair value through profit and 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 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 at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the year in which they arise.

The Company includes transaction costs, incidental to the purchase or sale of investments within Net gains/(losses) on financial assets at fair value through profit or loss in the capital column of the Statement of Comprehensive Income and has disclosed them in Note 10 below.

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

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

Equity Linked Notes are valued based on the available price of the underlying asset as at reporting date.

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

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

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

In preparing these financial statements the Directors have considered the impact of climate change risk as a principal and as an emerging risk as set out in the Annual Report, and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with IFRS 13 – “Fair Value Measurement” investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the statement of financial position date. Investments which are unlisted are priced using market-based valuation approaches. All investments therefore reflect the market participants view of climate change risk on the investments held by the Company.

Derivative Instruments

When appropriate, permitted transactions in derivative instruments are used. Derivative transactions into which the Company may enter include long and short contracts for difference (“CFDs”), futures and options.

Under IFRS 9 derivatives are classified at fair value through profit or loss – held for trading, and are initially accounted and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value as follows:

- Long and short CFDs – the difference between the strike price and the value of the underlying shares in the contract;
- Futures – the difference between the contract price and the quoted trade price;
- Forward currency contracts – valued at the appropriate quoted forward foreign exchange rate ruling at the Statement of Financial Position date;
- Exchange traded options – valued based on similar instruments or the quoted trade price for the contract; and
- Over the counter options – valued based on broker statements.

Where transactions are used to protect or enhance income, if the circumstances support this, the income and expenses derived are included in derivative income in the revenue column of the Statement of Comprehensive Income. Where such transactions are used to protect or enhance capital, if the circumstances support this, the income and expenses derived are included in net gains on derivative instruments in the capital column of the Statement of Comprehensive Income. Any positions on such transactions open at the reporting date are reflected on the Statement of Financial Position at their fair value within current assets or current liabilities.

Amortised cost measurement

Cash at bank, amounts held at futures clearing houses and brokers and other 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 receivables are derecognised or impaired, as well as through the amortisation process.

Capital gains tax payable and other payables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation of these liabilities.

(c) Foreign Currency Translation

Functional and Presentation Currency

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

On balance, the Directors believe that US dollars best represent the functional currency of the Company. The financial statements, results and financial position of the Company are also expressed in US dollars which is the presentation currency of the Company and have been rounded to the nearest thousand unless otherwise stated.

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 year, 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 year. 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 foreign exchange gains or losses'. Foreign exchange gains and losses relating to financial assets at fair value through profit or loss and derivatives are presented in the Statement of Comprehensive Income within 'Net gains or losses on investments' and 'Net gains on derivative instruments' respectively.

(d) Recognition of Dividend and Interest Income

Dividends arising on the Company's investments are accounted for on an ex-dividend basis, gross of applicable withholding taxes. Interest on cash at bank and collateral 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) Income from Derivatives

Derivative instrument income received from dividends on long (or payable from short) CFDs are accounted for on the date on which the right to receive the payment is established, normally the ex-dividend date. The amount net of tax is credited (or charged) to the revenue column of the Statement of Comprehensive Income.

Interest received on CFDs is accounted for on an accruals basis and credited to the revenue column of the Statement of Comprehensive Income. Interest received on CFDs represent the finance costs calculated by reference to the notional value of the CFDs.

(f) Finance Costs

Finance costs comprise bank charges and finance costs paid on CFDs, which are accounted for on an accruals basis, and dividends paid on short CFDs, which are accounted for on the date on which the obligation to incur the cost is established, normally the ex-dividend date. Finance costs are charged in full to the revenue column of the Statement of Comprehensive Income.

(g) Dividend Distribution

Dividend distributions are at the discretion of the Board of Directors. A dividend is recognised as a liability in the period in which it is approved at the Annual General Meeting of the shareholders and is recognised in the Statement of Changes in Equity.

(h) Cash and Cash Equivalents

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

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

(i) Amounts held at/due to futures clearing houses and brokers

Cash deposits are held in segregated accounts on behalf of brokers as collateral against open derivative contracts. These are carried at amortised cost.

(j) Other receivables

Other receivables include amounts receivable on settlement of derivatives, securities sold pending settlement, accrued income, taxation recoverable and other debtors and prepayments incurred in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Other receivables are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method and as reduced by appropriate allowance for estimated irrecoverable amounts.

(k) Other payables

Other payables include amounts payable on settlement of derivatives, securities purchased pending settlement, investment management fees, amounts payable for repurchase of shares, finance costs payable and expenses accrued in the ordinary course of business. Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

(l) Segment Reporting

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

The Company is engaged in a single segment business and, therefore, no segmental reporting is provided.

(m) Expenses

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

Expenses are allocated wholly to revenue with the following exceptions:

- Management fees are allocated 20% to revenue and 80% to the capital, in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio; and

- Expenses which are incidental to capital events are charged to capital.

(n) Taxation

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

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

(o) Share Capital

Participating Preference Shares are not redeemable and there is no obligation to pay cash or another financial asset to the holder but are entitled to receive dividends. They are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds net of tax.

(p) Purchase of Own Shares

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

(q) Critical Accounting Estimates and Assumptions

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

(r) Capital reserve

The following are attributable to capital reserve:

- Gains and losses on the disposal of financial assets at fair value through profit and loss and derivatives instruments;
- Changes in the fair value of financial assets at fair value through profit and loss and derivative instruments, held at the year end;
- Foreign exchange gains and losses of a capital nature;
- 80% of management fees;
- Dividends receivable which are capital in nature;
- Taxation charged or credited relating to items which are capital in nature; and
- Other expenses which are capital in nature.

The Company holds 2,921,898 participating preference shares in treasury which have been excluded from the net asset value and earnings per participating preference share calculations from the date of repurchase into treasury.

3. Income

	Year ended 30 June 2024 $'000	Year ended 30 June 2023 $'000
Investment income		
UK dividends	**362**	798
Overseas dividends	**18,900**	21,474
UK and overseas scrip dividends	**15**	–
Interest on bonds	**7**	–
	19,284	22,272
Derivative income		
Dividends earned on long CFDs	**8,489**	5,220
Interest earned on CFDs	**2,114**	1,414
Option income	**9,108**	11,075
	19,711	17,709
Other income		
Interest income from cash and collateral	**1,232**	587
Fee rebate	**20**	33
	1,252	620
Total income	**40,247**	40,601

4. Management Fees

	Year ended 30 June 2024			Year ended 30 June 2023		
	Revenue $'000	Capital $'000	Total $'000	Revenue $'000	Capital $'000	Total $'000
Management fees	**935**	**3,741**	**4,676**	923	3,690	4,613

Under the Investment Management Agreement ('the IMA'), Fidelity International is entitled to receive a Management Fee of 0.60% per annum of the Net Asset Value of the Company. Fees are payable monthly in arrears and calculated on a daily basis.

Management fees incurred by collective investment schemes or investment companies managed or advised by the Investment Manager are reimbursed.

Please see information on ongoing charges ratio as presented in the Annual Report.

5. Other expenses

	Year ended 30 June 2024 $'000	Year ended 30 June 2023 $'000
Allocated to revenue:		
Custodian fees	**415**	362
Directors' fees	**263**	279
Directors' expenses	**24**	74
Administration fees	**193**	192
Audit fees	**106**	73
Legal and professional fees	**120**	117
Sundry expenses	**510**	522
Other expenses	**1,631**	1,619

Administration fees

The Administrator is entitled to receive a fee, payable monthly, based on the Net Asset Value of the Company and time incurred.

Custodian fee

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

The Company also incurs charges and expenses of other organisations with whom securities are held. The total of all Custodian fees for the year represented approximately 0.06% (2023: 0.05%) per annum of the average Net Assets of the Company.

6. Finance costs

	Year ended 30 June 2024			Year ended 30 June 2023		
	Revenue $'000	Capital $'000	Total $'000	Revenue $'000	Capital $'000	Total $'000
Dividends expenses on short CFDs	**3,081**	**–**	**3,081**	5,270	–	5,270
Interest expenses on CFDs	**18,485**	**–**	**18,485**	10,383	–	10,383
	21,566	**–**	**21,566**	15,653	–	15,653

7. Taxation

	Year ended 30 June 2024			Year ended 30 June 2023		
	Revenue $'000	Capital $'000	Total $'000	Revenue $'000	Capital $'000	Total $'000
Capital gains tax	**–**	**123**	**123**	–	(644)	(644)
Withholding taxes	**2,060**	**–**	**2,060**	2,622	–	2,622
	2,060	**123**	**2,183**	2,622	(644)	1,978

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 2012. As such, the Company is only liable to pay a fixed annual fee, currently £1,200 (2023: £1,200).

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

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

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

As at 30 June 2024, $1,038,000 capital gains tax provision was recognised in the Statement of Financial Position (2023: $915,000).

8. Earnings/(loss) per Participating Preference Share

	Year ended 30 June 2024	Year ended 30 June 2023
Revenue earnings per Participating Preference Share	**$0.16**	$0.22
Capital earnings/(loss) per Participating Preference Share	**$1.29**	$(0.06)
Total earnings per Participating Preference Share – basic and diluted	**$1.45**	$0.16

The earnings/(loss) per Participating Preference Share is based on the profit/(loss) after taxation for the year divided by the weighted average number of Participating Preference Shares in issue during the year, as shown below:

	$'000	$'000
Revenue profit after taxation for the year	**14,055**	19,784
Capital profit/(loss) after taxation for the year	**112,010**	(5,235)
Total profit after taxation for the year attributable to Participating Preference Shares	**126,065**	14,549

	Number	Number
Weighted average number of Participating Preference Shares in issue	**86,936,701**	91,100,066

9. Dividends Paid to Shareholders

	Year ended 30 June 2024 $'000	Year ended 30 June 2023 $'000
Dividend paid		
2023 final dividend of 19.0¢ (2022: 16.0¢) per Participating Preference Share	**17,305**	14,576
Total dividend paid	**17,305**	14,576
Dividend proposed		
2024 final dividend of 20.0¢ (2023: 19.0¢) per Participating Preference Share	**14,929**	17,309
Total dividend proposed	**14,929**	17,309

The Directors have proposed the payment of a dividend for the year ended 30 June 2024 of 20.0¢ per Participating Preference Share which is subject to approval by shareholders at the Annual General Meeting on 10 December 2024 and has not been included as a liability in these financial statements. The dividend will be paid on 13 December 2024 to shareholders on the register at the close of business on 15 November 2024 (ex-dividend date 14 November 2024).

10. Investments at Fair Value through Profit or Loss

	30 June 2024 $'000	30 June 2023 $'000
Financial Assets:		
Equity securities	**687,025**	752,126
Equity linked notes	**4,555**	17,433
Debt instruments	**316**	–
Investee funds	**4,857**	9,049
Total Investments at fair value through profit or loss	**696,753**	778,608
Opening book cost	**884,753**	907,801
Opening unrealised losses on Investments at fair value through profit or loss	**(106,145)**	(180,459)
Opening fair value of Investments at fair value through profit or loss	**778,608**	727,342
Movements in the year		
Purchases at cost	**692,013**	932,911
Sales – proceeds	**(855,428)**	(918,198)
Gains on Investments at fair value through profit or loss	**81,553**	36,553
Amortisation adjustment	**7**	–
Closing fair value	**696,753**	778,608
Closing book cost	**695,828**	884,753
Closing unrealised gains/(losses) on Investments at fair value through profit or loss	**925**	(106,145)
Closing fair value of Investments at fair value through profit or loss	**696,753**	778,608

Gains/(losses) on Investments at fair value through profit or loss

	Year ended 30 June 2024 $'000	Year ended 30 June 2023 $'000
Realised gains/(losses) on Investments at fair value through profit or loss		
Realised gains	**81,933**	75,936
Realised losses	**(107,443)**	(113,697)
Net realised losses on Investments at fair value through profit or loss	**(25,510)**	(37,761)
Change in unrealised gains/(losses) on Investments at fair value through profit or loss		
Change in unrealised gains on Investments at fair value through profit or loss	**39,223**	20,750
Change in unrealised losses on Investments at fair value through profit or loss	**67,840**	53,564
Net change in unrealised gains on Investments at fair value through profit or loss	**107,063**	74,314
Net gains on Investments at fair value through profit or loss	**81,553**	36,553

The Company received $855,428,000 (2023: $918,198,000) from financial investments at fair value through profit or loss sold in the year. The book cost of these Investments at fair value through profit or loss when they were purchased was $880,938,000 (2023: $955,959,000). These financial investments at fair value through profit or loss have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the financial investments at fair value through profit or loss.

Transaction costs incurred during the year in the acquisition and disposal of Investments at fair value through profit or loss, which are included in the Net gains/(losses) on financial investments at fair value through profit or loss were as follows:

	Year ended 30 June 2024 $'000	Year ended 30 June 2023 $'000
Purchases transaction costs	**1,012**	1,403
Sales transaction costs	**1,116**	1,123
	2,128	2,526

11. Derivative Instruments

	Year ended 30 June 2024 $'000	Year ended 30 June 2023 $'000
Realised gains/(losses) on derivative instruments		
Gains on CFDs	**177,604**	163,817
Gains on future contracts	**16,178**	19,508
Gains on option contracts	**18,681**	10,947
Losses on CFDs	**(141,402)**	(187,154)
Losses on future contracts	**(23,062)**	(21,287)
Losses on option contracts	**(23,903)**	(13,600)
Net realised gains/(losses) on derivative instruments	**24,096**	(27,769)
Change in unrealised gains/(losses) on derivative instruments		
Change in unrealised gains on CFDs	**9,979**	(11,177)
Change in unrealised gains on future contracts	**(581)**	849
Change in unrealised gains on option contracts	**4,746**	138
Change in unrealised gains on forward currency contracts	**364**	–
Change in unrealised losses on CFDs	**4,143**	(15)
Change in unrealised losses on future contracts	**(1,889)**	277
Change in unrealised losses on option contracts	**(4,968)**	(112)
Net change in unrealised gains/(losses) on derivative instruments	**11,794**	(10,040)
Net gains/(losses) on derivative instruments	**35,890**	(37,809)

	30 June 2024 Fair value $'000	30 June 2023 Fair value $'000
Fair value of derivative instruments recognised on the Statement of Financial Position		
Derivative instrument assets	**25,399**	9,468
Derivative instrument liabilities	**(11,857)**	(12,847)
	13,542	(3,379)

	30 June 2024		30 June 2023	
	Fair value $'000	**Asset exposure $'000**	**Fair value $'000**	**Asset exposure $'000**
At the year end the Company held the following derivative instruments				
Long CFDs	**4,751**	**366,358**	(4,598)	312,737
Short CFDs	**6,830**	**170,814**	2,057	203,746
Long future contracts	**(399)**	**22,348**	–	–
Short future contracts	**(26)**	**22,831**	–	–
Short futures (hedging exposure)	**(1,196)**	**(148,757)**	849	(130,176)
Long call option contracts	**5,508**	**49,080**	254	2,879
Short put option contracts	**915**	**2,269**	(1,557)	10,789
Short call option contracts	**(1)**	**37**	(384)	6,406
Short call option contracts (hedging exposure)	**(2,418)**	**(15,110)**	–	–
Long put option contracts	**(786)**	**10,698**	–	–
Forward currency contracts	**364**	**–**	–	–
	13,542	**480,568**	(3,379)	406,381

12. Other Receivables

	30 June 2024 $'000	**30 June 2023 $'000**
CFD dividend receivable	**1,661**	827
Securities sold pending settlement	**2,170**	789
Amounts receivable on settlement of derivatives	**3,054**	–
Accrued income	**1,182**	4,834
Other receivables	**16**	30
	8,083	6,480

13. Other Payables

	30 June 2024 $'000	**30 June 2023 $'000**
CFD interest payable	**431**	473
CFD dividend payable	**616**	261
Securities purchased pending settlement	**12,613**	16,050
Amounts payable on settlement of derivatives	**1,182**	2,762
Management fees	**335**	391
Custodian fees	**102**	89
Directors' fees	**65**	45
Repurchases of the Company's own shares awaiting settlement	**1,941**	–
Capital gains tax payable	**1,038**	915
Accrued expenses	**355**	256
	18,678	21,242

14. Share Capital

	2024 Number of shares	2023 Number of shares
Authorised		
Founder shares of no par value	**1,000**	1,000
Issued		
Participating Preference Shares held outside Treasury		
Beginning of the year	**91,100,066**	91,100,066
Repurchase and cancellation of the Company's own Participating Preference Shares	**(13,531,881)**	
Participating Preference Shares repurchased into Treasury	**(2,921,898)**	–
End of the year	**74,646,287**	91,100,066
Participating Preference Shares held in Treasury*		
Beginning of the year	**–**	–
Participating Preference Shares repurchased into Treasury	**2,921,898**	–
End of the year	**2,921,898**	–
Total Participating Preference Shares including held in Treasury	**77,568,185**	91,100,066

* The ordinary shares held in Treasury carry no rights to vote, to receive a dividend or to participate in a winding up of the Company.

The Board of Directors is mindful that the Company's shares have traded at a discount to NAV for some time, and frequently deliberates appropriate discount control mechanisms to address the imbalance between the demand and supply of the Company's shares. In recognition of this, on 13 November 2023, the Company implemented a share buyback programme to repurchase up to 14.99% of issued share capital, which was renewed at the Annual General Meeting on 7 December 2023. The Board intends to continue using its buyback programme to address the discount to NAV with the ambition that it may ultimately be maintained in single digits in normal market conditions on a sustainable basis.

The costs associated with the repurchase and cancellation of shares as well as repurchase of shares held in treasury of $127,125,000 and $24,923,000 respectively were charged to the capital reserve for the year ended 30 June 2024.

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

Founder Shares

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

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

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

Treasury Shares

As at year ending 30 June 2024, the Company holds 2,921,898 shares in treasury (2023: nil).

Participating Preference Shares

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

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

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

15. Capital and Reserves

	Share premium account $'000	Capital reserve $'000	Revenue reserve $'000	Total equity $'000
At 1 July 2023	**6,291**	**735,860**	**54,583**	**796,734**
Net gains on investments at fair value through profit or loss (see Note 10)	**–**	**81,553**	**–**	**81,553**
Net gains on derivative instruments (see Note 11)	**–**	**35,890**	**–**	**35,890**
Net foreign exchange losses	**–**	**(1,569)**	**–**	**(1,569)**
Management fees (see Note 4)	**–**	**(3,741)**	**–**	**(3,741)**
Tax charged to capital (see Note 7)	**–**	**(123)**	**–**	**(123)**
Repurchase and cancellation of the Company's own shares (see Note 14)	**–**	**(127,125)**	**–**	**(127,125)**
Participating Preference Shares repurchased into Treasury (see Note 14)	**–**	**(24,923)**	**–**	**(24,923)**
Revenue profit after taxation for the year	**–**	**–**	**14,055**	**14,055**
Dividends paid to shareholders (see Note 9)	**–**	**–**	**(17,305)**	**(17,305)**
At 30 June 2024	**6,291**	**695,822**	**51,333**	**753,446**

	Share premium account $'000	Capital reserve $'000	Revenue reserve $'000	Total equity $'000
At 1 July 2022	6,291	741,095	49,375	796,761
Net gains on investments at fair value through profit or loss (see Note 10)	–	36,553	–	36,553
Net losses on derivative instruments (see Note 11)	–	(37,809)	–	(37,809)
Net foreign exchange losses	–	(933)	–	(933)
Management fees (see Note 4)	–	(3,690)	–	(3,690)
Tax charged to capital (see Note 7)	–	644	–	644
Revenue profit after taxation for the year	–	–	19,784	19,784
Dividends paid to shareholders (see Note 9)	–	–	(14,576)	(14,576)
At 30 June 2023	6,291	735,860	54,583	796,734

Share Premium

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

The capital reserve balance at 30 June 2024 includes investment holding gains of $925,000 (2023: losses of $106,145,000) as detailed in Note 10.

16. Net Asset Value per Participating Preference Share

The calculation of the net asset value per Participating Preference Share is based on the following:

	30 June 2024	30 June 2023
Net assets	**$753,446,000**	$796,734,000
Participating Preference Shares in issue	**74,646,287**	91,100,066
Net Asset Value per Participating Preference Share	**$10.09**	$8.75

17. Financial Instruments

Management of risk

The Company's investing activities in pursuit of its investment objective involve certain inherent risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Board with the assistance of the Investment Manager, has developed a risk matrix which, as part of the internal control process, identifies the risks that the Company faces. Principal risks identified are investment performance, cybercrime and information security, business continuity & event management, gearing, discount to NAV, unlisted securities, foreign currency exposure, lack of market liquidity, environmental, social and governance (ESG) and key person risks. Other risks identified are tax and regulatory and operational risks, including those relating to third party service providers covering investment management, marketing and business development, company secretarial, fund administration and operations and support functions. Risks are identified and graded in this process, together with steps taken in mitigation, and are updated and reviewed on an ongoing basis. Risks identified are shown in the Strategic Report.

This note is incorporated in accordance with IFRS 7: Financial Instruments: Disclosures and refers to the identification, measurement and management of risks potentially affecting the value of financial instruments.

The Company's financial instruments may comprise:

- Equity shares (listed and unlisted), preference shares, equity linked notes, convertible bonds, rights issues, holdings in investment companies and private placements;
- Derivative instruments including CFDs, warrants, futures and options written or purchased on stocks and equity indices and forward currency contracts; and
- Cash, liquid resources and short-term receivables and payables that arise from its operations.

The risks identified by IFRS 7 arising from the Company's financial instruments are market price risk (which comprises interest rate risk, foreign currency risk and other price risk), liquidity risk, credit and counterparty risk and derivative instrument risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk

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

The Company finances its operations through its share capital and reserves. In addition, the Company has gearing through the use of derivative instruments. The Board imposes limits to ensure gearing levels are appropriate. The Company is exposed to a financial risk arising as a result of any increases in interest rates associated with the funding of the derivative instruments.

Interest rate risk exposure

The values of the Company's financial instruments that are exposed to movements in interest rates are shown below:

	30 June 2024 $'000	30 June 2023 $'000
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	**361,607**	317,335
	361,607	317,335
Exposure to financial instruments that earn interest		
Short CFDs – exposure plus fair value	**177,644**	205,804
Debt Instrument	**316**	–
Amounts held at futures clearing houses and brokers	**44,952**	18,210
Cash and cash equivalents	**8,794**	18,057
	231,706	242,071
Net exposure to financial instruments that bear interest	**(129,901)**	(75,264)

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at the statement of financial position date, an increase of 1% in interest rates throughout the year, with all other variables held constant, would have decreased the profit after taxation for the year and decreased the net assets of the Company by $1,299,000 (2023: increased the loss after taxation for the year and decreased the net assets of the Company by $753,000). A decrease of 1% in interest rates throughout the year would have had an equal but opposite effect.

Foreign currency risk

The Company invests in financial instruments and enters into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than US dollars (functional currency) or UK Sterling (the currency in which shares are traded on the London Stock Exchange).

Three principal areas have been identified where foreign currency risk could impact the Company:

- movements in currency exchange rates affecting the value of investments and derivatives exposures;
- movements in currency exchange rates affecting short-term timing differences, for example, between the date when an investment is bought or sold and the date when settlement of the transaction occurs; and
- movements in currency exchange rates affecting income received.

Currency exposure of financial assets

The Company's financial assets comprise of investments, positions on derivative instruments, short-term debtors and cash and cash equivalents.

Currency exposure of financial liabilities

The Company finances its investment activities through its ordinary share capital and reserves. The Company's financial liabilities comprise positions on derivative instruments and other payables.

The net currency exposure profile of these financial assets/(liabilities) is shown below:

Currency	Investments held at fair value through profit or loss $'000	Asset/ (liabilities) exposure of derivative instruments[1] $'000	Cash, cash equivalents and other receivables/ (payables)[2] $'000	2024 Total foreign currency risk $'000
Australian dollar	**3,594**	**(4,012)**	**(35)**	**(453)**
Brazilian real	**44,315**	**–**	**(275)**	**44,040**
Canadian dollar	**25,805**	**9,545**	**(17)**	**35,333**
Euro	**16,125**	**21,793**	**(28)**	**37,890**
Hong Kong dollar	**40,623**	**108,530**	**(1,395)**	**147,758**
Hungarian Forint	**10,536**	**–**	**–**	**10,536**
Indian rupee	**77,447**	**(17,942)**	**25,903**	**85,408**
Indonesian rupiah	**28,009**	**–**	**–**	**28,009**
Japanese Yen	**–**	**(25,855)**	**(97)**	**(25,952)**
Korean won	**20,102**	**(7,027)**	**1,325**	**14,400**
Mexican peso	**33,824**	**23,248**	**(49)**	**57,023**
Other currencies	**38,148**	**(374)**	**(36)**	**37,738**
Poland złoty	**13,899**	**(16,346)**	**(351)**	**(2,798)**
Saudi riyal	**36,888**	**–**	**385**	**37,273**
South African Rand	**85,394**	**2,518**	**(9)**	**87,903**
Sterling	**4,465**	**16,082**	**(985)**	**19,562**
Swedish Krona	**–**	**8,450**	**(12)**	**8,438**
Taiwan dollar	**115,039**	**–**	**395**	**115,434**
United Arab Emirates Dirham	**16,671**	**–**	**–**	**16,671**
United States dollar	**65,389**	**(29,581)**	**18,432**	**54,240**
Vietnamese dong	**20,480**	**–**	**–**	**20,480**
	696,753	**89,029**	**43,151**	**828,933**

1 The asset exposure of long and short derivative positions is after the netting of hedging exposures;

2 Other receivables/(payables) include amounts held at futures clearing houses and brokers.

Currency	Investments held at fair value through profit or loss $'000	Asset/ (liabilities) exposure of derivative instruments[1] $'000	Cash, cash equivalents and other receivables/ (payables)[2] $'000	2023 Total foreign currency risk $'000
Brazilian real	70,992	263	(74)	71,181
Canadian dollar	23,451	19,717	15	43,183
Chinese yuan renminbi	6,364	–	30	6,394
Euro	35,411	3,570	5	38,986
Hong Kong dollar	77,538	53,348	1,265	132,151
Indian rupee	93,561	–	136	93,697
Indonesian rupiah	36,602	–	–	36,602
Korean won	9,563	(604)	36	8,995
Mexican peso	34,214	18,890	(65)	53,039
Nigerian naira	9,356	–	1,319	10,675
Poland zloty	12,087	(7,503)	21	4,605
South African rand	80,608	(4,512)	(237)	75,859
UK Sterling	20,784	9,044	(27)	29,801
Swedish Krona	10,837	–	–	10,837
Taiwan dollar	107,225	–	1,835	109,060
United Arab Emirates dirham	4,124	–	–	4,124
United States dollar	92,384	(90,177)	17,175	19,382
Vietnamese dong	15,131	–	68	15,199
Other currencies	38,376	(15,959)	3	22,420
	778,608	(13,923)	21,505	786,190

1 The asset exposure of long and short derivative positions is after the netting of hedging exposures;

2 Other receivables/(payables) include amounts held at futures clearing houses and brokers.

Foreign currency risk management

The degree of sensitivity of the Company's assets to foreign currency risk depends on the net exposure of the Company to each specific currency and the volatility of that specific currency in the year. At 30 June 2024, had the average exchange rate of the US dollar weakened by a reasonable possible movement of 5% (2023: 5%) in relation to the basket of currencies in which the Company's net assets are denominated, weighted by the Company's exposure to each currency with all other variables held constant, the Company estimates the profit after taxation for the year would have increased and net assets would have increased by $38,735,000 (2023: increased the profit after taxation for the year and increased the net assets of the Company by $38,340,000).

An increase in the US dollar by 5% in relation to the basket of currencies in which the Company's net assets are denominated would have resulted in a decline in net assets by the same amount, under the assumption that all other factors remain constant.

The Investment Manager does not consider it realistic or useful to examine foreign currency risk in isolation. The Investment 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.

Market price risk

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

Market price risk management

Market price risk can be moderated in a number of ways by the Investment 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. Country and Sector Exposure of the Portfolio and Forty Largest Holdings illustrate the Company's portfolio at the end of reporting year reflects the diversified strategy

The Investment Manager has identified the MSCI Emerging Markets Index as a relevant reference point for the markets in which it operates. However, the Investment Manager does not manage the Company's investment strategy to track the MSCI Emerging Markets Index or any other index or benchmark. The short-term performance of the Company and its correlation to the MSCI Emerging Markets Index is shown in the Financial Highlights section and is expected to change over time.

Market price risk – Investee Funds

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

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

There were no purchases of Investee Funds during the year ended 30 June 2024 (2023: $3,846,000). Total sales amounted to $1,310,000 (2023: $4,045,000). As at 30 June 2024 and 2023 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments. It represents the potential loss the Company might suffer through price movements in its investment positions. The Board meets quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective.

The Investment Manager is responsible for actively monitoring the portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet an acceptable risk/reward profile. Other price risks arising from derivative positions, mainly due to the underlying exposures, are assessed by the Investment Manager's specialist derivative instruments team.

Other price risk sensitivity

The following table illustrates the sensitivity of loss after taxation for the year and net assets to an increase or decrease of 10% (year ended 30 June 2023: 10%) in the fair value of investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on investments with all other variables held constant.

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

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

Effect of a 10% increase/(decrease) in fair value:

	2024		2023	
	10% increase in fair value $'000	10% decrease in fair value $'000	10% increase in fair value $'000	10% decrease in fair value $'000
Statement of Comprehensive Income – profit/(loss) after taxation				
Total profit/(loss) after taxation for the year	**69,644**	**(69,644)**	77,861	(77,861)
Net assets	**69,644**	**(69,644)**	77,861	(77,861)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's assets mainly comprise readily realisable securities and derivative instruments which can be sold easily to meet funding commitments if necessary. Short-term flexibility is achieved by the use of a bank overdraft, if required.

The liquidity risk profile of the Company was as follows:

	30 June 2024 $'000	30 June 2023 $'000
Amounts due within one month		
Securities purchased pending settlement	**12,613**	16,050
Repurchases of the Company's own shares awaiting settlement	**1,941**	–
Amounts payable on settlement of derivatives	**1,182**	2,762
Derivative liabilities	**8,377**	12,847
CFD interest payable	**431**	473
CFD dividend payable	**616**	261
Custodian fees	**102**	89
Management fees	**335**	391
Directors' fees	**65**	45
Accrued expenses	**355**	256
Amounts due within one year		
Derivative liabilities	**3,480**	–
Capital gains tax payable	**1,038**	915
Total liabilities	**30,535**	34,089

Liquidity risk management

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

The Company has no payables past their due dates as at 30 June 2024 (2023: nil).

Credit and counterparty risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Company. Financial instruments may be adversely affected if any of the institutions with which money is deposited suffer insolvency or other financial difficulties. All transactions are carried out with brokers that have been approved by the Investment Manager and are settled on a delivery versus payment basis. Limits are set on the amount that may be due from any one broker and are kept under review by the Investment Manager. Exposure to credit risk arises on outstanding security transactions and derivative instrument contracts and cash at bank. The Company only engages with approved counterparties that are rated investment grade or above.

The Company has no receivables past their due dates as at 30 June 2024 (2023: nil).

Credit risk management

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

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

	30 June 2024 Amounts due within 1 year $'000	**30 June 2023 Amounts due within 1 year $'000**
Derivative assets	**25,399**	9,468
Debt instruments	**316**	–
Securities sold pending settlement	**2,170**	789
Amounts receivable on settlement of derivatives	**3,054**	–
Amounts held at futures clearing houses and brokers	**44,952**	18,210
Cash and cash equivalents	**8,794**	18,057
CFD dividend receivable	**1,661**	827
Accrued income	**1,182**	4,834
Other receivables	**16**	30
	87,544	52,215

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

For OTC and exchange traded derivative transactions, collateral is used to reduce the risk of both parties to the contract. Collateral is managed on a daily basis for all relevant transactions and held in segregated collateral accounts. Collateral can be held by brokers on behalf of the Company to reduce the credit risk exposure of the Company or held by the Company on behalf of brokers to reduce the credit risk exposure of the brokers. All collateral received or pledged at reporting date is in form of cash. The value of collateral received from brokers and pledged to brokers is shown below:

	30 June 2024		**30 June 2023**	
	collateral received $'000	**collateral pledged $'000**	**collateral received $'000**	**collateral pledged $'000**
Bank of America Merrill Lynch International	–	–	–	250
Goldman Sachs International Ltd	**6,440**	**–**	–	3,430
J.P. Morgan Securities plc	**5,290**	**–**	1,180	–
Morgan Stanley & Co. International Ltd	**–**	**530**	110	–
HSBC Bank plc	**790**	**–**	–	1,800
UBS AG	**2,300**	**44,422**	–	12,730

Derivative instrument risk

The risks and risk management processes which result from the use of derivative instruments, are set out in the Risk Management Process document. This document was approved by the Board and allows the use of derivative instruments for the following purposes:

- to gain exposure to equity markets, sectors or individual investments;
- to hedge equity market risk in the Company's investments with the intention of mitigating losses in the events market falls;
- to enhance portfolio returns by writing call and put options; and
- to take short positions in equity markets, sectors or individual investments which would benefit from a fall in the relevant market price, where the Investment Manager believes the investment is overvalued. These positions distinguish themselves from other short exposures held for hedging purposes since they are expected to add risk to the portfolio.

The risk and investment performance of these instruments are managed by an experienced, specialist derivative team of the Investment Manager using portfolio risk assessment tools for portfolio construction.

Derivative instruments exposure sensitivity analysis

The Company invests in derivative instruments to gain or reduce exposure to the equity market. An increase of 10% in the share prices of the investments underlying the derivative instruments at the reporting date would have increased the profit after taxation for the year and increased the net assets of the Company by $8,903,000 (2023: increased the profit after taxation for the year and increased the net assets of the Company by $1,392,000). A decrease of 10% in share prices of the investments underlying the derivative instruments would have had an equal but opposite effect.

Offsetting

To mitigate counterparty risk for OTC derivative transactions, the ISDA legal documentation is in the form of a master agreement between the Company and the brokers. This allows enforceable netting arrangements in the event of a default or termination event. Derivative instrument assets and liabilities that are subject to netting arrangements have not been offset in preparing the Statement of Financial Position.

The Company's derivative instrument financial assets and liabilities recognised in the Statement of Financial Position and amounts that could be subject to netting in the event of a default or termination are shown below:

				Related amounts not set off on statement of financial position		2024
Financial assets	**Gross amount $'000**	**Gross amount of recognised financial liabilities set off on the statement of financial position $'000**	**Net amount of financial assets presented on the statement of financial position $'000**	**Financial instruments $'000**	**Margin account received as collateral $'000**	**Net amount $'000**
CFDs	**18,344**	**–**	**18,344**	**(6,763)**	**(9,169)**	**2,412**
Options	**6,423**	**–**	**6,423**	**(1,209)**	**–**	**5,214**
Futures	**268**	**–**	**268**	**(268)**	**–**	**–**
Forward currency contracts	**11,801**	**(11,437)**	**364**	**–**	**–**	**364**
	36,836	**(11,437)**	**25,399**	**(8,240)**	**(9,169)**	**7,990**

Financial liabilities	Gross amount $'000	Gross amount of recognised financial assets set off on the statement of financial position $'000	Net amount of financial liabilities presented on the statement of financial position $'000	Related amounts not set off on statement of financial position Financial instruments $'000	Margin account pledged as collateral $'000	2024 Net amount $'000
CFDs	**(6,763)**	**–**	**(6,763)**	**6,763**	**–**	**–**
Options	**(3,205)**	**–**	**(3,205)**	**1,209**	**–**	**(1,996)**
Futures	**(1,889)**	**–**	**(1,889)**	**268**	**1,621**	**–**
Forward currency contracts	**(11,437)**	**11,437**	**–**	**–**	**–**	**–**
	(23,294)	**11,437**	**(11,857)**	**8,240**	**1,621**	**(1,996)**

Financial assets	Gross amount $'000	Gross amount of recognised financial liabilities set off on the statement of financial position $'000	Net amount of financial assets presented on the statement of financial position $'000	Related amounts not set off on statement of financial position Financial instruments $'000	Margin account received as collateral $'000	2023 Net amount $'000
CFDs	8,365	–	8,365	(6,055)	(1,290)	1,020
Options	254	–	254	(254)	–	–
Futures	849	–	849	–	–	849
	9,468	–	9,468	(6,309)	(1,290)	1,869

Financial liabilities	Gross amount $'000	Gross amount of recognised financial assets set off on the statement of financial position $'000	Net amount of financial liabilities presented on the statement of financial position $'000	Related amounts not set off on statement of financial position Financial instruments $'000	Margin account pledged as collateral $'000	2023 Net amount $'000
CFDs	(10,906)	–	(10,906)	6,055	4,235	(616)
Options	(1,941)	–	(1,941)	254	1,687	–
	(12,847)	–	(12,847)	6,309	5,922	(616)

Fair Value Hierarchy

The Company is required to disclose the fair value hierarchy that classifies its financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to inputs other than quoted prices included in level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly

Level 3 Valued by reference to valuation techniques using inputs that are not based on observable market data

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are explained in Note 2(b). The table below sets out the Company's fair value hierarchy

Financial assets at fair value through profit or loss	Level 1 $'000	Level 2 $'000	Level 3 $'000	30 June 2024 Total $'000
Investments in equity securities	**686,519**	**–**	**506**	**687,025**
Equity linked notes	**–**	**4,555**	**–**	**4,555**
Debt instruments	**–**	**316**	**–**	**316**
Investee funds	**–**	**–**	**4,857**	**4,857**
Derivative instrument assets – futures contracts	**268**	**–**	**–**	**268**
Derivative instrument assets – options	**6,412**	**11**	**–**	**6,423**
Derivative instrument assets – CFDs	**–**	**18,344**	**–**	**18,344**
Derivative instrument assets – forward currency contracts	**–**	**364**	**–**	**364**
	693,199	**23,590**	**5,363**	**722,152**
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities – futures contracts	**1,889**	**–**	**–**	**1,889**
Derivative instrument liabilities – options	**1,198**	**2,007**	**–**	**3,205**
Derivative instrument liabilities – CFDs	**–**	**6,763**	**–**	**6,763**
	3,087	**8,770**	**–**	**11,857**

Financial instruments classified under Level 2 are valued by reference to inputs other than quoted prices included in level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. The Level 2 instruments include underlying investment funds, equity linked notes, over the counter option contracts and contracts for difference.

Financial assets at fair value through profit or loss	Level 1 $'000	Level 2 $'000	Level 3 $'000	30 June 2023 Total $'000
Investments in equity securities	751,117	–	1,009	752,126
Equity linked notes	–	17,433	–	17,433
Investee funds	–	3,943	5,106	9,049
Derivative instrument assets – futures contracts	849	–	–	849
Derivative instrument assets – options	13	241	–	254
Derivative instrument assets – CFDs	–	8,365	–	8,365
	751,979	29,982	6,115	788,076
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities – options	1,516	425	–	1,941
Derivative instrument liabilities – CFDs	–	10,906	–	10,906
	1,516	11,331	–	12,847

Valuation basis for Level 3 investments	30 June 2024 $'000	30 June 2023 $'000
Net asset value	**4,857**	5,106
Most recently available published price adjusted	**506**	1,009
	5,363	6,115

As the key input into the valuation of Level 3 investments is official valuation statements from the investee funds and the adjusted most recently available published price, 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 users.

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

Movements in level 3 investments during the year	**30 June 2024 Level 3 $'000**	**30 June 2023 Level 3 $'000**
Opening balance	**6,115**	5,809
Sales	**(8,384)**	(4,045)
Transfers into level 3	**–**	1,009
Realised (losses)/gains	**(19,431)**	3,112
Net change in unrealised gains/(losses)	**27,063**	230
Closing balance	**5,363**	6,115

During the year the Company participated in a tender offer which was being undertaken in Detsky Mir's restructuring from being a public listed company to a private company. The Company's application was successful and it received proceeds of RUB 300.5 million, (approx. $3.1 million based on exchange rates at that time).

During the year, the Company sold its position in TCS Group Holding Plc by means of a secondary market transaction. The Manager granted the attestations required to ensure the proceeds from the sale where available to the Company and it received proceeds of $4 million.

The Company's holdings in Russian securities have been fair valued at nil as at 30 June 2024 (2023 : nil) as a result of trading being suspended on international stock exchanges. These Russian securities have a carrying cost of $90,932,976 as at 30 June 2024. (2023: $99,959,944).

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

Capital Risk Management

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

18. Capital Resources and Gearing

The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital, reserves and gearing, which are disclosed on the Statement of Financial Position. The Company is managed in accordance with its investment policy and in pursuit of its investment objective, both of which are detailed in the Strategic Report. The principal risks and their management are disclosed in the Strategic Report and in Note 17.

The Company's gearing at the year end is set out below:

	30 June 2024			
	Gross gearing		Net gearing	
	Exposure $'000	%[1]	Exposure $'000	%[1]
Investments	**696,753**	**92.5**	**696,753**	**92.5**
Long CFDs	**366,358**	**48.6**	**366,358**	**48.6**
Long futures	**22,348**	**3.0**	**22,348**	**3.0**
Long put options	**10,698**	**1.4**	**10,698**	**1.4**
Long call options	**49,080**	**6.5**	**49,080**	**6.5**
Total long exposures before hedges	**1,145,237**	**152.0**	**1,145,237**	**152.0**
Less: short derivative instruments hedging the above	**(148,757)**	**(19.7)**	**(148,757)**	**(19.7)**
Less: short call covered options for hedging purposes	**(15,110)**	**(2.0)**	**(15,110)**	**(2.0)**
Total long exposures after the netting of hedges	**981,370**	**130.3**	**981,370**	**130.3**
Short CFDs	**170,814**	**22.7**	**(170,814)**	**(22.7)**
Short futures	**22,831**	**3.0**	**(22,831)**	**(3.0)**
Short put options	**2,269**	**0.3**	**(2,269)**	**(0.3)**
Short call options	**37**	**–**	**(37)**	**–**
Gross Asset Exposure/net exposure	**1,177,321**	**156.3**	**785,419**	**104.3**
Net Assets	**753,446**		**753,446**	
Gearing[2]		**56.3%**		**4.3%**

	30 June 2023			
	Gross gearing		Net gearing	
	Exposure $'000	%[1]	Exposure $'000	%[1]
Investments	778,608	97.7	778,608	97.7
Long CFDs	312,737	39.2	312,737	39.2
Short put options	10,789	1.4	10,789	1.4
Long call options	2,879	0.4	2,879	0.4
Total long exposures before hedges	1,105,013	138.7	1,105,013	138.7
Less: short derivative instruments hedging the above	(130,176)	(16.3)	(130,176)	(16.3)
Total long exposures after the netting of hedges	974,837	122.4	974,837	122.4
Short CFDs	203,746	25.5	(203,746)	(25.5)
Short call options	6,406	0.8	(6,406)	(0.8)
Gross Asset Exposure/net exposure	1,184,989	148.7	764,685	96.1
Net Assets	796,734		796,734	
Gearing[2]		48.7%		(3.90)%

1 Exposure to the market expressed as a percentage of Net Assets.

2 Gearing is the amount by which Gross Asset Exposure/net exposure exceeds Net Assets expressed as a percentage of Net Assets.

19. Transactions with the Managers and Related Parties

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investments International. Both companies are Fidelity group companies.

Details of the current fee arrangements are given in Note 4. During the year, management fees of $4,676,000 (2023: $4,613,000) were payable to the Manager. During the year, marketing fees of $269,000 (2023: $176,000) were payable to the Manager. At the year-end date the Company had a balance of management fees outstanding, full details are disclosed in Note 13. Additionally, the

Company had a balance of marketing fees outstanding of $57,000 (2023: $39,000). This balance forms part of the other payables figure in Note 13.

At the date of this report, the Board consisted of five non-executive Directors (as shown in the Annual Report) all of whom are considered to be independent by the Board. None of the Directors has a service contract with the Company

The Directors received for the financial year fees totalling £205,829, (2023: £156,604), the breakdown of the fees is shown in the Directors' Remuneration Report in the Annual Report. From 1 July 2024, the Chairman receives an annual fee of £52,000 (2023: £50,000), the Chairman of the Audit Committee and Senior Independent Director receive £39,500 (2023: £38,000) and the other Directors receive an annual fee of £37,500 (2023: £36,000). The following members of the Board hold Participating Preference Shares in the Company at the date of this report: Heather Manners 10,000 shares, Torsten Koster 15,000 shares, Dr Simon Colson 4,416 shares, Katherine Tsang nil shares and Mark Little* nil shares.

Directors' expenses for the year include travelling, hotel and other expenses which the Directors are entitled to when properly incurred by them in travelling to, attending and returning from meetings and while on other business of the Company.

Directors' related party interests are stated in the Annual Report as part of the Directors' Remuneration Report.

*Appointed 17 January 2024

20. Ultimate Controlling Party

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

21. Segment Information

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

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

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

A breakdown of the Company's financial assets at fair value through profit and loss is shown in the Country exposure of the Company's portfolio in the Annual Report.

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

22. Subsequent events

No significant events have occurred since the end of the reporting date which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 30 June 2024 or on the financial performance and cash flows of the Company for the year ended on that date.

Alternative Performance Measures

Active Share

Active Share is a measure of the percentage which stock holdings in the Company differ from the constituents of the benchmark, the MSCI Emerging Markets Index. Active share is calculated by taking the sum of the absolute difference between the weights of the holdings in the Company and those in the MSCI Emerging Markets Index and dividing the result by two. See The Year at a Glance inside the front cover of this report for further details.

Discount/Premium

The discount/premium is considered to be an Alternative Performance Measure. It is the difference between the NAV of the Company and the share price and is expressed as a percentage of the NAV. Details of the Company's discount are on the Financial Highlights in the Annual Report.

Gearing

Gearing is considered to be an Alternative Performance Measure. See Note 18 in the Annual Report for details of the Company's gearing.

Net Asset Value ("NAV") per Participating Preference Share

The NAV per Participating Preference Share is considered to be an Alternative Performance Measure. See the Statement of Financial Position in the Annual Report and Note 16 in the Annual Report for further details.

Ongoing charges ratio

Ongoing charges ratio is considered to be an Alternative Performance Measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of management fees and other expenses expressed as a percentage of the average net assets throughout the year.

	30 June 2024	**30 June 2023**
Management fees ($'000)	**4,676**	4,613
Other expenses ($'000)1	**1,631**	1,619
Ongoing charges ($'000)	**6,307**	6,232
Average net assets ($'000)	**782,365**	768,785
Ongoing charges ratio	**0.81%**	0.81%

Total Return Performance

Total return performance is considered to be an Alternative Performance Measure (as defined in the Glossary to the Annual Report). NAV per share total return includes reinvestment of the dividend in the NAV of the Company on the ex-dividend date. Share price total return includes the reinvestment of the net dividend in the month that the share price goes ex-dividend.

The tables below provide information relating to the NAV per share and share prices of the Company, the impact of the dividend reinvestments and the total returns for the years ended 30 June 2024 and 30 June 2023.

2024	**Net asset value per share**	**Share price**
30 June 2023	**687.91p**	**587.50p**
30 June 2024	**798.47p**	**703.00p**
Change in the year	**+16.1%**	**+19.7%**
Impact of dividend reinvestment	**+2.6%**	**+2.9%**
Total return for the year	**+18.7%**	**+22.6%**

2023	**Net asset value per share**	**Share price**
30 June 2022	720.13p	633.70p
30 June 2023	687.91p	587.50p
Change in the year	-4.5%	-7.3%
Impact of dividend reinvestment	+1.9%	+2.1%
Total return for the year	-2.6%	-5.2%

The Annual Financial Report Announcement is not the Company's statutory accounts. The above results for the year ended 30 June 2024 are an abridged version of the Company's full Annual Report and Financial Statements, which have been approved and audited with an unqualified report. The 2023 and 2024 statutory accounts received unqualified reports from the Company's Auditor and did not include any reference to matters to which the Auditor drew attention by way of emphasis without qualifying the reports and did not contain a statement under s.498 of the Companies Act 2006. The financial information for 2022 is derived from the statutory accounts for 2023 which have been delivered to the Guernsey Financial Services Commission. The 2024 Financial Statements will be filed with the Guernsey Financial Services Commission in due course.

A copy of the above results announcement will be available on the Company's website at www.fidelity.co.uk/emergingmarkets within two working days.

A copy of the Annual Report will shortly be submitted to the National Storage Mechanism and will be available for inspection at: www.morningstar.co.uk/uk/NSM

The Annual Report will be posted to shareholders later this month and additional copies will be available from the registered office of the Company and on the Company's website: www.fidelity.co.uk/emergingmarkets where up to date information on the Company, including daily NAV and share prices, factsheets and other information can also be found.

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

ENDS