QUARTERLY SHAREHOLDER LETTER

31 March 2020

To Shareholders of the Genesis Emerging Markets Fund (the "Fund"),

Before we discuss what the COVID-19 pandemic means for our Emerging Markets ("EM") investments, we want to address what is even more important: people. Please accept our best wishes to you, our clients. We are doing all we can to keep our employees safe and we wish the same for you.

To recap recent events, COVID-19 began to spread in December, and on January 23rd, the Chinese government locked down the country to prevent further transmission. It was harsh but successful, and daily new cases peaked on Feb 4th. The lockdown triggered an approximately 20% decline in economic activity in February, implying the first quarterly contraction since China started measuring GDP over 30 years ago. From mid-March, many other countries saw similar disruptions. Due to the lockdowns and their effect on activity and confidence, the global economy is in for a hard shock.

In the first quarter, the Fund fell by 20% in sterling terms, about two points more than the MSCI EM Index. Ours is a well-diversified portfolio of quality businesses. Overall, they have very little debt, and we have been careful not to over-invest in financially precarious countries. While we would generally expect to fare better than a steeply declining market, that was not the case this quarter. The main reason is that we have relatively fewer investments in the countries that have so far managed the COVID-19 threat best: China, Korea and Taiwan. Authorities in these three countries have done a better job in testing and contact tracing than those in other EM or indeed most of the world. It is not an outcome we would have guessed; many other countries have stronger healthcare systems than China, and outside North Asia, governments had at least a month to prepare. That said, a key next question is the degree to which falling global demand for manufactured exports will undermine hopes for a rapid economic rebound in China, Korea and Taiwan.

Based on external expert advice, we expect that even as lockdown policies globally show results and infection rates slow, a synchronised global recession will have taken hold. We are not expecting a sharp "V" shaped recovery. Rather, we expect continued challenges into 2021, and a relatively weak recovery as health concerns linger. As we update our company models, this is the global environment we are assuming as a base case, while we test our models for a wide range of possible outcomes.

Despite the suffering and losses that accompany this pandemic, we are hugely proud of how our Genesis team has responded. We have invoked our Business Continuity Plans, and our Investment Team, business operations and client servicing have continued in a work-from-home setting without disruption. We are more resilient than many businesses because we are a simple, single strategy boutique with a strong capital position.

We remain bullish on the long-term opportunity in EM. The long-term growth outlook is compelling considering the demographics and income convergence opportunities, and our markets are often inefficiently priced – and we believe this is particularly the case today. We seek to identify a diverse group of quality companies and combine them into an attractive portfolio offering good long-term returns.

We continue to make progress even during tough times, and we are pleased to share our first Annual ESG Report this quarter. At the end of this letter, we have included a short preview and the full report will be published in April.

Genesis Business Continuity

As COVID-19 took hold in Asia in mid-January, we stopped traveling there, and shortly thereafter, we cancelled trips elsewhere. Since March 16th the staff at Genesis has been working remotely, and on March 20th we temporarily closed our office in London. In the preceding weeks, in accordance with our Business Continuity Plan, we had tested our preparedness for remote working successfully, including access to portfolio management and trading systems.

Genesis infrastructure is based on virtual desktops with remote servers and full redundancy at a cloud vendor. Our Dealing Team has often connected remotely to manage orders, while the Investment and Client Teams, given the nature of their roles, are used to connecting from distant locations. All employees are fully equipped to work from home, and our Technology Team is on point, monitoring and providing support – even including streaming our regular yoga classes to support all staff in this unfamiliar environment. We have integrated Microsoft Teams and Zoom into our processes, and we continue to collaborate and hold meetings as scheduled, both internally and externally. Most importantly, we believe that our team structures, with co-coverage responsibilities across the business, will mitigate any unexpected business continuity risks to our operations and client service.

We had outsourced some of our middle-office functions, including trade management and reconciliation processes in 2018. Our partners are BBH InfoTrade for trade management and Watson Wheatley for reconciliation; both continue to operate to expected standards and deadlines.

At the beginning of March, we announced our partnership with Northern Trust ("NT") for partially outsourcing trade execution to take advantage of their Integrated Trading Solutions ("ITS") platform in terms of scale and efficiency. We started using the ITS platform as of March 2nd, and one of our traders, Neil Dacey, moved to NT to lead their EM execution operation. We believe this initiative allows us to focus on our investments and benefit from rapidly evolving trading technology whilst ensuring regulatory compliance. To date NT has accounted for 27% of our regular trading, exclusively focused on trading in developed markets, i.e. US and Hong Kong, as a first step. With our dealers successfully working from home since March 16th, there has been no operational disruption to either trading or settlement activity.

COVID-19 has increased volatility and trading volumes in EM; 94% of our stocks had an increase in volumes by 90% on average[1], albeit less in dollar terms. The Philippine Stock Exchange closed for two days, but we have not seen anything similar in any other markets. Other than when circuit breakers have kicked in for short periods in certain markets and the Philippine closure, our trading ability has not been impacted. However, we have made the decision to trade with systemically important banks where possible to mitigate counterparty risk during this period.

Investment Update

We expect to create value for our clients through our analysis and valuation of businesses rather than forecasting the spread of a pandemic, the global macroeconomy, or commodity prices. At the same time, we must incorporate global issues and macroeconomic variables into our investment judgements. Our process for doing this is led by our in-house Joined-up Thinking Group ("JUT"), which coordinates the views of external global experts and then leads discussions with the Investment Team. Each country team reviews

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[1] Based on volumes traded over the 30 days to 31 March 2020 vs. the 90 days to 31 December 2019.

the scenarios and incorporates them into their own local macro views, which are then reflected by stock owners in individual stock analysis and investment decisions.

Certain macroeconomic variables, like interest rates or COVID-19 lockdowns, result in a range of correlated risks across the portfolio. The Portfolio Coordination Team feeds back information on the nature and extent of these correlated risks to the Investment Team to allow stock owners to make investment judgements that are balanced and consistent.

Over the last six weeks, JUT has led several discussions outlining various scenarios following the emergence of COVID-19. Our current base case is that social distancing and quarantine will be in place across most of the world for several months. The most extreme measures will persist until governments introduce testing and contact tracing, a pharmaceutical intervention reduces mortality rates, or a vaccine is developed. The lockdown policies imply a synchronised global recession and a rather slow "U" shaped recovery as health concerns take time to dispel. However, the range of outcomes is wide, from upside if we find a cure to downside if extended quarantine leads to a multi-year economic depression.

In the meantime, the response to the virus is not the only variable impacting the global economy. The oil markets have seen a shock to both demand and supply. On the demand side, slower activity reduces the global need for energy and transportation, while on the supply side Russia and Saudi Arabia are pursuing a price war initiated in early March. Saudi Arabia appears intent on forcing Russia to scale back its production, as it continues to ramp its own. But Russia has shown its unwillingness to cede market share and has the balance sheet to back it up. With current prices at USD 23/barrel, and the Russian fiscal budget set to balance at around USD 40/barrel, the government is having to tap its reserves, which remain very healthy at USD 450 billion and can finance the budget for the next four to five years around current prices. Russian officials have voiced comfort with low oil prices in the near-term to pressure higher-cost shale and offshore supply, and in the longer term, they are happy if oil prices rise to equilibrium, which they see around USD 50/barrel.

The response to the public health emergency puts the operating environment for EM companies into the deep freeze. Only governments in a few very poor, very young countries, where mortality from COVID-19 is lower, are likely to ignore its effects. In most other EM, governments will likely act as they have in the developed world, relying on quarantine and social distancing to control the spread. The more well-funded countries may move to mass testing and contact tracing, which returns things to near-normal sooner, but without a good health programme a country will probably need a longer period of social distancing, which means lower activity. A proxy for countries that are more likely to rely on quarantine in the medium term is how few COVID-19 tests they have done per capita, which as of March 31st, range from a commendable 815 per 100,000 people in South Korea, to 366 in Russia, to 22 in Brazil and just 3 in India and Indonesia. Countries with more testing are likely to see a lower direct macroeconomic impact - which may be reflected in recent exchange rate movements.

Rather like the virus itself, countries with pre-existing vulnerabilities are likely to be hit harder than more robust economies. Macroeconomically weaker countries are less able to call on fiscal or monetary policy for support, particularly if they depend on flighty foreign capital. Countries that are likely to be relatively better off are those that combine high testing – as we discussed above – with relatively robust economies and include Taiwan and Korea. At the other end are Brazil and South Africa, where testing is low and existing twin deficits make it harder to turn on the fiscal taps.

We have applied the thinking above to assess the range of outcomes for the Fund's holdings. Some holdings have benefitted from social distancing. NetEase, for example, a 125bps position[2] in the Fund and a leader in the Chinese video game market, has seen a boost in user engagement, as social distancing and the temporary

[2] As of 31 March 2020.

closure of schools has increased the consumption of digital entertainment. Recent datapoints indicate 60-70% of Chinese gamers increased playing time during the outbreak, while for the first time in years some older adult gamers are returning to classic titles they played in their youth. NetEase's top two mobile games by revenue, Fantasy Westward Journey and Lutuzhibin, have both seen daily active users grow[3] by 22% since January 20th, when Chinese media started to cover the virus. While the rise in traffic and playing time will eventually fade as people go back to work and students return to school, NetEase's games have high retention rates due to their quality and strong online communities. We hope many of the new and returning gamers will stick with NetEase games for years to come.

By contrast, the impact on Indian banks has been more negative. The Fund has exposure to four financial institutions in India: three privately-owned commercial banks (HDFC Bank, Kotak Bank and Axis) and the largest private housing finance company (HDFC). India has a young population, but a weak public healthcare system, and the country is in near lockdown in most areas. This exacerbates the economic slowdown we have seen in the last couple of years. We see at least a quarter of negative GDP growth as sectors like manufacturing, trade, tourism and other services come to a halt. It will take a while for things to return to normal after the lockdown, and in this period a lot of small- and medium-sized enterprises ("SMEs") and households are likely to feel the pressure. We expect the banks we own to report sharply lower credit growth and more non-performing loans over the next two years especially from SMEs. However, the effect of a slowdown is likely to be more severe on smaller banks and the non-banking finance companies that rely on the bond markets for liquidity; so the banks we own, which are largely deposit funded with prudent loan books, should gain share just as they did during the global financial crisis. We are revising the intrinsic value of our holdings to account for the near-term disruption but remain positive on the long-term growth opportunity for what are the best-managed banks in India.

Fund Update

Since the dramatic changes that began to unfold in the second half of January, we have taken action to protect shareholders' capital and to take positions where opportunities have appeared. Portfolio turnover is not higher than normal, but we have taken advantage of some pricing anomalies.

China's domestic A-share market has been among the most resilient year-to-date, down only 4% in sterling terms. There seem to be several reasons for this. One is fundamental; China appears to have successfully controlled the number of new COVID-19 infections, even while releasing restrictive measures. Buoyed by this containment success, many management teams we have spoken to are optimistic about a "V"-shaped recovery, especially in the second half of the year. The A-share market also reflects the outsized role of the Chinese government in markets. This includes tight media controls, direct influence over many institutional stock market participants, near-complete state ownership of the banking system, and a semi-closed capital account with a managed currency. Indeed, the RMB has been rock solid versus other EM currencies, and currently sits at the high end of its 15-year real effective exchange rate range.

With the volatility in share prices, we increased then reduced our position in Richemont in March. Since short-term trading is not our style, both decisions were taken for fundamental reasons. Richemont generates a low-teens percentage of revenue from sales in mainland China, but we estimate that as much as 50% of Richemont's revenue comes from Chinese nationals purchasing jewellery and watches outside China, in part to avoid China's luxury tax. Since COVID-19 has spread globally, the luxury travel market will take time to recover, and the steep declines in asset prices will leave many feeling less wealthy, both of which will impact watch and jewellery demand. However, we continue to believe that the combination of structural growth

[3] Source: Aurora Mobile.

from China and a long-duration moat formed by Richemont's irreplaceable brands make for an exciting long-term investment opportunity. Richemont is currently a 170bps position[4] in the Fund.

A new position we initiated during the outbreak is Anta, the leading domestic sportswear company in China with 16-17% market share. Anta was founded in 1994 in Fujian province as a sports shoe manufacturer, and has since evolved into a vertically integrated, multi-brand sportswear company. In the long term, sportswear in China has attractive growth prospects, and we think Anta's exceptional focus on operational efficiency positions the company as a consolidator in the market. Sportswear companies commonly struggle during periods of weaker demand as inventory piles up in the channels, which in turn leads to conflicts between the brand and its distributors. Having seen this play out before, we decided to accumulate slowly. Our decision to buy Anta in such a challenging time was partly informed by Anta's track record during the last industry downturn in 2011. At the time, Anta was the first among the Chinese players to close stores in response to channel inventory accumulation. Anta's sales were the first to turn around in 2013, and since then have consistently grown more than 20% per annum. Its strong channel control allows the company to navigate the near-term challenges. Sure enough, recent channel checks point to recovering offline demand as well as growth in the online channel.

First Annual ESG Report

As long-term investors, we have always focused our research on a company's sustainable earnings power. This includes thinking holistically about the company's impact on its various stakeholders and its broader role in society. In recent years, customers, regulators, employees, politicians, voters and asset managers have increasingly focused on ESG factors. At the same time, the availability of information on companies' ESG practices are dramatically improving, helped by the proliferation of Corporate Social Responsibility and sustainability reports, third-party benchmarking providers and alternative sources of data. As a result, more than ever, companies are being held accountable for their behaviour. To an investor this increased accountability can manifest in intrinsic value adjustments due to changes in issues ranging from reputation and customer demand to regulation and political attention. Open a newspaper or speak to a millennial, and it is hard not to see the deep interest in climate change, plastic-free packaging, employee rights and the relationship between society and business. A company's impact on its stakeholders is becoming a material driver of investment outcomes. In the Genesis spirit of constant improvement, we have been enhancing our investment process to capture the change.

As a start, we have asked our Sector Specialists to include a focus on ESG considerations in their reviews, which we hold twice annually. This provides the Investment Team with a framework for thinking about the most material ESG factors in each sector. So far, we've done this for the cement, food and luxury sectors, and we have several others in the pipeline. In addition, we have initiated a series of interactive presentations, where we invite various experts to discuss pertinent issues like climate change, global labour practices and water management. Most critically, we expanded our quality rating to include stakeholder considerations. As quality ratings are one of our five sizing factors for our investments, including an explicit stakeholder analysis as a component of quality also influences where our capital goes to work. Our stakeholder analysis considers the most material ESG factors in any given company, and is transparent to the whole team, enabling constructive feedback and discussion.

Proactively engaging with the Fund’s companies when appropriate has always been a key component of our investment approach. We use the stakeholder analysis as an opportunity to record and track past and planned engagements with each company. In addition to improving communication among the Investment

[4] As of 31 March 2020.

Team, we think this may also help us recognise more opportunities where we can influence our companies to maintain or enhance the value of our investments.

Our investment process is the product of 30 years of refinement and it continues to improve. We are proud to be issuing our first Annual ESG Report, which aims to show how we integrate ESG factors in our investment process and how we engage with our holdings. We believe these efforts will ultimately contribute to superior investment performance for your capital.

Conclusion

The foundations of our long-term success remain in place. Our active investment strategy of undertaking deep fundamental research to unearth long-term investments in quality businesses at attractive prices remains as relevant today as ever in Emerging Markets. We thank you for the trust you have placed in us as the stewards of your capital and we look forward to continuing our long-standing partnership.

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