GENESIS
EMERGING MARKETS FUND LIMITED

Annual Report and Audited Financial Statements

for the year ended 30th June 2010

Genesis Emerging Markets Fund Limited

Page

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

Introduction

OBJECTIVE

To provide shareholders with a broadly diversified means of investing in developing countries and immature stock markets, and thus to provide access to superior returns offered by high rates of economic and corporate growth, whilst limiting individual country risk.

STRUCTURE

The Fund is a Guernsey based closed-ended investment company with the ability to issue additional shares. The Fund's shares are listed on the London Stock Exchange. The Participating Preference Shares of the Fund were redenominated to permit trading in £ Sterling and split ten for one in November 2009. As a result, the number of Participating Preference Shares outstanding is 135,863,060 as at 30th June 2010. Following the restructuring the Fund became eligible for inclusion in the FTSE 250.

MANAGER

Genesis Asset Managers, LLP

INVESTMENT APPROACH

Genesis follows a value-based stock selection approach, buying companies whose shares appear under-valued on the basis of long-term earning power, current free cash flows or asset backing.

NEW SHARES

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

i) the Fund is invested as to at least 75% in emerging market securities;

ii) the Manager will only issue new shares if it is unable, on behalf of the new subscriber, to acquire shares in the secondary market at a price equivalent to or below the price at which new shares would be issued; and

iii) the issued share capital of the Fund is not increased by more than ten per cent in any six month period.

Directors

COEN TEULINGS (Chairman) †

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

CHRISTIAN BAILLET

Christian Baillet is Vice-Chairman of Quilvest, after being the CEO for 15 years. Quilvest is an international private banking and wealth management group providing family office services to high net worth individuals. He joined Quilvest in 1979 and for much of that time he has led Quilvest's private equity investment activities in Europe, the US and Asia. Christian sat or still sits on the Advisory Boards of a number of private equity funds, Advent, Alpha, Botts, Charterhouse, Navis, Pantheon, Prudential, Schroder, TA Associates and TCR. He is also the Chairman of Quilvest Switzerland, a major financial institution based in Zurich. Prior to joining Quilvest, Christian was with Citibank in New York. Christian is a graduate of the Ecole Centrale and holds an MBA from the Wharton School, University of Pennsylvania.

MICHAEL HAMSON †

Michael Hamson was born in Scotland but is now an Australian Citizen and based in Melbourne. He is a Director of Newmont Mining Inc., Chairman of Hamson Consultants Pty Ltd and Technology Venture Partners, as well as a number of other companies. Michael was the former Deputy Chairman of Normandy Mining Limited and was the foundation partner, Chief Executive and Joint Chairman of McIntosh Griffin Hamson & Co (now Merrill Lynch Australia), a leading stockbroker in Australia. Among his other interests is the Chairmanship of the Royal Botanic Gardens Australian Garden Project and he is also a Trustee of the World Wildlife Fund (WWF).

JEREMY PAULSON-ELLIS
(resigned 30th October 2009)

Jeremy Paulson-Ellis was one of the founding Directors of the Genesis Group in 1989 and he was Chairman, with responsibility for the strategic direction of the firm, until his retirement on 30th June 2009. Prior to the formation of Genesis he was Chairman of Vickers da Costa Limited following its takeover by Citicorp in 1985.

THE HON. JOHN TRAIN

The Hon. John Train is Chairman of Montrose Advisors and founder of Train Smith Counsel, both investment advisers in New York. His books include "The Craft of Investing", "Money Masters of Our Time", "Preserving Capital and Making it Grow", "Famous Financial Fiascos" and "The Midas Touch". He writes columns for the Wall Street Journal, the Financial Times and other periodicals. He has received several US Presidential appointments.

Dr. JOHN LLEWELLYN
(appointed 30th October 2009)

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

† Member of Audit Committee

HIGHLIGHTS

	30th June 2010	30th June 2009	% change
Published Net Asset Value*	**£654.6m**	£448.0m	46.1
Published net asset value per participating preference share*	**£4.85**	£3.32	46.1
Share price	**£4.56**	£2.98	52.9
Expense ratio	**1.86%**	1.84%	
Discount	**6.00%**	10.1%	
Countries represented	**43**	42	
Stocks in portfolio	**157**	171	

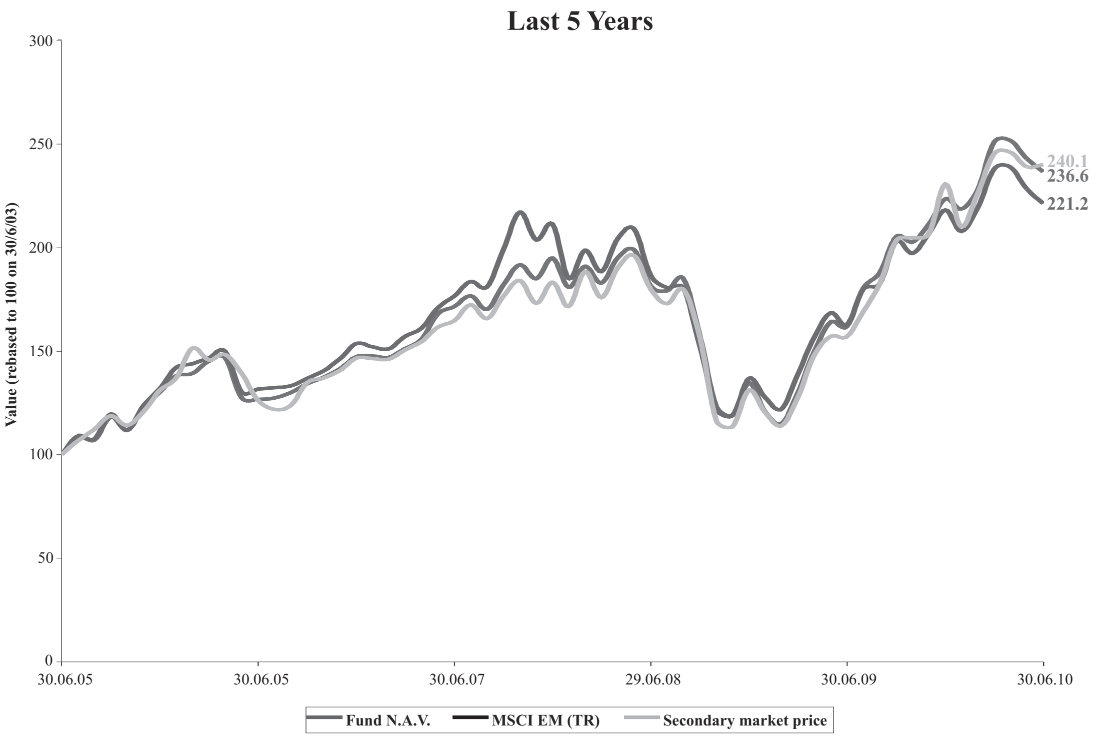
	Year to 30th June 2010		Year to 30th June 2009	
	Low	High	Low	High
Share price	**£2.94**	**£4.82**	£2.05	£3.51
Net asset value	**£3.34**	**£5.29**	£2.34	£3.74
%Discount	**11.2**	**4.4**	12.6	7.6

£ Returns

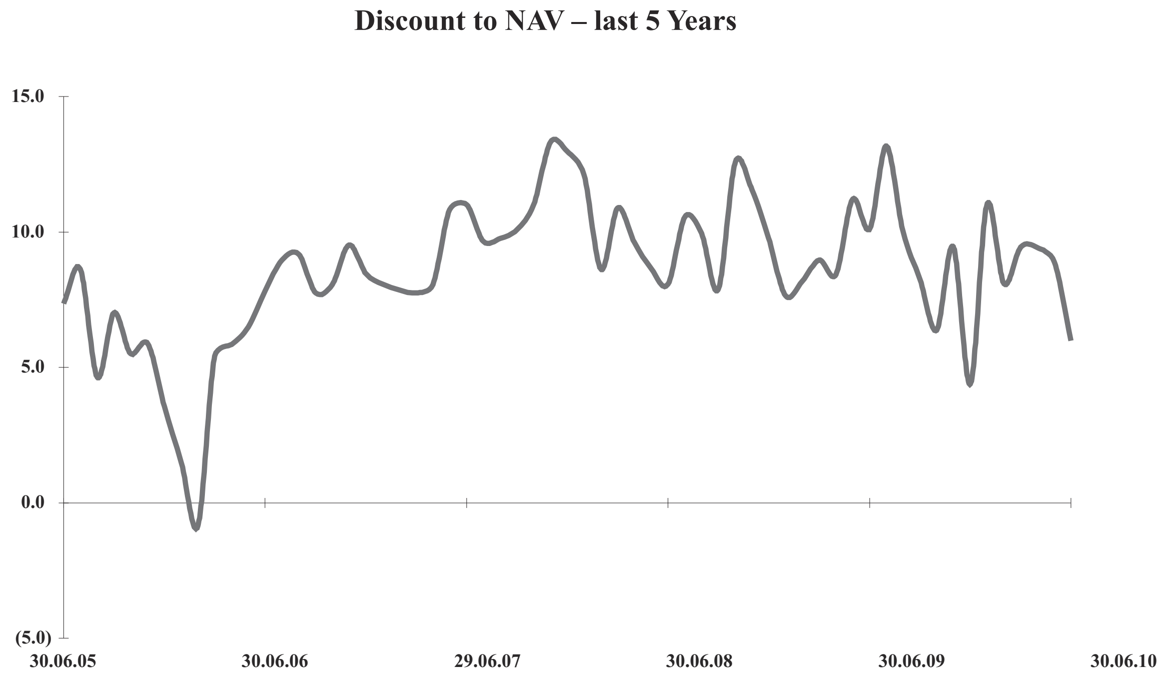
		Annualised		
	1 Year %	3 Year %	5 Year %	Since Inception %
GEMF Share Price	52.9	13.4	19.2	13.4
GEMF NAV (net of fees)	46.1	11.3	18.8	13.8
MSCI EM (TR)	35.9	7.8	17.2	11.4
MSCI World (TR)	21.9	(1.8)	4.0	6.2

Past performance is no guarantee of future performance.

*The figures are based on Mid-Market prices.



Last 5 Years
300
250
200
150
100
50
0
Value (rebased to 100 on 30/6/03)
30.06.05
30.06.05
30.06.07
29.06.08
30.06.09
30.06.10
240.1
236.6
221.2
Fund N.A.V.
MSCI EM (TR)
Secondary market price



Discount to NAV – last 5 Years
15.0
10.0
5.0
0.0
(5.0)
30.06.05
30.06.06
29.06.07
30.06.08
30.06.09
30.06.10

Chairman's Statement

I have pleasure in presenting to shareholders the twenty-first Annual Report of the Genesis Emerging Markets Fund Limited for the year ended 30th June 2010.

Performance

Emerging markets have generated strong returns over the Fund's financial year, with the Fund's net asset value ("NAV") per share rising 46%, from £3.32 to £4.87 over the period. The majority of these returns were in the second half of 2009, when the Fund's NAV increased by 38%, followed by a more difficult six months during which the Fund's return was 7% as concerns about global economic growth caused investors to become more nervous.

The Fund's performance was somewhat ahead of that of the MSCI Emerging Markets Index, which gained 36% over the financial year.

I refer shareholders to the Report of the Manager on the following pages which comments on the factors driving these returns, as well as describing the economic environment and some of the changes to the Fund's holdings over the year.

Clearly these short-term returns are gratifying, but it is also important to consider the long-term trends when assessing whether the Fund has been successful in meeting the expectations of shareholders. In this context, the Directors believe the Manager is indeed performing well for the Fund's holders, with an average return per annum of 18.8% over the last five years and 15.3% over the last 10 years, and the Board's view is – especially given the consistency of the Manager's approach to investment in emerging markets, and the stability of its personnel – that shareholders' interests will continue to be well served by the ongoing appointment of the Manager.

Recent Restructuring of the Fund

A vote to restructure the Fund took place in October last year, and, approval having been granted, this was implemented in November. The impact of the restructuring was to have the Fund quoted in Sterling rather than US dollars, and to split the shares tenfold so that the price was 'smaller' by a factor of ten.

In my half-yearly report six months ago, I noted that the initial impact of the changes appeared to be positive, and it has been pleasing to see that over the period since that report the Fund's trading volumes have remained higher than previously, with the discount to NAV staying somewhat narrower (over the year under review, the Fund's discount to NAV has averaged 8.8%, closing June at 6.0%).

The shareholder base of the Fund also seems to have widened somewhat, with a number of new institutional shareholders becoming known to us, and we hope to see this trend continuing. The Fund has additionally become eligible for, and has been included in, the FTSE 250.

The Board

The notice convening the Annual General Meeting to be held on 29th October 2010 is given at the end of this Annual Report and Accounts.

We announced ten months ago that Dr. John Llewellyn had been appointed to the Board, noting his distinguished career as an international economist. Dr. Llewellyn has already made a significant contribution to the Board since his appointment, and I thoroughly endorse his full election by shareholders at the forthcoming Annual General Meeting.

Two other Directors, in accordance with either the Articles of Association or regulatory requirements, also offer themselves for re-election at the Annual General Meeting. The Hon. John Train has been an extremely valuable member of the Board during his time as a Director, and I have no hesitation in recommending to shareholders that he continue to serve on the Board.

I will also be standing for re-election at the Meeting, and I hope that shareholders will also feel able to vote in favour of my re-election and allow me to continue to serve them as Chairman of the Board of Directors.

Christian Baillet has completed his full term as a Director and will retire from the Board of the Fund, effective from the forthcoming Annual General Meeting. On behalf of the Board I would like to express my appreciation to Mr. Baillet for his contribution to the Fund and wish him well.

As always, we will be holding an Information Meeting in London which will take place on 4th November. An invitation is enclosed, and we hope to see as many shareholders as possible at this event.

Outlook

We feel it is necessary to strike a note of caution following a period when returns have been as strong as they have been over the last year, notwithstanding the retrenchment in markets that we saw in the final months of the financial year. It seems unlikely that the Fund's returns over the next year will be as impressive.

That said, we feel the outlook for emerging markets, and the potential for continued steady returns from the asset class remain very positive. The many long-term attractions of emerging markets investing and the prospects for corporate success remain in place, and the Manager remains confident that the companies in the Fund's portfolio of holdings remain attractively-priced, given their growth opportunities.

The Board accordingly continues to believe that the Fund is well-positioned to generate attractive returns for shareholders over the medium to long term.

Coen Teulings
Chairman
September 2010

Directors' Report

The Directors are pleased to present their twenty-first Annual Report and Audited Financial Statements of the Fund covering the year ended 30th June 2010.

CORPORATE GOVERNANCE

The Board is accountable to shareholders for the governance of the Fund's affairs. The Directors have used their board report to detail the Fund's corporate governance statement. As a Guernsey incorporated company, the Fund is not required to comply with the Combined Code on Corporate Governance ("the Code") issued by the UK Listing Authority as revised in June 2008 by The Financial Reporting Council. The Directors, however, place a high degree of importance on ensuring that high standards of corporate governance are maintained and have adopted the spirit of the Code and applied the corporate governance requirements in Disclosure and Transaction Rule ("DTR") 7, which sets out principles of good governance.

The Financial Reporting Council (the "FRC") confirmed in February 2009 that it remained the view of the FRC that by following the Corporate Governance Guide for Investment Companies produced by the Association of Investment Companies (the "AIC Guide"), boards of investment companies should fully meet the obligations of the Code. The AIC Code of Corporate Governance (The "AIC Code"), as explained by the AIC Guide, addresses all the principles set out in Section 1 of the June 2008 Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts.

The Board of Genesis Emerging Markets Fund Limited believes that reporting against the AIC Code by reference to the AIC Guide will provide the most appropriate information to shareholders and has therefore followed the principles and recommendations set out in the AIC Code. Copies of the AIC Code and AIC Guide can be found on *www.theaic.co.uk.*

Following the Fund's inclusion on the FTSE 250, it has become categorised as a Premium Listed Company and will be required to fully adopt the UK Combined Code and effectively "comply or explain" against all of the relevant provisions of this established code. This requirement for Guernsey companies has been recently implemented by amending the requirement of Listing Rule ("LR") LR9.8.7R. These changes are applicable for accounting periods beginning after 31st December 2009 and therefore the Fund will be required to comply with these requirements for its accounting period commencing on 1st July 2010.

STATEMENT OF COMPLIANCE

The AIC Code comprises 21 principles. The Board attaches importance to the matters set out in the AIC Code and lists below how the AIC Code's principles have been applied.

The Directors believe that during the year under review they have complied with the provisions of the AIC Code, and insofar as they apply to the Company's business, with the provisions of the Combined Code except as noted below.

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

- Executive Directors' remuneration

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

- Internal audit function

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

INTERNAL CONTROLS

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

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

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

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

The Administrator reports annually on the design and effectiveness of internal controls operating over the functions provided by the Administrator. This report is reviewed by the Audit Committee and any material findings are considered by the Board of Directors as a whole.

THE BOARD

The Board, chaired by Coen Teulings, consists of five non-executive Directors, all of whom are considered to be independent under the Listing Rules of the London Stock Exchange. Given the size of the Board it is not necessary to appoint a Senior Independent Director. The Audit Committee comprises Coen Teulings (Chairman) and Michael Hamson. The Board does not consider it necessary to form a remuneration committee or a nomination committee. As the Board is only composed of five members and the Directors do not have executive roles, all such matters are considered by the whole Board.

The Fund has no executive Directors or employees and there is therefore no requirement for a Chief Executive. A management agreement between the Fund and Genesis Asset Managers, LLP sets out matters over which the Manager has authority. This includes management of the Fund's assets and the provision of accounting, secretarial and administrative services. All other matters are reserved for the approval of the Board. Under this agreement, the Manager is entitled to receive a management fee from the Fund, payable monthly, equal to 1.5% per annum, calculated and accrued on the Net Asset Value of the Fund as at each Valuation Day. The Manager's appointment is under a rolling contract which may be determined by three months' written notice given by the Fund, and 12 months' written notice given by the Manager.

The Board regularly reviews both the performance of, and the contractual arrangements with, the Manager and is satisfied that the continuing appointment of the Manager is in the best interests of shareholders. The Audit Committee reviews the performance of, and the contractual arrangements with, the Administrator and is satisfied that the continuing appointment of the Administrator is in the best interests of shareholders.

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

Director	Board Meetings Attended	Committee Meetings Attended
Coen Teulings	3	3
Christian Baillet	3	–
Michael Hamson	3	3
Jeremy Paulson-Ellis	1	–
The Hon. John Train	2	–
Dr. John Llewellyn	2	–

BOARD APPOINTMENTS AND RE-ELECTION

All members of the Board consider new Board appointments as there is no separate nomination committee. The Chairman, Manager or other appropriate persons provide new appointees to the Board with a preliminary briefing on the workings of the Fund. When appointing a new Director, the Board takes care to ensure that the new Director enhances the balance of skills and experience appropriate to the requirements of the Fund and that a new Director has enough time available to properly fulfil their duties. The Directors also have access, where necessary in the furtherance of their duties, to independent professional advice at the Fund's expense. Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be elected by shareholders. The Articles also require two Directors to retire by rotation every year, and that all Directors stand for re-election every three years, subject to their approval by the Board.

Mr. Coen Teulings and the Hon. John Train retire in accordance with the Articles of Association, and offer themselves for re-election. As Mr. Teulings and Mr. Train have maintained their effectiveness and commitment to the Fund, the Board endorses them and commends their election to shareholders.

Mr. Christian Baillet also retires at the forthcoming Annual General Meeting but is not standing for re-election.

Mr. Jeremy Paulson-Ellis resigned as a Director, effective 30th October 2009 and Dr. John Llewellyn was appointed on the same day.

The Board evaluates its performance and considers the tenure of each Director on an annual basis, and considers that the blend of skills, experience, age and length of service is appropriate for the requirements of the Fund. The Board is aware of the Combined Code and regularly reviews its succession plan.

AUDIT COMMITTEE

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

- To make recommendations to the Board in relation to the appointment of external auditors.
- To monitor the independence and objectivity of auditors.
- To review the draft Annual and Half Year Financial Statements.
- To review the audit fees.
- To review the Fund's accounting policies.
- To monitor and review the internal financial control and risk management systems on which the Fund is reliant.

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

SHAREHOLDER RELATIONS

The Board recognises the need for good communications with its shareholders. The primary medium through which the Fund communicates with shareholders is the Annual and Half Year Report and Financial Statements and the monthly Fact Sheet, which is available via the Investment Adviser's website, www.giml.co.uk. The Board monitors the trading in the Fund's shares and shareholder profile on a regular basis and maintains regular contact with the Fund's brokers to ascertain the views of the market. Sentiment is also ascertained by careful monitoring of the discount/premium that the shares trade on versus their NAV and the comparison with the Fund's peer group. Members of the Board and the Manager will also make direct contact with shareholders as needed.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

The financial statements are published on the website www.giml.co.uk, which is maintained by the Fund's Investment Adviser. The maintenance and integrity of the website is, so far as relates to the Fund, the responsibility of the Investment Adviser. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

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

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

INDEPENDENT AUDITORS

The Fund's Independent Auditors, PricewaterhouseCoopers CI LLP, have indicated their willingness to continue in office. Resolutions re-appointing them and authorising the Directors to agree their remuneration will be proposed at the Annual General Meeting.

RESULTS

The total profit for the year for the Fund amounted to $240,098,718 compared to a total loss of $(259,944,847) in the previous year. The Directors do not recommend the payment of a dividend in respect of the year ended 30th June 2010 (2009: Nil).

CAPITAL VALUES

At 30th June 2010, the value of Equity Shareholders' Funds was $974,358,807 (2009: $734,260,089), the Equity per Participating Preference Share was $7.22 (2009: $5.44).

DIRECTORS' INTERESTS

The Directors listed on pages 3 and 4 (except Jeremy Paulson-Ellis who resigned 30th October 2009 and Dr. John Llewellyn who was appointed on 30th October 2009) served throughout the year under review. The following (who were Directors during the financial year) had a beneficial interest in the share capital of the Fund at 30th June 2010:

	Participating Preference Shares
Coen Teulings	40,000
Jeremy Paulson-Ellis (including family interests)	119,460
The Hon. John Train (including family interests)	20,510

RISK MANAGEMENT

The investment objective of the Fund is to achieve capital growth over the medium to long term, primarily through investment in equity securities quoted on emerging markets. The main risks to the value of its assets arising from the Fund's investment in financial instruments are unanticipated adverse changes in market prices and foreign currency exchange rates and an absence of liquidity. The Board reviews and agrees with the Manager policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate.

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

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

Trading volumes on the stock exchanges of developing countries can be substantially less than in the leading stock markets of the developed world. This lower level of liquidity exaggerates the fluctuations in the value of investments described previously. The restrictions on concentration and the diversification requirements detailed above also serve normally to protect the overall value of the Fund from the risks created by the lower level of liquidity in the markets in which the Fund operates.

COMPLIANCE WITH DISCLOSURE AND TRANSPARENCY DIRECTIVE

The Directors each confirm to the best of their knowledge that:

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

SIGNIFICANT SHAREHOLDINGS

The Directors are aware of the following shareholdings which represented beneficial interests of 3% or more of the issued share capital of the Fund at the 31st August 2010:

	Participating Preference Shares Held
Strathclyde Pension Fund	19,013,120
City of London Investment Management	12,515,024
Banque Degroof Luxembourg SA	12,215,422
Sarasin and Partners LLP	8,393,892
CIS Unit Managers Limited	7,927,600
Banque Degroof SCS	7,245,995
BAE Pension Fund Investment Management	6,790,000
Legal & General Investment Management Limited	4,722,212
Lazard Asset Management LLC Group	4,718,434
SIX SIS AG	4,108,542

SECRETARY

The Secretary as at 30th June 2010, HSBC Securities Services (Guernsey) Limited, has been in office for the whole of the year under review.

Signed on behalf of the Board
Coen Teulings
Christian Baillet
29th September 2010

Manager's Review

The Fund's net asset value rose by 46% over the year to 30th June 2010 (in sterling terms), even though the final quarter was a somewhat nervous one. Markets had risen particularly strongly in the second half of 2009 as post-crisis market sentiment improved, and profitability – and earnings outlook – for emerging market companies remained resilient.

The outperformance of the Fund relative to the MSCI EM Index over the year was led by the strong appreciation of a number of consumer-orientated stocks in the BRIC markets, notably retailers X5 and Magnit in Russia, food distributor China Resources Enterprise, Asian Paints in India, and the Brazilian clothes retailer Lojas Renner. A number of the Fund's holdings in the Financials sector also performed particularly well, including Sberbank in Russia, Turkish banks Yapi Kredi and Garanti, Bank Rakyat in Indonesia, and Indian finance company Shriram Transport. For many of these firms, the strong stock price returns have marked a return to more normal valuations, having been trading at significantly depressed levels at the end of 2008 and the beginning of 2009.

The Fund's turnover over the past year was 21%, a little lower than in the preceding two years. Of the changes to the make-up of the portfolio, perhaps the most notable were the increases to the weightings of the Consumer Staples and Financials sectors, largely due to share price movement rather than portfolio action. As we have noted before, banks in emerging markets are traditional, domestically-focused, and highly profitable businesses, which offer an attractive way of gaining exposure to the growing middle class in developing countries. Amongst the new holdings were Banco Santander Brazil, the subsidiary of the Spanish bank, which is able to draw upon its parent's knowledge and systems to improve its operating efficiency, and China Merchants Bank, which as a bank outside China's "Big Four" is free from explicit policy interference and therefore able to target more genuinely commercial activities.

From a country perspective the largest portfolio positioning shift was in Brazil, where the weighting increased by 3% to 8.5%. Along with the aforementioned Banco Santander, new holdings there were CSN (a steel producer) and OGX (an independent oil exploration and production company) while the holding in Ultrapar was also increased. Elsewhere, there were additions in China to Anhui Conch Cement and China Mobile, while Almarai became the Fund's first Saudi Arabian holding. The Fund was very active in India: Bajaj Auto and Axis Bank were purchased following sales of Bank of Baroda, HDFC Bank and Infosys. Further notable sales were in China Shenhua Energy, Bank Rakyat Indonesia and the long-held Israeli position, Teva Pharmaceuticals, which was sold from the portfolio.

Looking at the current environment, a number of developing countries have recently taken measures designed to partly withdraw from the expansionary fiscal and monetary policies of last year. In March, the Reserve Bank in India raised its benchmark interest rate for the first time in over two years (with a further rise in April), while rates in Brazil rose in April and June. In China, although interest rates have yet to rise and fiscal policy has not changed, companies have understood the government's signals and moderated their mood and activity accordingly. Banks have been reporting weaker loan demand, and some of the more cyclical companies have seen a decline in prices and increased pressure on margins.

Markets have been fairly circumspect in recent months, as investor confidence in global growth has taken something of a knock given concerns about European deleveraging and its impact on global demand. Fundamentally though, consumer demand in our markets remains robust and the companies we talk to are still positive about the outlook for their businesses.

Clearly, it is unlikely that the return the Fund achieved during the last year will be repeated over the next twelve months. But despite the sharp increases the asset class has seen (and in spite of our strong valuation focus), we are comfortable with current valuation levels. We believe that the Fund's portfolio offers investors attractive returns from current price levels, and that over the medium to long term the high-quality companies in which it invests will continue to capitalise on the positive factors – urbanisation, better physical infrastructure, improving capital markets and banking systems – driving emerging markets growth.

Genesis Asset Managers, LLP
September 2010

Twenty Largest Holdings

as at 30th June 2010

Genesis Indian Investment Company (India) **8.93%**

Investment Company

An open-ended Mauritian company whose objective is to achieve capital growth over the medium to long term through investment in equities quoted on the Indian stock market. It held positions in 15 stocks as of 30th June 2010.

Genesis Smaller Companies SICAV (Luxembourg) **8.29%**

Investment Company

An open-ended Luxembourg SICAV whose objective is to achieve capital growth over the medium to long term through investment in smaller emerging market companies. It held positions in 54 stocks as of 30th June 2010.

Anglo American (South Africa) **4.45%**

Materials

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

TSMC (Taiwan) **3.26%**

Information Technology

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

Samsung Electronics (South Korea) **2.74%**

Information Technology

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

China Mobile (China) **2.49%**

Telecommunications

China Mobile is the largest mobile phone operator in China with 70% of subscriber market share, or more than 400 million subscribers.

China Resources Enterprises (China) **2.24%**

Consumer Staples

China Resources Enterprise is a conglomerate uniting several fast-growth consumer businesses in mainland China, including breweries, hypermarkets, supermarkets and food manufacturers.

América Móvil (Mexico) **2.16%**

Telecommunications

America Movil is the largest cellular operator in the Americas, with around 200 million subscribers in North, Central and South America, plus the Caribbean.

Sberbank (Russia) **2.05%**

Financials

Sberbank is one of Russia's oldest banks and the largest credit institution there, accounting for over a quarter of the aggregate Russian banking assets and a third of banking capital.

SABMiller (South Africa) **2.00%**

Consumer Staples

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

Telekomunikasi Indonesia (Indonesia) **1.98%**

Telecommunications

Telkomunikasi Indonesia is the largest telecommunication and network services provider in Indonesia, with over 100 million subscribers.

Sasol (South Africa) **1.89%**

Energy

Sasol is a world leader in the commercial production of liquid fuels and chemicals from coal and crude oil, with its products exported to 90 countries around the world.

Banco Santander (Brazil) **1.87%**

Financials

Banco Santander Brasil is a leading full-service bank strategically concentrated in the South and Southeast of Brazil.

Tullow Oil (United Kingdom) **1.49%**

Energy

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

Twenty Largest Holdings

continued

Standard Bank Group (South Africa) **1.47%**

Financials

Standard Bank is South Africa's largest bank with extensive operations in 17 African countries along with 16 more outside the continent, with a focus on emerging markets.

Lukoil (Russia) **1.46%**

Energy

Lukoil is one of Russia's largest integrated oil companies, producing the bulk of its oil from West Siberian oil fields, and is also one of the world's largest companies in terms of proven hydrocarbon reserves.

MOL (Hungary) **1.43%**

Energy

MOL is a leading integrated oil and gas company in Central and Eastern Europe, with refineries and exploration projects throughout the region.

Orascom Construction Industries (Egypt) **1.39%**

Industrials

Orascom Construction Industries undertake infrastructure projects and produce nitrogen based fertilisers for customers principally in Europe, the Middle East and Africa.

Indocement Tunggal Prakarsa (Indonesia) **1.33%**

Materials

Indocement is Indonesia's second largest cement producer, operating from 12 plants, including the second largest site in the world located just outside Jakarta in West Java.

Yapi ve Kredi Bankasi (Turkey) **1.33%**

Financials

Yapi ve Kredi is the fourth largest private bank in Turkey, offering a wide range of services to its six million customers.

Country Exposure of the Portfolio*

Country	June 2010 %	June 2009 %	June 2008 %
China	12.84	12.06	7.83
South Africa	11.07	12.05	11.42
Russia	9.47	9.69	10.79
India	8.78	6.97	7.91
Brazil	8.44	5.67	6.30
South Korea	6.27	6.38	6.55
Indonesia	5.86	5.82	3.93
Mexico	5.19	5.70	6.86
Taiwan	4.22	3.83	5.40
Turkey	3.80	4.22	4.26
Thailand	2.45	1.84	1.30
Malaysia	2.04	1.93	2.26
Egypt	1.97	2.20	2.92
Nigeria	1.61	1.56	1.51
United Kingdom	1.48	2.02	2.25
Hungary	1.46	1.51	2.30
Zambia	1.13	1.59	1.46
Peru	1.09	0.94	0.88
Colombia	0.93	0.75	0.57
Greece	0.79	0.99	0.78
Romania	0.77	0.90	1.52
Mauritius	0.76	1.54	1.75
Austria	0.74	0.27	–
Philippines	0.74	0.50	0.64
Chile	0.67	0.93	1.31
Saudi Arabia	0.43	–	–
Vietnam	0.37	0.28	0.24
Croatia	0.32	0.36	0.89
Ukraine	0.31	0.28	0.59
Kenya	0.30	0.33	0.43
Argentina	0.29	0.28	0.22
Iran	0.29	0.36	0.40
Senegal	0.28	0.43	0.59
Estonia	0.18	0.17	0.31
Sri Lanka	0.17	0.25	0.26
Lebanon	0.17	0.19	0.21
Zimbabwe	0.16	0.18	0.10
United Arab Emirates	0.07	0.35	0.05
Ghana	0.06	0.06	0.11
Czech Republic	0.05	0.07	0.06
Kazakhstan	0.04	0.12	0.23
Israel	–	2.09	2.36
Congo, D.R.	–	0.02	0.13
Jordan	–	–	0.28
Net current assets/(liabilities)	1.94	2.32	(0.16)
Total	**100.00**	**100.0**	**100.0**

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

SECTOR EXPOSURE OF THE PORTFOLIO*

Industry	**June 2010 %**	**June 2009 %**	**June 2008 %**
Financials	**26.7**	23.6	23.9
Consumer Staples	**15.9**	12.8	11.4
Materials	**13.4**	11.1	12.0
Energy	**10.4**	13.6	10.7
Information Technology	**7.6**	8.1	11.0
Telecommunications	**7.5**	8.2	7.2
Industrials	**6.3**	6.8	7.7
Consumer Discretionary	**3.5**	4.6	5.3
Health Care	**2.4**	3.4	4.1
Investment Companies	**2.2**	2.5	3.4
Utilities	**2.2**	3.0	3.5
Net current assets/(liabilities)	**1.9**	2.3	(0.2)
Total	**100.0**	**100.0**	**100.0**

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

THE PORTFOLIO

as at 30th June 2010

	FAIR VALUE $	PROPORTION OF FUND (%)
AUSTRIA (2009 – 0.27%)		
Vienna Insurance Group	4,501,278	0.46
Wienerberger	2,749,476	0.28
	7,250,754	0.74
BRAZIL (2009 – 4.44%)		
Amil Participacoes	5,783,444	0.59
Banco do Brasil	4,076,690	0.42
Banco Santander Brasil ADS	14,420,360	1.48
Banco Santander Brasil Unit	3,875,067	0.40
CBD ADR	3,322,639	0.34
Companhia Siderurgica Nacional	8,885,196	0.91
Lojas Renner	5,950,700	0.61
Marfrig Alimentos	4,482,629	0.46
OGX Petroleo E Gas Participacoes	7,401,444	0.76
Tractebel	4,878,474	0.50
Ultrapar Participacoes (Preferred)	11,780,069	1.21
	74,856,712	7.68
CHILE (2009 – 0.94%)		
Embotelladora Andina A	2,450,089	0.25
Embotelladora Andina ADR A	12,600	0.00
Embotelladora Andina ADR B	146,256	0.02
Embotelladora Andina B	3,918,049	0.40
	6,526,994	0.67
CHINA (2009 – 10.24%)		
Anhui Conch Cement 'H'	9,003,241	0.92
China Life Insurance 'H'	8,290,724	0.85
China Merchants Bank 'H'	11,210,722	1.15
China Mobile 'H'	24,250,949	2.49
China Overseas Land & Investment 'H'	8,575,013	0.88
China Resources Enterprises 'H'	21,833,232	2.24
China Shenhua Energy 'H'	8,763,816	0.90
Industrial and Commercial Bank of China 'H'	9,415,071	0.97
Parkson Retail Group	7,002,671	0.72
Want Want China Holdings	6,931,749	0.71
	115,277,188	11.83
COLOMBIA (2009 – 0.75%)		
Bancolombia	4,692,178	0.48
Bancolombia ADR	4,102,188	0.42
Bancolombia (Preferred)	254,451	0.03
	9,048,817	0.93
CROATIA (2009 – 0.37%)		
Jupiter Adria*	3,146,494	0.32
EGYPT (2009 – 1.58%)		
Orascom Construction Industries	13,590,552	1.39
GREECE (2009 – 0.99%)		
Coca-Cola Hellenic Bottling	7,541,148	0.77

The Portfolio

continued

	FAIR VALUE $	PROPORTION OF FUND (%)
HUNGARY (2009 – 1.40%)		
MOL	12,974,048	1.33
MOL GDS	983,739	0.10
	13,957,787	1.43
INDIA (2009 – 7.38%)		
Genesis Indian Investment Company*	87,023,302	8.93
INDONESIA (2009 – 5.65%)		
Bank Danamon	4,336,942	0.45
Bank Rakyat	12,378,274	1.27
Indocement Tunggal Prakarsa	12,997,339	1.33
Ramayana Lestari Sentosa	2,439,330	0.25
Semen Gresik Persero	3,612,177	0.37
Telekomunikasi Indonesia	19,258,356	1.98
	55,022,418	5.65
IRAN (2009 – 0.36%)		
Turquoise Iran Equity Fund 'C'	2,823,939	0.29
LUXEMBOURG (2009 – 9.41%)		
Genesis Smaller Companies SICAV*	80,813,759	8.29
MALAYSIA (2009 – 1.12%)		
AMMB Holdings	4,869,796	0.50
CIMB Group Holdings	10,897,635	1.12
	15,767,431	1.62
MAURITIUS (2009 – 1.54%)		
EMP Africa Fund II*	7,400,802	0.76
MEXICO (2009 – 5.59%)		
America Movil ADR Series L	21,050,497	2.16
Femsa ADS	9,371,231	0.96
Grupo Financiero Inbursa	8,317,472	0.85
Megacable Holdings CPO	4,442,014	0.46
Moctezuma	2,484,298	0.25
	45,665,512	4.68
NIGERIA (2009 – 1.53%)		
First City Monument Bank	3,200,263	0.33
Guaranty Trust Bank	737,322	0.08
Guaranty Trust Bank GDR	3,823,470	0.39
Nigerian Breweries	3,222,232	0.33
United Bank for Africa	4,581,129	0.47
	15,564,416	1.60
PERU (2009 – 0.77%)		
Credicorp	8,427,139	0.87
ROMANIA (2009 – 0.91%)		
NCH Balkan Fund*	7,538,535	0.77

The Portfolio

CONTINUED

	FAIR VALUE $	PROPORTION OF FUND (%)
RUSSIA (2009 – 9.28%)		
FESCO	3,409,199	0.35
Kalina	1,190,000	0.12
LSR Group - GDR	3,391,120	0.35
Lukoil ADR	14,254,127	1.46
Magnit	8,301,160	0.85
MDM Bank CLS (Preferred)	1,610,400	0.17
Mobile Telesystems	1,350,837	0.14
Mobile Telesystems ADR	3,188,666	0.33
Novatek GDR Reg S	7,600,465	0.78
Novorossiysk Commercial Sea Port GDR	5,912,830	0.61
Raspadskaya	5,486,462	0.56
Sberbank RF	20,022,789	2.05
Seventh Continent	534,276	0.06
X5 Retail Group GDR Reg S	9,909,885	1.02
	86,162,216	8.85
SAUDI ARABIA (2009 – 0.00%)		
Almarai - Deutsche Bank P Note	2,385,424	0.26
Almarai – HSBC Bank P Note	1,866,632	0.19
	4,252,056	0.45
SOUTH AFRICA (2009 – 12.06%)		
Anglo American	43,348,443	4.45
Bidvest Group	9,232,204	0.95
Pick n Pay Stores	3,645,490	0.37
SABMiller	14,573,216	1.50
SABMiller (London Listing)	4,871,434	0.50
Sasol	18,447,693	1.89
Standard Bank Group	14,285,826	1.47
	108,404,306	11.13
SOUTH KOREA (2009 – 6.21%)		
Korea Electric Power	12,629,793	1.30
Korea Electric Power ADR	22,569	0.00
MegaStudy	2,640,685	0.27
Samsung Electronics (Ordinary)	8,518,209	0.88
Samsung Electronics (Preferred)	12,205,170	1.25
Samsung Electronics GDS 1/2 N/Vtg	5,976,677	0.61
Samsung Fire & Marine	9,529,356	0.98
Shinhan Financial Group	9,023,122	0.93
	60,545,581	6.22
THAILAND (2009 – 1.40%)		
C.P. All Pcl (foreign)	3,178,237	0.33
Siam Commercial Bank (foreign)	9,488,000	0.97
Thai Beverages	6,833,629	0.70
	19,499,866	2.00
TURKEY (2009 – 3.69%)		
Anadolu Efes Biracilik	12,599,641	1.29
Turkiye Garanti Bankasi	6,229,458	0.64
Yapi Ve Kredi Bankasi	12,984,529	1.33
	31,813,628	3.26

	FAIR VALUE $	PROPORTION OF FUND (%)
UKRAINE (2009 – 0.07%)		
Ukraine Opportunity	487,500	0.05
Ukraine Opportunity Trust Wts 04/30/2012	6,250	0.00
	493,750	0.05
UNITED KINGDOM (2009 – 2.03%)		
Tullow Oil	14,502,495	1.49
VIETNAM (2009 – 0.29%)		
Mekong Enterprise Fund II*	3,579,105	0.37
ZAMBIA (2009 – 1.59%)		
First Quantum Minerals	11,101,790	1.14
ZIMBABWE (2009 – 0.18%)		
Delta Corp	1,550,864	0.16
TOTAL INVESTMENTS	960,328,412	98.56
Net current assests	14,030,395	1.44
TOTAL NET ASSETS	974,358,807	100.00

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

Independent Auditors' Report
to the Members of Genesis Emerging Markets Fund Limited

Report on the financial statements
We have audited the accompanying financial statements of Genesis Emerging Markets Fund Limited which comprise the consolidated statement of financial position as of 30th June 2010 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of Guernsey law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

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

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 30th June 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other legal and regulatory requirements
We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the highlights, the chairman's statement, the directors' report, the manager's review, the twenty largest holdings, the country exposure of the portfolio, the sector exposure of the portfolio, the portfolio, the performance record and the administration page.

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

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

John Luff
For and on behalf of
PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey,
Channel Islands
30th September 2010

Consolidated Statement of Financial Position

as at 30th June 2010

Note		2010 $	2009 $
	ASSETS		
	Current assets		
2(b), 13	Financial assets at fair value through profit or loss	**960,328,412**	721,944,912
	Amounts due from brokers	**131,002**	–
2(d)	Dividends receivable	**1,895,408**	1,957,186
	Other receivables and prepayments	**155,295**	165,392
2(e)	Cash and cash equivalents	**13,689,031**	12,291,308
	TOTAL ASSETS	**976,199,148**	736,358,798
	LIABILITIES		
	Current Liabilities		
	Amounts due to brokers	**257,983**	850,498
5	Payables and accrued expenses	**1,582,356**	1,248,086
17	Bank overdraft	**2**	125
	TOTAL LIABILITIES	**1,840,341**	2,098,709
	TOTAL NET ASSETS	**974,358,807**	734,260,089
	EQUITY		
3	Share capital	–	270,633
3	Share premium	**135,509,473**	135,238,840
4	Capital reserve	**804,245,831**	559,694,846
	Revenue account	**35,764,003**	40,216,270
6	Purchase of own shares	**(1,160,500)**	(1,160,500)
	TOTAL EQUITY	**974,358,807**	734,260,089
17	EQUITY PER PARTICIPATING PREFERENCE SHARE*	**$7.22**	$5.44

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2009: 134,963,060, adjusted for the November 2009 ten for one share split). Before the effect of the split, previously reported 30th June 2009 equity per Participating Preference Share was US$54.39 based on an average number of 13,496,306 Participating Preference Shares outstanding.

Signed on behalf of the Board

Coen Teulings

Christian Baillet

29th September 2010

The notes on pages 31 to 53 form part of these financial statements
Report of the Independent Auditors page 26

Consolidated Statement of Comprehensive Income

for the year ended 30th June 2010

Note		2010 $	2009 $
	INCOME		
2(b), 13	Net change in financial assets at fair value through profit or loss	**245,000,942**	(261,097,614)
2(c)	Net exchange losses	**(449,957)**	(1,144,973)
2(d)	Dividend income	**15,755,331**	16,964,626
2(d)	Deposit interest	**26,097**	32,908
	Miscellaneous income	–	7,725
		260,332,413	(245,237,328)
	EXPENSES		
7	Management fees	**(14,241,355)**	(9,675,175)
9	Custodian fees	**(1,262,244)**	(846,003)
14	Transaction costs	**(1,143,840)**	(1,211,600)
10	Directors' fees and expenses	**(294,992)**	(243,596)
8	Administration fees	**(160,763)**	(175,084)
	Audit fees	**(36,680)**	(55,026)
	Other expenses	**(317,390)**	(282,017)
	TOTAL OPERATING EXPENSES	**(17,457,264)**	(12,488,501)
	OPERATING PROFIT/(LOSS)	**242,875,149**	(257,725,829)
	FINANCE COSTS		
	Bank charges	**(1,824)**	(3,543)
	Interest expense	**(31,907)**	(69,942)
	TOTAL FINANCE COSTS	**(33,731)**	(73,485)
11	Withholding taxes	**(2,742,700)**	(2,145,533)
	PROFIT/(LOSS) FOR THE YEAR	**240,098,718**	(259,944,847)
	RETURN/(DEFICIT) PER PARTICIPATING PREFERENCE SHARE *	**$1.78**	$(1.93)

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2009: 134,963,060). Before the effect of the split, previously reported 30th June 2009 deficit per Participating Preference Share was US$(19.26) based on an average number of 13,496,306 Participating Preference Shares outstanding.

The notes on pages 31 to 53 form part of these financial statements
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Consolidated Statement of Changes in Equity

for the year ended 30th June 2010

	30th June 2010					
	Share Capital	**Share Premium**	**Capital Reserve**	**Revenue Account**	**Purchase of Own Shares**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Net assets at the beginning of the year	270,633	135,238,840	559,694,846	40,216,270	(1,160,500)	734,260,089
Redenomination of shares*	(270633)	270,633	–	–	–	–
Movement in the year	–	–	[1]244,550,985	[2](4,452,267)	–	240,098,718
Net assets at the end of the year	**–**	**135,509,473**	**804,245,831**	**35,764,003**	**(1,160,500)**	**974,358,807**

	30th June 2009					
	Share Capital	Share Premium	Capital Reserve	Revenue Account	Purchase of Own Shares	Total
	$	$	$	$	$	$
Net assets at the beginning of the year	270,633	135,238,840	821,937,433	37,918,530	(1,160,500)	994,204,936
Movement in the year	–	–	(262,242,587)	2,297,740	–	(259,944,847)
Net assets at the end of the year	270,633	135,238,840	559,694,846	40,216,270	(1,160,500)	734,260,089

* At the Extraordinary General Meeting held at the end of October 2009 it was resolved to re-denominate the share capital so as to permit the shares to be quoted in Sterling rather than US dollars, and secondly a division of each existing share into ten, thereby reducing the market price of each share.

[1] Represents the movement in capital reserve during the year, which is comprised of net changes in financial assets at fair value through profit and loss and net exchange losses.
[2] Represents other income less expenses during the year.

The notes on pages 31 to 53 form part of these financial statements
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Consolidated Statement of Cash Flows

for the year ended 30th June 2010

	2010	2009
	$	$
OPERATING ACTIVITIES		
Dividend received	**15,814,3036**	17,538,992
Taxation paid	**(2,742,700)**	(2,145,533)
Purchase of investments	**(202,533,312)**	(206,073,332)
Proceeds from sale of investments	**208,427,237**	220,392,461
Interest received	**28,900**	37,256
Operating expenses paid	**(17,143,628)**	(12,894,570)
Foreign exchange loss	**(71)**	(4,214)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**1,847,732**	16,851,060
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,847,732**	16,851,060
Effect of exchange rate fluctuations on cash and cash equivalents	**(449,886)**	(1,140,759)
	1,397,846	15,710,301
Net cash and cash equivalents at the beginning of the year	**12,291,183**	(3,419,118)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**13,689,029**	12,291,183
Comprising:		
Cash and cash equivalents	**13,689,031**	12,291,308
Bank overdraft	**(2)**	(125)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**13,689,029**	12,291,183

The notes on pages 31 to 53 form part of these financial statements

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Notes to the Financial Statements

for the year ended 30th June 2010

1. GENERAL

Genesis Emerging Markets Fund Limited (the "Fund"), a closed-ended fund listed on the London Stock Exchange, was incorporated in Guernsey on 7th June 1989 and commenced activities on 19th September 1989. The Fund comprises the Company and its wholly owned subsidiary Genemar Limited. The Company is an Authorised Closed-ended Investment Scheme as defined by the Authorised Closed-ended Investment Schemes Rules (2008) (and, as such, is subject to ongoing supervision by the Guernsey Financial Services Commission). The Fund is a constituent of the FTSE 250 Index.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit of loss.

In October 2009, the shareholders approved a ten for one Share Split as described in the Chairman's Statement. Any price that was expressed per share in the prior period has been restated to the ten for one subdivision.

The preparation of financial statements in conformity with IFRS may require management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions, relating to unlisted securities, are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The following new standards and amendments to existing standards are relevant to the Fund's operations and are mandatory for accounting periods beginning on 1st July 2009 or later periods:

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(a) Basis of Preparation (continued)

International Accounting Standard ("IAS") 1 (revised 2007), "Presentation of Financial Statements"

The Fund presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. The adoption of this revised standard has not resulted in the significant change to the presentation of the Fund's performance statement, as the Fund has no elements of other comprehensive income other than profit or loss for the year.

IFRS 8, "Operating Segments"

IFRS 8, "Operating Segments" replaces IAS 14, "Segmental reporting". The new standard requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. The Board has considered the requirements of IFRS 8 and is of the view that the Fund is engaged in a single segment of business, being investment in equity securities.

Amendments to IAS 32, "Financial Instruments: Presentation"and IAS 1, "Presentation of Financial Statements" – Puttable Financial Instruments and Obligations Arising on Liquidation.

These amendments require certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met, and disclosure of certain information relating to puttable instruments classified as equity. The application of the amended requirements did not have any impact on the Fund's consolidated financial statements. The redeemable shares issued by the Fund are equity instruments.

Amendments to IAS 39, "Financial Instruments: Recognition and Measurement"

This provided an amended definition of financial asset or financial liability at fair value through profit or loss as it relates to items held for trading and clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such portfolio on initial recognition. Adoption did not have a significant impact on the Fund's consolidated financial statements.

Amendments to IFRS 7, "Financial Instruments: Disclosures" – Improving Disclosures about Financial Instruments

The amendment requires enhanced disclosures about fair value measurement and liquidity risk in respect of financial instruments. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the Fund's financial position or performance.

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(a) Basis of Preparation (continued)

New standards, amendments and interpretations that are effective for the first time but which have no impact on the Fund:

IAS 23 (revised), "Presentation of Financial Statements"(effective from 1st January 2009);
IFRS 3 (revised), "Business Combinations" (effective from 1st July 2009);
IAS 27 (revised), "Consolidated and separate Financial Statements" (effective from 1st July 2009);
Amendment to IFRS 2, "Share based payments on vesting conditions and cancellations" (effective from 1st January 2009);
IFRIC 12, "Service concession arrangements" (effective from 30th March 2009);
IFRIC 13, "Customer loyalty programmes relating to IAS 18, Revenue" (effective from 1st January 2009);
IFRIC 14, "IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1st January 2009);
IFRIC 15, "Agreements for construction of real estates" (effective from 1st January 2009);
IFRIC 16, "Hedges of a net investment in a foreign operation" (effective from 1st July 2009);
IFRIC 17, "Distributions of non-cash assets to owners" (effective from 1st July 2009).

A number of new standards, amendments to standards and interpretations in issue are not yet effective for the year ended 30th June 2010, and have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of the Fund, with the possible exception of IFRS 9, "Financial Instruments", published on 12th November 2009 as part of phase one of the IASB's comprehensive project to replace IAS 39, "Financial Instruments: Recognition and Measurement".

IFRS 9 deals with classification and measurement of financial assets and its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income.

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(a) Basis of Preparation (continued)

No amount recognised in other comprehensive income would ever be reclassified to profit or loss. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

The standard is effective for annual periods beginning on or after 1st January 2013. Earlier application is permitted.

The Fund is currently in the process of evaluating the potential effect of this standard. The standard is not expected to have a significant impact on the consolidated financial statements since the majority of the Fund's financial assets are designated at fair value through profit or loss.

(b) Financial Assets and Liabilities at Fair Value Through Profit or Loss

Classification

In accordance with IAS 39 the Fund has designated all of its investments as at fair value through profit or loss. This category comprises financial instruments designated at fair value through profit or loss upon initial recognition and includes financial assets that are not held for trading purposes and which may be sold. The investments of the Fund are principally in listed equities.

Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date - the date on which the Fund commits to purchase or sell the investment.

Investments are derecognised when the rights to cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets and financial liabilities at fair value through profit or loss are measured initially at fair value being the transaction price. Transaction costs are expensed in the Consolidated Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value.

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(b) Financial Assets and Liabilities at Fair Value Through Profit or Loss (continued)
Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Consolidated Statement of Comprehensive Income in the year in which they arise.

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

Securities listed on active markets are valued based on their closing bid prices, as quoted on the principal exchange on which they are listed. Positions held in the two Genesis investment funds are valued at their NAV at the reporting end date.

Private placements are not registered for public sale and, excluding the two Genesis investment funds, are carried at an estimated fair value at the end of the year, as determined in good faith by the Valuation Committee of the Manager, in consultation with the Board of Directors. Factors considered in determining fair value will include a review of the most recent statement of financial position and operating results of the private placement and such other factors as may be relevant. Private placements are classified either in Level 2 or 3 of the fair value hierarchy, depending on whether they are valued based on observable inputs or unobservable inputs. Fair value of these securities may differ significantly from the values that would have been used had a ready market existed, and the differences could be material.

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

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

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

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(c) Foreign Currency Translation

(i) Functional and Presentation Currency

The books and records of the Fund are maintained in the currency of the primary economic environment in which it operates (its functional currency). The Directors have considered the primary economic environment of the Fund and considered the currency in which the original capital was raised, past distributions have been made and ultimately the currency 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 the US dollar best represents the functional currency. The financial statements, results and financial position of the Fund are also expressed in US dollars which is the presentation currency of the Fund.

(ii) Transactions and balances

Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are retranslated at rates prevailing at the end of the reporting period. Gains and losses arising on translation are included in the Consolidated Statement of Comprehensive Income for the year.

(d) Recognition of Dividend and Interest Income

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

(e) Cash and Cash Equivalents

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

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

(f) Segment Reporting

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

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(g) Expenses

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

(h) Taxation

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

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

(i) Basis of Consolidation

The Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows include the accounts of the Fund and its subsidiary undertaking made up to 30th June 2010. Intra-group transactions are eliminated fully on consolidation.

(j) Share Capital

Participating preference shares have no fixed redemption date and do not automatically participate in the net income or accrue dividends of the Fund and are classified in equity.

(k) Purchase of Own Shares

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

3. SHARE CAPITAL AND SHARE PREMIUM

(a) Authorised
1,000 Founder shares of no par value
335,000,000 Unclassified shares of no par value

(b) Issued	**Number of Shares**	**Called-up Share Capital** $	**Share Premium** $
As at 1st July 2009	26,964,303	270,633	135,238,840
Transfer to share premium	–	(270,633)	270,633
Cancellation of nominal shares	(13,376,997)		
Increase in participating preference shares due to redenomination	122,276,754	–	–
Totals at 30th June 2010	135,864,060	–	135,509,473

Consists of:	
Founder shares of no par value	1,000
Participating shares of no par value adjusted for purchase of own shares (note 2(k))	134,963,060
Participating shares of no par value purchased by Genemar Limited (note 6)	900,000
Total at 30th June 2010	135,864,060

Founder Shares

All of the Founder Shares were issued on 6th June 1989 to the Manager or its nominees. The Founder Shares exist solely to comply with Guernsey Law which requires that Participating Preference Shares must have preference over another class of capital. The Founder Shares were issued at $1 each par value. The Founder Shares are not redeemable.

The Founder Shares confer upon the holders thereof the right in a winding up, subject to prior repayment of the Participating Preference Shares and any Nominal Shares that may be in issue at the time, to the repayment of the amount paid up on the Founder Shares, but confer no right to participate in profits of the Fund. Accordingly, Founder Shares will not entitle the holders thereof to receive any dividends. At general meetings, on a poll, every holder is entitled to one vote in respect of each Founder Share held.

At the Extraordinary General Meeting of the Company on 30th October 2009 and in accordance with The Companies (Guernsey) Law, 2008 it was approved that each Founder Share be redesignated as no par value shares.

3. SHARE CAPITAL AND SHARE PREMIUM CONTINUED

Nominal Shares

All of the Nominal Shares were issued to the Manager. The Nominal Shares were issued to comply with The Companies (Guernsey) Law, 1994 which required that upon the redemption of any part of the share capital of a company, the nominal value redeemed must be replaced by a fresh issue of shares. Following the share split and redenomination, the Participating Preference Shares were redesignated as shares with no par value in accordance with The Companies (Guernsey) Law, 2008 and subsequently Nominal Shares will not be required to be issued upon their redemption and so have been cancelled during the year.

Participating Preference Shares

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

After repayment of the nominal amounts paid up on the Founder Shares and any Nominal Shares in issue, 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 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: Presentation", because the shares are not redeemable and there is no obligation to pay cash or another financial asset to the holder.

The shares of the Fund were split to ten for one in November 2009 and thus the number of shares is 135,863,060 as on 30th June 2010.

4. CAPITAL RESERVE

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

The capital reserve as at 30th June 2010 consists of the following accumulated amounts:

	2010	2009
	$	$
Realised gains on investments sold	**580,462,321**	515,659,062
Unrealised appreciation on revaluation of investments	**231,979,974**	51,782,291
Exchange losses	**(8,169,229)**	(7,719,272)
Transfer to share premium	**(27,235)**	(27,235)
	804,245,831	559,694,846

5. PAYABLES AND ACCRUED EXPENSES

	2010 $	2009 $
Management fees	**1,217,280**	916,723
Custodian fees	**168,880**	120,689
Directors' fees	**84,001**	83,885
Audit fees	**39,292**	47,898
Taxation payable	**33,817**	33,817
Administration fees	**24,599**	30,085
Interest expense	**105**	1,016
Other accrued expenses	**14,382**	13,973
	1,582,356	1,248,086

6. PURCHASE OF OWN SHARES

The Fund has not purchased any of its shares during the year and there have been no purchases between the end of the reporting period and the date of this report. During the last reporting period, the Fund had not purchased any of its shares.

Genemar Limited was incorporated in Guernsey on 22nd June 1999. Its only activity is to purchase shares in the Fund. All of the issued shares in Genemar Limited are owned by the Fund and were acquired for the cost of $2.

7. MANAGER'S REMUNERATION AND TERMS OF APPOINTMENT

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

Under the Management Agreement, the Manager is entitled to receive a management fee from the Fund, payable monthly, equal to 1.5% per annum, calculated and accrued on the Net Asset Value of the Fund as at each Valuation Day (being the 15th day and last day of each month), except for investments in other funds, where the Manager will absorb the expenses of the management of other such funds to a maximum of 1% per annum of the value of the Fund's holding in the relevant fund at the relevant time. The effective management fee on the average Net Assets of the Fund was 1.49% (2009: 1.48%). Where, in order to gain access to a particular market, investment is made in a vehicle directly managed by the Genesis group, no fee will be payable by the Fund on that proportion of its assets so invested, unless no management fee is charged to that vehicle.

8. ADMINISTRATION FEES

The Administrator, HSBC Securities Services (Guernsey) Limited, is entitled to receive a fee, payable monthly, based on time incurred. Administration fees were $160,763 (2009: $175,084) for the year.

9. CUSTODIAN FEE

Under the Custodian Agreement, HSBC Custody Services (Guernsey) Limited, as Custodian to the Fund, is entitled to receive a fee payable monthly, based on the Net Asset Value of the Fund. Under the agreement between the Custodian and the Sub-Custodian, JP Morgan Bank, the latter is also entitled to receive a fee calculated on the same basis as the Custodian's fee. The Fund also reimburses the charges and expenses of other organisations with whom securities are held. The total of all Custodian fees for the year represented approximately 0.13% (2009: 0.12%) per annum of the average Net Assets of the Fund.

10. DIRECTORS' FEES AND EXPENSES

Included in Directors' fees and expenses are Directors' fees for the year of $141,333 in total (2009: $88,611). Also included are travelling, hotel and other expenses which the Directors are entitled to when properly incurred by them in travelling to, attending and returning from meetings and while on other business of the Fund.

11. TAXATION

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

Income due to the Fund is subject to withholding taxes. The Manager undertakes a review of the tax situation of the Fund and believes that withholding tax on dividend income is currently the only material amount of tax payable.

12. RELATED PARTIES

The Genesis Indian Investment Company Limited and Genesis Smaller Companies SICAV were related parties of the Fund by virtue of Jeremy Paulson-Ellis having been a common Director for part of the year and also having a common Manager in Genesis Asset Managers, LLP. The Fund's holdings in these funds are summarised in the portfolio statement, subscriptions and redemptions during the year under review are detailed in the table below. There were no other transactions between the Fund and such related parties during the year except as disclosed in notes 7 to 10 and there are no outstanding balances at 30th June 2010. Directors' related party interests are stated on page 13 as part of the Directors' Report.

	2010	
	Subscriptions $	**Redemptions** $
Genesis Indian Investment Company Limited	14,594,207	14,335,255
Genesis Smaller Companies SICAV	–	19,025,584

	2009	
	Subscriptions $	**Redemptions** $
Genesis Indian Investment Company Limited	5,792,108	21,645,127
Genesis Smaller Companies SICAV	8,097,282	9,557,058

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2010 $	2009 $
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss:		
Listed equity securities	**771,148,971**	577,856,686
Unlisted equity securities	**189,179,441**	144,088,226
Total financial assets at fair value through profit or loss:	**960,328,412**	721,944,912
Other net changes in fair value of financial assets at fair value through profit or loss:		
Realised gains/(losses)	**64,803,259**	(19,467,789)
Unrealised gains/(losses)	**180,197,683**	**(241,629,825)**
Net change in financial assets at fair value through profit or loss	**245,000,942**	(261,097,614)

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of nonmarket observable inputs. Fair value measurements are disclosed below by the source of inputs using the following three-level hierarchy:

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

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

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

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

	Level 1 $	Level 2 $	Level 3 $
At 30th June 2010			
Investment in equity	767,508,726	167,837,061	24,982,625
	767,508,726	**167,837,061**	**24,982,625**

The following table summarises the change in value associated with Level 3 financial instruments carried at fair value for the year ended 30th June 2010:

	2010 Level 3 $
Balance at 1st July	**21,363,051**
Net purchases/(sales)	**2,359,172**
Unrealised gain/(loss)	**1,260,402**
Balance at 30th June	**24,982,625**

Unrealised losses as at year end amounting to $(2,286,479) (2009:$(4,282,907)) related to Level 3 securities. Gains and losses (realised and unrealised) included in the Consolidated Statement of Comprehensive Income for the year are reported in 'net change in financial assets at fair value through profit or loss'. There was no transfer of investments to Level 3 from Level 1 and Level 2 during the year.

14. COSTS OF INVESTMENT TRANSACTIONS

During the year, expenses were incurred in acquiring or disposing of investments.

	2010 $	2009 $
Acquiring	**581,870**	613,7809
Disposing	**561,970**	597,791
NET ASSETS	**1,143,840**	1,211,600

15. SEGMENT INFORMATION

The Fund has elected to treat all of its operations, for management purposes, as a single operating segment as it does not aim at controlling or having any significant influence over the entities in which it holds its investments.

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

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

The table below analyses the Fund's operating incomes/(loss) per geographical location. The basis for attributing the operating income is the place of incorporation.

	2010 $	2009 $
Argentina	112,896	(94,017)
Brazil	16,702,263	(5,768,585)
Canada	2,724,597	(4,588,838)
Chile	2,847,602	(664,378)
China	1,120,619	55,335
Colombia	2,020,650	167,728
Egypt	2,018,457	(9,653,778)
Euro Zone	(1,073,503)	(9,856,814)
Hong Kong	18,154,993	3,638,836
Hungary	3,460,485	(7,004,337)
Indonesia	21,168,631	2,366,841
Malaysia	5,319,366	(2,927,956)
Mauritius	828,928	(3,054,284)
Mexico	5,285,072	(17,334,477)
Nigeria	846,856	(5,971,680)
Norway	161,666	(1,260,403)
Russia	502,673	(466,834)
Singapore	1,686,261	(1,053,049)
South Africa	17,874,898	(33,865,569)
South Korea	11,815,337	(17,528,935)
Taiwan	5,875,845	(6,076,455)
Thailand	2,178,786	(172,416)
Turkey	13,818,250	4,061,201
United Kingdom	631,617	(5,067,034)
United States of America	124,249,168	(122,653,426)
Zambia	–	133,800
Zimbabwe	–	(597,804)
TOTAL	**260,332,413**	**(245,237,328)**

15. SEGMENT INFORMATION CONTINUED

The table below analyses the Fund's operating income by investment type.

	2010 $	2009 $
Equity Securities	260,756,273	(244,132,988)
Cash and cash equivalents	(423,860)	(1,104,340)
NET ASSETS	**260,332,413**	**(245,237,328)**

As at 30th June 2010 and 30th June 2009, the Fund has no assets classified as non-current assets. For the breakdown of the Fund's financial assets carried at fair value through profit or loss, please refer to the Country Exposure of the Portfolio on page 20.

The Fund has a diversified shareholder population. However, as at 30th June 2010 there was one shareholder who held more than 10% of the Fund's net assets attributable to holders of participating redeemable preference shares. The holding was as follows:

Strathclyde Pension Fund	14%

16. FINANCIAL RISK MANAGEMENT

The Fund's financial instruments comprise equities, minority holdings in investment companies, cash and short-term debtors and creditors that arise directly from its operations.

(a) Strategy in using Financial Instruments

(i) Objective of the Fund

The Fund's objective is to provide shareholders with a broadly diversified means of investing in developing countries and immature stock markets, and thus to provide access to superior returns offered by high rates of economic and corporate growth, whilst limiting individual country risk.

(ii) Investment Strategy and Process

The Manager employs a research driven approach at the stock specific level to identify undervalued investments. In doing so, the Manager emphasises the importance of sustainable cash-flow return on invested capital when assessing organisations.

Portfolios are constructed with reference to the following consideration:
- the Manager seeks to build a portfolio of quoted shares of approximately 160 to 200 issuers. The portfolio will consist of those stocks identified from the Manager's fundamental research.

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

16. FINANCIAL RISK MANAGEMENT CONTINUED

(b) 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 interest rate risk, foreign currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors influencing all instruments traded in the market.

Market price risk exposure

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

Market price risk management

Market price risk can be moderated in a number of ways by the Manager through:
(i) a disciplined stock selection and investment process; and
(ii) limitation of exposure to a single investment through diversification.

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

The Fund's portfolio at the end of reporting period reflects the diversified strategy. The tables on Country Exposure of the Portfolio, Sector Exposure of the Portfolio and composition of the Portfolio (see pages 20 to 25) illustrate the allocation of the portfolio assets according to these criteria as at 30th June 2010.

The Fund Manager has identified the MSCI EM (TR) Index as a relevant benchmark for the markets in which it operates.

Given an historical volatility of 17.25% (2009: 38.76%) in the Fund's Net Asset Value (NAV) observed during the year, and assuming the same level of volatility in the coming year, the NAV stands to increase or decrease by the amounts set out below:

	2010	2009
	$	$
Financial assets at fair value through profit or loss	**960,328,412**	721,944,912
Net Asset Value impact	**165,656,651**	279,825,848

16. FINANCIAL RISK MANAGEMENT CONTINUED

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It arises on interest-bearing financial instruments recognised at the end of the reporting period. The interest rate risk for the Fund is not material.

Interest rate risk exposure

The Fund has the ability to borrow funds in order to increase the amount of capital available for investment subject to the limits set out in the Private Offering Memorandum (see Note 17). It may also hold interest bearing securities and cash. Interest rate movements may affect the level of income receivable on cash deposits and cash equivalents and interest payable on borrowing. However, the majority of the Fund's net financial assets are non interest bearing (98.58% on average over the 12 month period to 30th June 2010 (2009: 98.32%)). As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates other than the impact such fluctuations may have on capital returns.

The table below summarises the Fund's non exposure to interest rate risk. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

Interest rate risk exposure 30th June 2010

	Interest-bearing $	Non interest-bearing $	Total $
Financial assets at fair value through profit or loss	–	960,328,412	960,328,412
Amounts due from brokers	–	131,002	131,002
Dividends and interest receivable	–	1,895,408	1,895,408
Other debtors	–	155,295	155,295
Cash and cash equivalents	13,689,031	–	13,689,031
TOTAL ASSETS	**13,689,031**	**962,510,117**	**976,199,148**
Amounts due to brokers	–	257,983	257,983
Bank overdraft	2	–	2
Creditors and accrued expense	–	1,582,356	1,582,356
TOTAL LIABILITIES	**2**	**1,180,339**	**1,180,341**
Equity shares	–	974,358,807	974,358,807
TOTAL LIABILITIES INCLUDING EQUITY SHARES	**2**	**976,199,146**	**976,199,148**
Total interest sensitivity gap	**13,689,029**	**(13,689,029)**	–

16. FINANCIAL RISK MANAGEMENT CONTINUED

(c) Interest Rate Risk (continued)

Interest rate risk exposure 30th June 2009

	Interest-bearing $	Non interest-bearing $	Total $
Financial assets at fair value through profit or loss	–	721,944,912	721,944,912
Dividends and interest receivable	–	1,957,186	1,957,186
Other debtors	–	165,392	165,392
Cash and cash equivalents	12,291,308	–	12,291,308
TOTAL ASSETS	**12,291,308**	**724,067,490**	**736,358,798**
Amounts due to brokers	–	850,498	850,498
Bank overdraft	125	–	125
Creditors and accrued expense	–	1,248,086	1,248,086
TOTAL LIABILITIES	**125**	**2,098,584**	**2,098,709**
Equity shares	–	734,260,089	734,260,089
TOTAL LIABILITIES INCLUDING EQUITY SHARES	**125**	**736,358,673**	**736,358,798**
Total interest sensitivity gap	**12,291,183**	**(12,291,183)**	–

Interest rate risk management

The Fund has the capacity to leverage its investments up to 10% of net assets. The Fund aims to keep its use of the overdraft facility for trading purposes to a minimum only using the facility to enable settlements. The Directors do not consider the exposure to interest rate risk as being material to the Fund.

Sensitivity analysis for interest rate risk

Based on the above table showing the interest rate risk exposure as at 30th June 2010, should interest rates have been lower on average by 100 basis points, on a pro forma basis as interest earned is less than 100 basis points, with all other variables held constant, the decrease in net assets for the year would amount to approximately $136,890 (2009: $122,912). This would arise substantially from the reduced cost of overdraft interest. We estimate that if interest rates had risen by 100 basis points, the increase in net assets would amount to approximately the same amount but in the opposite direction.

In accordance with the Fund's policy, the Manager monitors the Fund's overall interest position on a daily basis, and the Board of Directors reviews it on a regular basis.

16. FINANCIAL RISK MANAGEMENT CONTINUED

(d) Foreign Currency Risk

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

Foreign currency risk exposure

The following table sets out the Fund's material exposures to foreign currency risk as at 30th June 2010:

Currency	**Net non-monetary assets** $	**Net monetary assets** $	**Total Foreign Currency risk** $
Brazilian Real	57,113,712	152,299	57,266,011
Chinese Renminbi	–	607,315	607,315
Euro	20,762,335	118,694	20,881,029
Hong Kong Dollar	115,277,188	40,425	115,317,613
Indonesian Rupiah	55,022,419	341,294	55,363,713
Korean Won	54,546,335	–	54,546,335
South African Rand	103,532,872	–	103,532,872
Taiwan Dollar	41,179,056	–	41,179,056
Turkish Lira	31,813,628	(1)	31,813,627
United States Dollar	349,122,915	12,688,485	361,811,400
Other currencies	131,957,952	81,884	132,039,836
Total	**960,328,412**	**14,030,395**	**974,358,807**

Comparative figures as at 30th June 2009 are as follows:

Currency	**Net non-monetary assets** $	**Net monetary assets** $	**Total Foreign Currency risk** $
Brazilian Real	26,904,607	(660,121)	26,244,486
Chinese Renminbi	75,166,590	–	75,166,590
Indonesian Rupiah	41,519,595	462,667	41,982,262
Korean Won	40,995,973	–	40,995,973
South Africa Rand	86,491,173	–	86,491,173
Taiwan Dollar	28,105,090	–	28,105,090
Turkish Lira	27,152,474	–	27,152,474
United States Dollar	276,327,748	12,006,807	288,334,555
Other currencies	119,281,662	505,824	119,787,486
Total	**721,944,912**	**12,315,177**	**734,260,089**

16. FINANCIAL RISK MANAGEMENT CONTINUED

(d) Foreign Currency Risk (continued)

Foreign currency risk management

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

The degree of sensitivity of the Fund's assets to foreign currency risk depends on the net exposure of the Fund to each specific currency and the volatility of that specific currency in the year. At 30th June 2010, had the average exchange rate of the US dollar weakened by 1% in relation to the basket of currencies in which the Fund's net assets are denominated weighted by the Fund's exposure to each currency, with all other variables held constant, the Fund estimates net assets and the change in net assets per the Consolidated Statement of Comprehensive Income would have increased by $2,634,245 (2009: $4,459,255).

An increase in the US dollar by 1% in relation to the basket of currencies in which the Fund's net assets are denominated would have resulted in a decline in net assets by the same amount but in the opposite direction, under the assumption that all other factors remain constant.

The Manager does not consider it realistic or useful to examine foreign currency risk in isolation. The Manager considers the standard deviation of the NAV (which is struck in US dollars) as the appropriate risk measurement, for the Portfolio as a whole it reflects Market Price risk generally. Please see Market Price Risk section above (Note 16(b)).

(e) Credit Risk Exposure

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Fund. The Fund is exposed to counterparty credit risk on cash and cash equivalents and amounts due from brokers. Risk relating to unsettled transactions is considered small due to the credit quality of the custodians used by the Fund. The Fund has no receivables past their due dates as at 30th June 2010 (2009: nil).

Credit risk management

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. Payment is made on a purchase once the securities have been received by the Sub Custodian. The trade will fail if either party fails to meet its obligation.

The Manager conducts due diligence of every underlying fund, including their service providers. The Fund monitors the financial position and the credit rating of the underlying funds and their agents to further mitigate this risk.

16. FINANCIAL RISK MANAGEMENT CONTINUED

(f) Liquidity Risk

Liquidity risk exposure

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations as they arise for settlement associated with financial liabilities. Liquidity risk also arises because the Fund's assets may be invested in equities in emerging markets which may be less liquid than developing markets.

The Fund is closed-ended; therefore risk arising from redemption requests from investors does not exist. The liquidity risk profile of the Fund at the Consolidated Statement of Financial Position date was as follows:

As at 30th June 2010	**Amounts due within 1 year** $	**Total** $
Amounts due to brokers	257,983	257,983
Creditors and accrued expenses	1,582,356	1,582,356
Bank overdraft	2	2
Total liabilities	1,840,341	1,840,341

As at 30th June 2009	**Amounts due within 1 year** $	**Total** $
Amounts due to brokers	850,498	850,498
Creditors and accrued expenses	1,248,086	1,248,086
Bank overdraft	125	125
Total liabilities	2,098,709	2,098,709

Liquidity risk management

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

During the year under review the Fund also had the ability to borrow the lower of $30 million or 5% of NAV from HSBC Bank plc in order to meet short-term liquidity needs. The utilised balance of this facility is $2 at 30th June 2010 (2009: $125), and the unused portion provided the Fund with additional flexibility. This facility ended on 31st July 2010.

16. FINANCIAL RISK MANAGEMENT CONTINUED

(g) Capital risk management

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

17. BANK OVERDRAFT

During the year under review the Fund had a secured overdraft facility in place with HSBC Bank plc to a maximum of $30,000,000 or 5% of the net asset value, whichever is lower, subject to certain terms and conditions. The facility was secured over existing investments. This facility ended on 31st July 2010.

18. FUND BALANCE SHEET

The stand alone Statement of Financial Position of the Company as at 30th June 2010 is summarised as follows:

	2010	**2009**
	$	**$**
FIXED ASSETS	**960,328,412**	721,944,912
CURRENT ASSETS		
Due from subsidiary	**1,160,500**	1,160,500
Other	**15,870,736**	14,413,886
	17,031,236	15,574,386
CURRENT LIABILITIES	**1,840,341**	2,098,709
NET CURRENT ASSETS	**15,190,895**	13,475,677
NET ASSETS	**975,519,307**	735,420,589
CAPITAL AND RESERVES		
Share capital	**135,509,473**	135,509,473
Capital reserve	**804,245,831**	559,694,846
Revenue account	**35,764,003**	40,216,270
SHAREHOLDERS' FUNDS	**975,519,307**	735,420,589

The only difference between the Company's stand alone Statement of Financial Position and the Fund's Consolidated Statement of Financial Position is that the amount due from the subsidiary in the Fund's own Statement of Financial Position is dealt with as a deduction within shareholders' funds in the Fund's Consolidated Statement of Financial Position as it represents the cost of the subsidiary's cumulative purchases of the Fund's own shares.

Movements in reserves and investments are the same for the Fund as they are for the Fund hence no further analysis has been presented for the Fund's own Statement of Financial Position.

19. RECONCILIATION OF PUBLISHED NET ASSET VALUE OF ATTRIBUTABLE TO EQUITY SHAREHOLDERS TO THE IFRS EQUIVALENT

	2010 Total $	Per Participating Preference Share $
Published Net Asset Value	979,819,807	7.26
Change from mid market pricing to bid pricing for investments	(5,461,000)	(0.04)
Net Asset Value under IFRS	974,358,807	7.22

	2009 Total $	Per Participating Preference Share $
Published Net Asset Value	737,694,747	54.7
Change from mid market pricing to bid pricing for investments	(3,569,428)	(0.3)
Net Asset Value under IFRS	734,125,319	54.4
Equity share capital	134,770	
Equity shareholders' funds	734,260,089	

20. ULTIMATE CONTROLLING PARTY

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

21. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant or material post balance sheet events that need to be disclosed in these financial statements.

Performance Record

Date	Fund NAV ($)	FX Rate	Fund NAV (£)	MSCI EM (TR) ($)	MSCI EM (TR) (£)	PERCENTAGE INCREASE FROM 6th July 1989 Fund NAV (£)	PERCENTAGE INCREASE FROM 30th June 1989 MSCI EM (TR) (£)
31.12.89	0.58	1.61	0.36	231.65	143.61	11.85	28.00
29.06.90	0.77	1.74	0.44	258.08	147.93	35.93	31.85
31.12.90	0.61	1.93	0.31	207.21	107.25	(2.36)	(4.41)
28.06.91	0.78	1.62	0.48	281.28	173.52	48.98	54.66
31.12.91	0.93	1.87	0.50	331.35	177.67	54.92	58.35
30.06.92	1.07	1.90	0.56	355.82	186.90	74.15	66.58
31.12.92	0.95	1.51	0.63	369.14	244.02	95.19	117.49
30.06.93	1.11	1.49	0.74	421.83	282.35	129.80	151.65
31.12.93	1.58	1.48	1.07	645.38	436.81	231.72	289.32
30.06.94	1.47	1.55	0.95	578.58	373.77	194.69	233.14
31.12.94	1.58	1.56	1.01	598.17	382.26	213.61	240.71
30.06.95	1.53	1.59	0.96	578.48	363.54	197.48	224.02
31.12.95	1.46	1.55	0.94	567.01	364.99	190.54	225.31
30.06.96	1.70	1.55	1.10	627.49	403.71	239.66	259.82
31.12.96	1.75	1.71	1.02	601.21	351.17	217.06	212.99
30.06.97	2.21	1.67	1.33	707.94	425.11	310.84	278.89
31.12.97	1.82	1.64	1.11	531.56	323.41	243.65	188.25
30.06.98	1.52	1.67	0.91	431.27	258.25	182.34	130.17
31.12.98	1.30	1.66	0.78	396.86	238.66	141.60	112.71
30.06.99	1.55	1.57	0.98	555.08	352.48	204.13	214.16
31.12.99	1.86	1.62	1.15	660.41	408.84	257.15	264.40
30.06.00	1.76	1.51	1.17	607.65	401.62	261.43	257.96
31.12.00	1.47	1.50	0.98	458.26	306.40	205.32	173.09
30.06.01	1.55	1.41	1.10	450.73	320.05	241.19	185.26
31.12.01	1.57	1.45	1.08	447.39	308.44	234.47	174.91
30.06.02	1.61	1.52	1.06	456.63	299.88	228.38	167.28
31.12.02	1.55	1.61	0.96	420.54	261.32	197.61	132.91
30.06.03	1.84	1.65	1.11	488.40	295.55	244.99	163.42
31.12.03	2.53	1.79	1.42	657.22	368.02	339.01	228.01
30.06.04	2.61	1.81	1.44	652.07	359.94	346.96	220.81
31.12.04	3.38	1.92	1.76	827.78	431.56	445.78	284.64
30.06.05	3.67	1.79	2.05	879.58	490.86	535.43	337.50
31.12.05	4.59	1.72	2.67	1,113.71	648.45	727.93	477.95
30.06.06	4.80	1.85	2.60	1,195.39	646.51	704.76	476.22
31.12.06	5.92	1.96	3.02	1,476.63	754.15	836.49	572.16
30.06.07	7.05	2.01	3.52	1,738.72	866.89	989.80	672.65
31.12.07	7.96	1.99	4.00	2,064.00	1,036.87	1,139.16	824.15
31.03.08	7.45	1.99	3.75	1,838.52	925.04	1,061.86	724.48
30.06.08	7.40	1.99	3.72	1,823.79	916.43	1,053.17	716.80
30.09.08	5.77	1.78	3.24	1,333.96	748.41	903.19	567.05
31.12.08	3.97	1.44	2.76	966.34	672.10	755.31	499.03
31.03.09	3.82	1.43	2.66	976.24	681.06	725.07	507.02
30.06.09	5.47	1.65	3.32	1,316.39	799.36	928.94	612.46
30.09.09	6.73	1.60	4.21	1,593.31	996.19	1,204.43	787.89
31.12.09	7.40	1.62	4.57	1,729.96	1,070.52	1,318.22	854.14
31.03.10	7.81	1.51	5.15	1,772.37	1,167.88	1,495.23	940.91
30.06.10	7.26	1.49	4.85	1,625.46	1,085.95	1,403.59	867.90

The $ and £ NAV figures have been adjusted to reflect the One for One Capitalisation issue made in September 1993.
The $ and £ NAV figures have been adjusted to reflect the Ten for One share split in November 2009.
The figures are based on Mid-Market prices.

Administration

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Ozannes
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Notice of Meeting

Notice is hereby given of the Twenty First Annual General Meeting of the Shareholders of the Fund which is to be held at Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey on 29th October 2010 at 10a.m. for the following purposes:

AGENDA
ORDINARY RESOLUTIONS

1
To adopt the Annual Report and Audited Financial Statements of the Funds for the year ended 30th June 2010.

2
To re-appoint PricewaterhouseCoopers CI LLP as Independent Auditors to the Fund.

3
To authorise the Directors to fix the remuneration of the Independent Auditors.

4
To elect Dr. John Llewellyn as a Director of the Fund.

5
To re-elect Mr. Coen Teulings and The Hon. John Train as Directors of the Fund, who retiring by rotation offer themselves for re-election.

None of the Directors has a service contract.

6

To consider and, if thought fit, pass the following resolution:
THAT

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

(i) the maximum number of Participating Shares hereby authorised to be purchased shall be 20,200,000;

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

(iii) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Fund to be held in 2010 unless such authority is renewed prior to such time, and

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

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