



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2016

GENESIS EMERGING MARKETS FUND LIMITED

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

INTRODUCTION

OBJECTIVE

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

STRUCTURE

Genesis Emerging Markets Fund Limited (the 'Fund' or 'GEMF') is a Guernsey based Authorised Closed-Ended Investment Scheme with the ability to issue additional shares. The Fund's shares are listed on the premium segment of the Official List of the UK Listing Authority, traded on the London Stock Exchange and are included in the FTSE 250. The number of Participating Preference Shares outstanding is 134,963,060 as at 30th June 2016 (30th June 2015: 134,963,060).

MANAGER

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

INVESTMENT APPROACH

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

NEW SHARES

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

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

HIGHLIGHTS

	30 th June 2016	30 th June 2015	% change
Published net asset value*	£838.7m	£771.4m	8.7
Published net asset value*	\$1,121.3m	\$1,213.3m	(7.6)
Published net asset value per Participating Preference Share*	£6.21	£5.72	8.7
Published net asset value per Participating Preference Share*	\$8.31	\$8.99	(7.6)
Share price	£5.40	£5.04	7.1
Discount	13.1%	11.8%	
Ongoing charges ratio	1.41%	1.41%	
Countries represented in portfolio	40	41	
Number of holdings	142	162	

	Year to 30 th June 2016		Year to 30 th June 2015	
	Low	High	Low	High
Share price	£4.01	£5.40	£4.98	£5.83
Net asset value	£4.67	£6.21	£5.41	£6.42
Discount	15.1%	7.3%	14.0%	3.0%

	Annualised			
	1 Year %	3 Year %	5 Year %	Since Inception %
£ Returns				
Fund Share Price	7.1	2.9	0.4	11.0
Fund NAV (net of fees)	8.7	3.5	1.6	11.6
MSCI EM (TR)	3.9	3.0	0.2	9.5
MSCI World (TR)	15.1	12.2	11.2	7.6
\$ Returns				
Fund Share Price	(8.9)	(1.3)	(3.2)	10.4
Fund NAV (net of fees)	(7.6)	(0.8)	(2.0)	11.0
MSCI EM (TR)	(11.7)	(1.2)	(3.4)	8.9
MSCI World (TR)	(2.2)	7.5	7.2	7.0

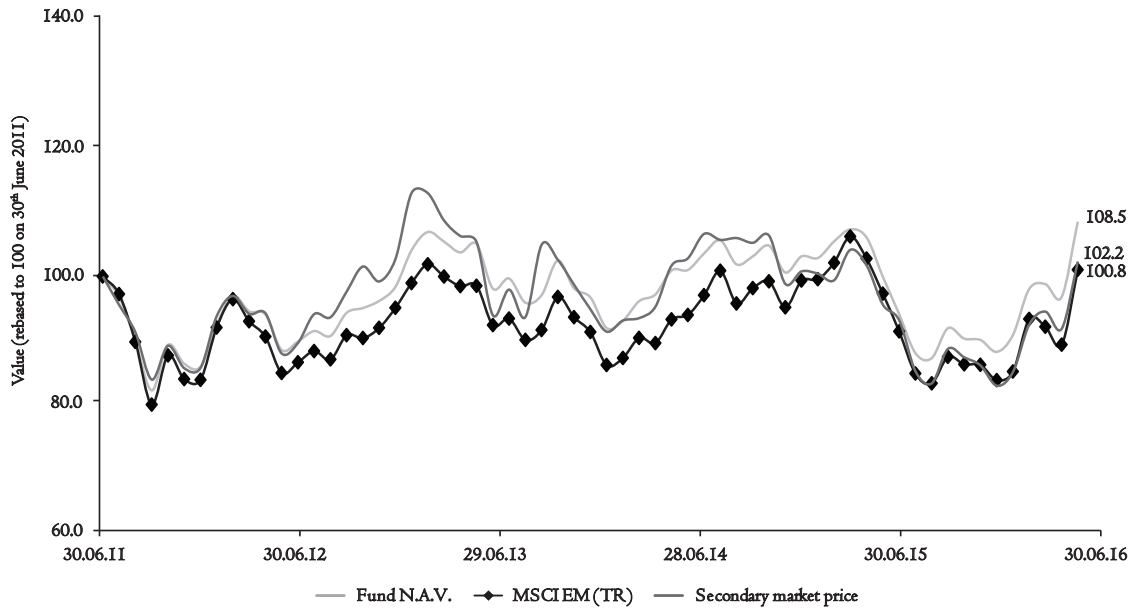
Past performance is no guarantee of future performance.

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

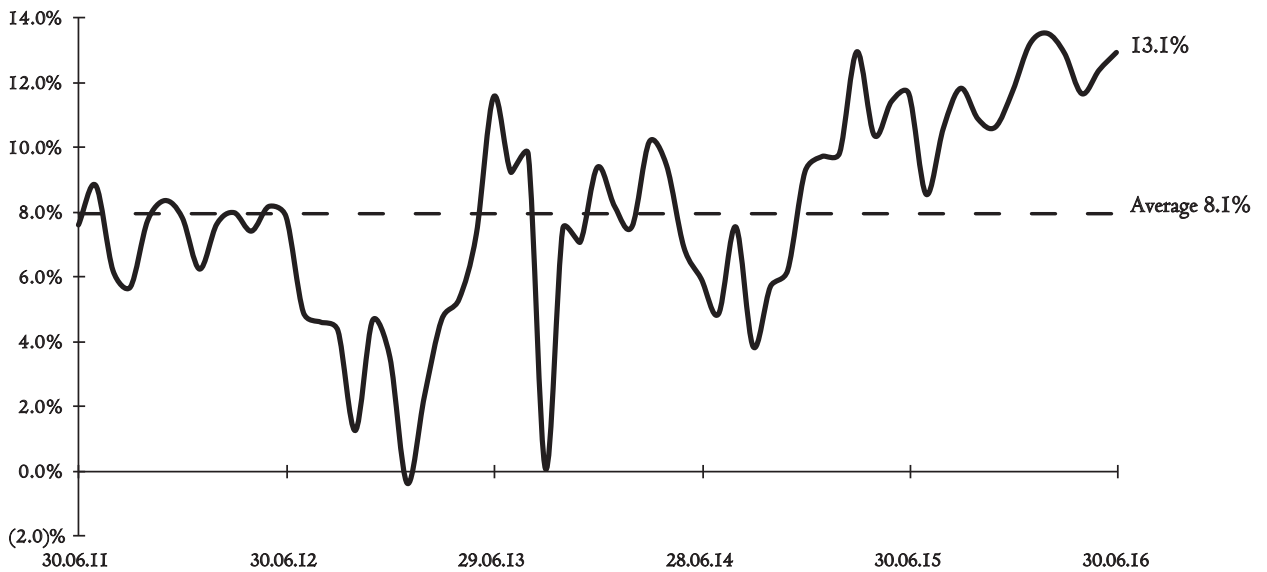
HIGHLIGHTS

CONTINUED

Performance in £ – last 5 Years*



Discount to NAV – last 5 Years*



* Based on month-end Net Asset Values

DIRECTORS

HÉLÈNE PLOIX † (Chairman)

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

SUJIT BANERJI

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

RUSSELL EDEY *

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

MICHAEL HAMSON †

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

SAFFET KARPAT †

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

† Member of Audit and Risk Committee

* Chairman of Audit and Risk Committee

DIRECTORS

CONTINUED

DR. JOHN LLEWELLYN

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

COEN TEULINGS

(retired 29th October 2015)

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

CHAIRMAN'S STATEMENT

I have pleasure in presenting to shareholders the twenty-seventh Annual Report of the Genesis Emerging Markets Fund Limited, for the twelve-month period ending 30th June 2016. This is my first Annual Report to shareholders of the Fund since taking over as Chairman; accordingly I would like to thank my predecessor Coen Teulings for his chairmanship and very significant contribution to the development of the Fund in recent years.

Performance

Investors in emerging markets have faced a somewhat difficult environment in recent years, and the last twelve months provided little respite. The fall-out from the significant commodity price declines last year continued to affect many developing economies and their companies in the latter part of 2015, while increasing concerns about the Chinese economy held emerging markets back in the first half of 2016, even though some areas performed reasonably well.

The overall effect was that the MSCI EM (TR) Index (the 'Index') fell 11.7% in US dollar terms over the year. However, for UK investors the dramatic weakening of sterling against the US dollar during the weeks around the EU referendum meant that in sterling terms the Index in fact gained 3.9%.

Against this performance environment, the Fund's net asset value per share ('NAV') increased from £5.72 to £6.21, representing a return of 8.7%. The Fund's share price rose by only 7.1%, however, as investors generally continued to exhibit some nervousness about potential returns from emerging markets.

Having noted in the Half-Year Report six months ago that the Fund's performance in 2015 was disappointing, and that during discussions with the Manager the Board had reviewed the results in some depth, it is pleasing to report that the returns to shareholders over the full financial year have been ahead of the Index. That said, while the Manager has been able to add relative value for shareholders over the longer-term too (and its record in this regard generally compares well with peers), the disappointing absolute returns generated in recent years reflect the challenges facing emerging markets as a whole.

The Fund's Portfolio and the Manager

The Manager's fundamental investment approach is to invest in companies it feels are of sufficiently high quality to generate attractive returns over at least a five-year horizon, but which the market appears to be pricing too cheaply. The consideration of 'quality' within this approach incorporates not just an assessment of management capability and business position, but importantly also each company's management of the environmental, social and governance issues impacting its operations.

The Fund's portfolio consists of a diversified group of 142 companies (including several smaller businesses), representing a large number of emerging market countries. The Manager's long-term fundamental approach is reflected in the high average holding period of (currently) over seven years, with turnover correspondingly low at around 21% over the last twelve months.

The Board continues to believe that the investment approach and the resulting portfolio described above is appropriate for the Fund, and – noting that the Manager has added value for shareholders over the life of the Fund by following such an approach – that shareholders' interests remain well-served by the ongoing appointment of Genesis.

CHAIRMAN'S STATEMENT

CONTINUED

The Manager's Review on page 24 of this Annual Report provides a description of portfolio activity over the year, and explains some of the reasons behind the performance relative to the Index.

The management fee payable to Genesis Asset Managers, LLP remains at 1.25% of NAV per annum.

Discount

As noted above, the share price rose by 7.1% over the year, from £5.04 to £5.40, with the discount to NAV correspondingly widening from 11.8% at the beginning of the period to 13.1% at the end. During the twelve-month period the discount ranged between 7.3% and 15.1%, with an average level of 11.7%.

These figures are monitored closely by the Board and we actively consider appropriate ways in which the discount can be managed. The Board retains the ability to buy back shares if it believes this is warranted to help manage the discount, but in terms of the financial year under review we would observe that the Fund's discount has been in line with both the peer group and its own history and therefore that no explicit action was necessary.

The UK's EU Referendum

As a Guernsey investment company listed in the UK, the Fund may be affected in due course by the result of the UK's June referendum on membership of the EU. Shareholders will be aware that there is currently considerable uncertainty about the timing of the UK's potential departure. Naturally the Board and the Manager will monitor events closely to assess any potential impact on the Fund over time, and will take appropriate action to ensure the Fund is in compliance with all relevant regulation and remains as accessible and attractive as possible to shareholders within and outside the UK.

The Board of Directors

As well as my own appointment as Chairman, there have been a number of other changes within the Board that I would like to highlight to shareholders. In accordance with the AIC Code, during April the Board underwent an independent triennial evaluation of its performance, carried out by Stephenson & Co. As we announced earlier this year, Russell Edey has assumed the role of Senior Independent Director. Saffet Karpat has stepped down as Chair of the Audit and Risk Committee but remains a member. Russell Edey has succeeded Saffet as Chair, while I have also been appointed as a member of this Committee.

Michael Hamson has decided not to stand for re-election at the Fund's upcoming Annual General Meeting in November: on behalf of the whole Board I would like to express our great thanks to him for his considerable contribution over ten years as a Director of the Fund, and wish him well. It is the Board's intention to appoint a new Director following Mr Hamson's departure; the Fund's Nomination Committee is currently engaged in assessing potential candidates.

The remaining five Directors are standing for re-election at the Annual General Meeting, in accordance with the requirements of the AIC Code of Corporate Governance and the UK Corporate Governance Code. Following the Board's internal evaluation process, I confidently recommend all Directors for re-election; naturally I hope that shareholders will feel similarly confident in our ability to protect their interests and hence able to vote in favour of our re-election.

CHAIRMAN'S STATEMENT

CONTINUED

Dividend

Shareholders will appreciate that the Fund's stated objective is to achieve capital growth, with no specific focus on income, and historically the Board has therefore felt it counter-intuitive for the Fund to pay a dividend. In recent years, however, it has become clear that – notwithstanding the investment objective, and with no desire to change the way in which the Fund's portfolio is managed – some of the Fund's shareholders have raised the possibility of a dividend being introduced. With this in mind, the Board has been considering the Fund's position on dividends, taking into account a range of factors. The Board is currently of the view that it would not be appropriate to propose a dividend to shareholders principally because in the past few years the Fund's level of net income has not been sufficiently consistent to support a meaningful payment. The matter will, however, continue to be reviewed by the Board on an ongoing basis, with the intention of paying a dividend (or indeed buying back shares) in future years if an appropriate opportunity arises.

AGM, Shareholder Meeting, and Shareholder Communication

The notice convening the Annual General Meeting to be held on 8th November 2016 in Guernsey will be found at the end of this Annual Report, along with the schedule of resolutions to be considered, which include an update of the Fund's Articles of Incorporation. As always we strongly urge all shareholders to vote on the resolutions.

We aim to ensure that all shareholders have access to up-to-date information about the Fund. As well as the distribution of Annual and Half-Year Reports and the release of announcements to the London Stock Exchange, we would encourage shareholders to refer to the monthly factsheets containing the latest information on recent activity and investment performance. These can be found on the Fund's website www.genesisemf.com along with other relevant Fund literature.

Shareholders are also very welcome to attend the Fund's annual Shareholder Information Meeting which this year will take place on 10th November 2016 at the Investment Adviser's office in London. An invitation to this event will be found at the end of this Report and we hope that as many shareholders as possible will take this opportunity to hear directly from representatives of the Manager.

Additionally, we recognise that it is important that – while in practice the Manager will usually be best placed to address shareholder queries – shareholders are able to communicate directly with the Board where necessary. To that end I have endeavoured to speak with many of the larger shareholders of the Fund since my appointment as Chairman (and naturally will continue to do so) but additional feedback is always helpful to us. Shareholders are welcome to contact me or Russell Edey (as Senior Independent Director), or indeed any of the Board with their comments. We can be reached via either the Manager or the Administrator at the addresses on page 71 of the Report.

CHAIRMAN'S STATEMENT

CONTINUED

Outlook

Companies in emerging markets continue to face challenges: past editions of this Annual Report have articulated concerns such as the drying up of new areas of business opportunity, the increased competition from developed market firms and the corresponding effect on profitability, the negative impact of potentially higher US interest rates, and – crucially – the lack of reforms in many countries that would help companies develop and grow more efficiently. None of these issues have disappeared, and uncertainty over growth and reform in China in particular also weighs heavily on sentiment, but despite all this, valuations for many companies in emerging markets remain elevated. The Manager's Review on page 24 articulates some of these themes further.

Against that backdrop, however, the necessary reform process has started in markets like Mexico, India and Indonesia, and others will follow in due course – even in Brazil, a country in the midst of a full-blown political crisis, we can anticipate that in time the eventual outcome is likely to be a better operating environment for companies. Ultimately, the high-quality businesses held in the Fund's portfolio are those with the capability to take advantage of the challenging landscape, increasing their reach at the expense of their peers. Good stock selection, and an awareness of potential changes in corporate operating conditions, remain the necessary skills to navigate through this environment, enabling the generation of strong emerging market returns for shareholders over the long term.

Hélène Ploix
Chairman
September 2016

DIRECTORS' REPORT

The Directors are pleased to present their twenty-seventh Annual Financial Report of the Fund, covering the year ended 30th June 2016.

STRATEGY AND BUSINESS MODEL

Fund Objective

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

Strategy

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

Genesis, the Fund's Manager, believes that it can best deliver excellent performance by making long-term investments in quality businesses at a discount to rigorously-assessed intrinsic value. By focussing on companies that can compound shareholders' capital, and ignoring the composition of the benchmarks, the Manager believes it can generate higher long-term relative returns while taking less risk.

Business Model and Investment Process

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

During the year under review Genesis provided investment and risk management services, JP Morgan Chase Bank was the Custodian and JP Morgan Administration Services (Guernsey) Limited was the Administrator and Company Secretary. The Board regularly reviews the performance and risks of its primary service providers and that they have appropriate frameworks in place for the oversight of their internal controls, monitoring and reporting.

In line with the stated investment philosophy, the Manager employs a bottom-up investment approach with all members of its investment team taking responsibility for analysis on individual companies. The investment process is founded on proprietary internal research, with the Manager's structure designed to allow a cohesive team of investors to generate fundamental research insights and, subject to rigorous challenge, express those insights in portfolios. The Fund's portfolio is diversified across countries and industries and typically comprises approximately 130 holdings, to give a range of 10-15 per team member. The Manager believes that when its team concentrates on a smaller number of ideas, the research can be deeper and insights more valuable.

Portfolios comprise holdings in predominantly high-quality, sustainable businesses. As part of their analysis the Manager's team determines quality ratings for each company, which primarily measure a business's ability to generate sustainable excess returns on capital. High-quality companies should have a low probability of negative revisions to the Manager's assessment of their intrinsic value in US\$ terms. Environmental, Social and Governance ('ESG') considerations are included in the analysis of sustainability, and the team takes ESG factors into account when determining the quality rating of a business. The Manager recognises that governance issues in particular are relevant to all companies and has laid out the key principles that it expects companies to follow from a corporate governance perspective.

DIRECTORS' REPORT

CONTINUED

STRATEGY AND BUSINESS MODEL (continued)

Given that the average holding period of investments in client portfolios has consistently been more than five years (and is currently in excess of seven) and that this characteristic is expected to persist, the Manager is comfortable buying into relatively illiquid situations and building positions gradually. In the Manager's experience the trading liquidity of a stock improves as its underlying merits are gradually appreciated by a wider domestic and international investor base. Turnover is correspondingly low; typically of the order of 20-25% per annum.

There is no specific company market capitalisation range in which the Manager invests, and it is prepared to take positions in smaller-capitalisation stocks where compelling investment cases are found, in the belief that these can be a source of particularly attractive long-term investment opportunities. The Fund invests in a large number of emerging markets, many of which are not represented in the standard indices. The Manager aims to retain as much flexibility as possible with respect to portfolio constraints, so formal limits are applied only on maximum exposure (at time of purchase) to individual countries of 25% and individual stocks of 5%.

Because the Manager aims to invest in companies that can compound shareholders' capital, but also aims to invest at a discount to intrinsic value, the portfolio tends to have both growth and value characteristics.

The portfolio's investments are primarily listed equity securities. However, the Fund also holds positions in Genesis affiliated investment companies, Participatory notes and Investee Funds, where appropriate. Details of the Fund's portfolio are shown on pages 32 to 38.

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

The Fund entered into a securities lending programme with JP Morgan Chase Bank N.A. in April 2016 (refer to note 2(n)).

FINANCIAL PERFORMANCE

Results

The total loss for the year for the Fund amounted to \$91,996,000 compared to a total loss of \$120,705,000 in the previous year. Refer to the Manager's Review on pages 24 to 26 for an explanation of the Fund's performance. The Directors do not recommend the payment of a dividend in respect of the year ended 30th June 2016 (2015: nil).

Capital Values

At 30th June 2016, the value of Equity Shareholders' Funds was \$1,121,318,000 (2015: \$1,213,314,000) a reduction of \$91,996,000. The Net Asset Value per Participating Preference Share was \$8.31 (2015: \$8.99).

Key Performance Indicators

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

DIRECTORS' REPORT

CONTINUED

PRINCIPAL RISKS AND RISK MANAGEMENT

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

Volatility of emerging markets and market risk

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

Foreign currency exposure

The Fund's assets will be invested in securities of companies in various countries and income will be received by the Fund in a variety of currencies. However, the Fund will compute its net asset value and distributions in US dollars. The value of the assets of the Fund as measured in US dollars may be affected favourably or unfavourably by fluctuations in currency rates and exchange control regulations. Further, the Fund may incur costs in connection with conversions between various currencies. The Fund has opted not to engage in any active management of foreign currency risk, and therefore all its open foreign exchange positions are typically unhedged.

Lack of liquidity

Trading volumes on the stock exchanges of developing countries can be substantially less than in the leading stockmarkets of the developed world and trading may even be temporarily suspended during certain periods. Liquidity can also be negatively impacted by temporary capital controls in certain markets. A lower level of liquidity can exaggerate the fluctuations in the value of investments described previously. The restrictions on concentration and the diversification requirements detailed above also serve normally to protect the overall value of the Fund from the risks created by the lower level of liquidity in the markets in which the Fund operates.

Custody risk

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

DIRECTORS' REPORT

CONTINUED

CORPORATE GOVERNANCE

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

The Fund is a member of the Association of Investment Companies ('AIC') and the Board has considered the principles and recommendations of the 2015 AIC Code of Corporate Governance ('AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC Code addresses all the principles set out in the 2014 UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Fund.

As a Guernsey incorporated company listed on the London Stock Exchange within the FTSE 250, the Fund is required to comply with Listing Rule 9.8.7 (for overseas incorporated companies). This requires the Fund to state how it has applied the main principles set out in the 2014 UK Corporate Governance Code and whether it has complied with these provisions throughout the accounting period.

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

Statement of compliance

The Directors believe that during the year under review, they have complied with the provisions of the AIC Code and therefore, insofar as they apply to the Fund's business, with the provisions of the 2014 UK Corporate Governance Code and Guernsey Code except as noted below.

- **The role of Chief Executive**

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

- **Executive Directors' remuneration**

As the Board has no Executive Directors, it is not required to comply with the principles of the 2014 UK Corporate Governance Code in respect of Executive Directors' remuneration and does not have a Remuneration Committee.

- **Internal audit function**

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

DIRECTORS' REPORT

CONTINUED

THE BOARD

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

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

As noted on page 19, the Audit and Risk Committee reviews the performance of, and the contractual arrangements with, the Administrator and the Custodian. The Board is satisfied that the continuing appointment of the Administrator and the Custodian is in the best interests of shareholders.

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

Director	Board Meetings Attended	Audit and Risk Committee Meetings Attended	Nomination Committee Meetings Attended
H��l��ne Ploix (joined the Audit and Risk Committee on 9 th February 2016)	3	1	2
Sujit Banerji	3	n/a	2
Russell Edey	3	3	2
Michael Hamson	3	2	2
Saffet Karpat	3	3	2
Dr. John Llewellyn	3	n/a	2
Coen Teulings (retired 29 th October 2015)	1	n/a	0

DIRECTORS' REPORT

CONTINUED

THE BOARD (continued)

Board appointments and re-election

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

Hélène Ploix was appointed as non-executive Chairman on 30th October 2015, replacing Coen Teulings. She also acts as chairman of the Nomination Committee, which is comprised of all members of the Board.

On 9th February 2016, Russell Edey replaced Saffet Karpat as chairman of the Audit and Risk Committee, the members of which are Russell Edey, Saffet Karpat, Michael Hamson and Hélène Ploix. Russell Edey was also named as Senior Independent Director.

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

The Board evaluates its performance on an annual basis, and considers that the blend of skills, experience, age, gender and length of service is appropriate for the requirements of the Fund. In accordance with the AIC Code, an independent evaluation of the Board's performance was carried out in April 2016 by Stephenson & Co. The findings of the review were considered by the Directors and actions, where appropriate, have been taken. The Board is aware of the requirements of the 2014 UK Corporate Governance Code and regularly reviews its succession plan.

Directors' remuneration

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

The level of Directors' Fees is independently assessed and was reviewed this year concurrently with the independent evaluation of the Board's performance. Each Director receives £30,000 per annum, with a further £5,000 per annum for Audit and Risk Committee Directors, an additional £2,500 per annum for the Senior Independent Director and a further £10,000 per annum for the Chairman. Such remuneration is deemed to accrue on a daily basis. As there are no executive Directors of the Fund, no separate Remuneration Report is necessary.

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

DIRECTORS' REPORT

CONTINUED

THE BOARD (continued)

Directors' interests

The Directors listed on pages 5 and 6 served throughout the year under review (except Coen Teulings who retired on 29th October 2015). The following (who were Directors at the period end) had a beneficial interest in the share capital of the Fund at 30th June 2016:

Directors	Beneficial interest in Participating Preference Shares at 30 th June 2016
Hélène Ploix	15,000
Sujit Banerji	10,000
Michael Hamson (including family interests)	8,700
Saffet Karpat	20,000

Directors' insurance and indemnification

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

AUDIT AND RISK COMMITTEE

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

- To monitor the integrity of the financial statements of the Fund, including its annual and half-yearly reports and any other formal announcement relating to its financial performance;
- To review the Fund's accounting policies and any significant financial reporting judgements;
- To monitor and review the adequacy and effectiveness of the internal financial control and risk management systems on which the Fund is reliant;
- To review and approve statements to be included in the Annual Financial Report concerning controls and risk management;
- To report to the Board that they have carried out a robust assessment of the principal risks facing the company;
- To provide advice to the Board on whether they consider the Annual Financial Report, taken as a whole, is fair, balanced and understandable;
- To make recommendations to the Board in relation to the appointment, re-appointment and removal of external auditors;
- To monitor the independence and objectivity of external auditors; and
- To review the audit fees, terms of engagement and provision of non-audit services by the external auditor.

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

Significant accounting matters

During the review of the Fund's financial statements for the year ended 30th June 2016, the Audit and Risk Committee considered the following matters to be significant issues, both of which were satisfactorily addressed:

DIRECTORS' REPORT

CONTINUED

AUDIT AND RISK COMMITTEE (continued)

Issue considered

How the issue was addressed

Valuation of the investment portfolio

97.7% of the investment portfolio was valued using quoted prices or prices that were observable. The Administrator's weekly valuation of these securities was checked by the Manager to independent price sources. 1.5% of the investment portfolio was invested in other funds ('Investee Funds') which were valued using the most recently available valuation statements from their respective administrator, updated to include subsequent cashflows. The remaining 0.8% of the investment portfolio related to two listed equity investments (refer page 59 for more details). The Manager's monthly Valuation Committee monitors the fair value of all securities and ensures the appropriateness and accuracy of the methodologies used and their effective implementation. The Manager also regularly provides information to the Directors on any stale, unquoted and illiquid securities contained within the investment portfolio for their review and comment.

Loss of assets and custody risk

All securities are held by an independent Custodian and the Manager reconciles the Custodian's investment portfolio records on a weekly basis. The Manager monitors the Custodian's service levels throughout the year with a formal performance review conducted annually. The latest annual review was in June 2016.

Auditor independence and assessment

The Fund's external Independent Auditors, PricewaterhouseCoopers CI LLP ('PwC'), have acted in this role for more than ten years and although no tender for the audit of the Fund has taken place since their appointment, rotation of the Audit Partner has regularly taken place, most recently in 2013. The Audit and Risk Committee monitors the European and U.K. legislation regarding mandatory audit firm rotation and tendering to ensure compliance. An external tender will be conducted during 2017 (prior to the completion of the existing Audit Partner's permitted service term) for the 2018 financial year.

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

The fees paid to PwC in respect of audit services for the year ended 30th June 2016 were \$52,000 (2015: \$81,000). PwC did not provide any non-audit services during the year (2015: None).

DIRECTORS' REPORT

CONTINUED

INTERNAL CONTROLS

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

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

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

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

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

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

The Audit and Risk Committee has carried out its annual assessment of the internal controls of the Fund's service providers for the year ended 30th June 2016 and considered the internal control procedures to be adequate based on the findings of their respective ISAE 3402 or SSAE I6 reports.

SHAREHOLDERS

Shareholder relations

The Board recognises the need for good communications with its shareholders. The primary media through which the Fund communicates with shareholders are the Annual and Half Year Financial Report and the monthly Fact Sheet, which are available via the Fund's website, www.genesisemf.com. The Chairman of the Fund (and other Directors, periodically) is available for meetings with the Fund's major shareholders at their request, and all Members of the Board are available for shareholders' questions and significant matters arising. On behalf of the Board, the Manager holds periodic meetings with the Fund's major shareholders to discuss aspects of the Fund's positioning, performance and outlook.

In addition, all shareholders are invited to attend the Annual General Meeting and the Fund's annual Information Meeting which follows shortly after the AGM. 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 that the shares trade at versus their NAV and by comparison with the Fund's peer group.

DIRECTORS' REPORT

CONTINUED

SHAREHOLDERS (continued)

Significant shareholdings

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

Shareholder	Participating Preference Shares Held	30 th June 2016 Percentage	Participating Preference Shares Held	31 st August 2016 Percentage
Strathclyde Pension Fund	29,991,155	22%	29,985,659	22%
Lazard Asset Management LLC Group	12,154,666	9%	12,184,033	9%
Banque Degroof SCS	10,408,709	8%	10,110,439	7%
Wells Capital Management	10,152,441	8%	10,698,678	8%
Banque Degroof Luxembourg SA	9,026,035	7%	8,738,901	6%
City of London Investment Management	7,258,716	5%	8,188,588	6%
Derbyshire County Council	4,600,000	3%	4,600,000	3%
BAE Pension Fund Investment Management	4,120,725	3%	4,120,725	3%

Website: www.genesisemf.com

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

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

REGULATORY DISCLOSURES

Remuneration

The Manager is a limited liability partnership organised under the laws of Delaware, USA. In order to assist in the understanding of the risk profile of the Fund, the Manager makes certain qualitative and quantitative disclosures on remuneration. Details of the Remuneration Policy of the Manager and the amounts attributable to the Fund are available from the Legal Notice section of the Investment Adviser's website, www.giml.co.uk.

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

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

OTHER MATTERS

Going Concern

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

DIRECTORS' REPORT

CONTINUED

OTHER MATTERS (continued)

Viability Statement

In accordance with provision C.2.2. of the 2014 UK Corporate Governance Code, the Board has assessed the prospects of the Fund over the next three years. The Board considers that this period of time is appropriate to assess the viability of the Fund given the inherent uncertainty in the global emerging markets and the Fund's investment cycle. As part of its assessment, the Board has considered the Fund's business model including its investment objective and investment policy as well as the principal risks and uncertainties that may affect the Fund.

The Board has noted that:

- The Fund's investment objective is to achieve capital growth over the medium to long term and the Board regards the Fund as a long term investment. The average holding period for companies in the Fund's portfolio is currently over seven years, with turnover at around 21% over the last twelve months. These attributes reflect the Manager's long term fundamental approach.
- The Fund's portfolio consists of a diversified group of companies from a large number of emerging market countries. The majority of these are traded on major international stock exchanges. In the opinion of the Manager, the portfolio is sufficiently liquid to meet all ongoing and future liabilities arising from the Fund's day-to-day business.
- No significant increase to ongoing charges or operational expenses is anticipated.

The Board has therefore concluded that there is a reasonable expectation that the Fund will be able to continue in operation and meet its liabilities as they fall due over the next three years.

Voting Policy

The Directors have given the Manager discretion to exercise the Fund's voting rights and the Manager, so far as is practicable, will exercise them in respect of resolutions proposed by investee companies.

The Manager aims to vote in the best interests of the Fund, and to vote on all shares in all markets. Proxy Voting Guidelines are maintained to outline the overall approach to voting and ensure that it is conducted in an appropriate manner. In evaluating specific voting issues, the Manager's team members may engage directly with company management and directors and may also contact interest groups, other shareholders and research providers. Where appropriate, and particularly where a vote against management is warranted, the Manager will contact the company to explain the decision-making process and promote best practice. In a case where securities are on loan ahead of a General Meeting or corporate action it is the Manager's policy to request that such securities be recalled to enable the shares to be voted.

The Manager has contracted with Institutional Shareholder Services, Inc. (ISS), an independent third-party provider of proxy voting and corporate governance services. ISS provides proxy research and recommendations, executes votes as instructed by the Manager, and keeps various records necessary for tracking proxy voting materials and proxy voting actions taken. ISS recommendations are one form of external research which is factored into the Manager's investment decision-making process. Each voting issue is analysed independently, however, and the Manager's votes are not necessarily in line either with company management or the ISS recommendations.

DIRECTORS' REPORT

CONTINUED

OTHER MATTERS (continued)

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

Environmental, Social and Governance Factors

Genesis meaningfully integrates ESG factors into the investment process as part of its ongoing qualitative judgement of a company's sustainable competitive advantage. Genesis recognises that ESG factors can expose potential investment opportunities and risks, reflect the quality of management and impact a company's financial performance. ESG factors are assessed in the context of materiality and particular attention is paid to the quality of company management and the alignment of interests with minority investors.

Borrowing Facilities

The Articles of Incorporation permit the Fund to borrow up to 10% of the value of its Net Assets. No borrowing facility was used in either 2016 or 2015.

Company Secretary

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

Authority to Purchase Own Shares

Under Resolution 10 of the Annual General Meeting held on 29th October 2015, the shareholders authorised the Company to purchase its own shares. This authority is limited to the maximum number of 20,200,000 Participating Preference Shares of no par value (equivalent to approximately 14.9% of the issued share capital of the Company). This authority expires at this year's Annual General Meeting of the Company. The maximum price that may be paid for a Participating Preference Share will be the amount that is equal to 5% above the average of the middle market prices shown in quotations for a Participating Preference Share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Participating Preference Share is purchased.

Renewal of the Company's power to purchase its own shares will be sought at the Annual General Meeting on 8th November 2016. In the event that the Company should purchase shares for cancellation, the Directors would only do so after consideration of the effect on earnings per share and the longer term benefits for shareholders.

Articles of Incorporation

Under Resolution 10, the Company purposes to adopt revised Articles of Incorporation. The proposed amendments relate to the removal of the restriction on holding Directors' meetings in the UK and permission to circulate papers to shareholders electronically. Other changes include the update to the aggregate Directors' fees, as approved at the 2nd November 2012 AGM, as well as the correction of a few typographical errors. A copy of the current Articles of Incorporation and the proposed new Articles of Incorporation will be available for inspection during normal business hours at the Company's registered office. The proposed changes to the Articles of Incorporation are also detailed on the Fund's website www.genesisemf.com.

DIRECTORS' REPORT

CONTINUED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

Having taken all available information into consideration, the Board has concluded that the Annual Financial Report for the year ended 30th June 2016, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Fund's performance, business model and strategy.

Auditors and disclosure of information to auditors

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

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

Compliance with disclosure and transparency directive

The Directors confirm to the best of their knowledge that:

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

Signed on behalf of the Board

Hélène Ploix

Russell Edey

27th September 2016

MANAGER'S REVIEW

Investment Environment

There was a stark contrast between emerging market returns during the first and second half of the Fund's financial year. Economic growth, corporate earnings, commodity prices and currencies were all generally weaker than most investors expected in the latter part of 2015. However political and macroeconomic events – such as a delay to interest rate hikes in the US, the impeachment of Brazilian President Dilma Rousseff and China increasing fixed asset investment through leverage – have prompted a dramatic reversal of fortunes in 2016, through to the Fund's year-end in June, and into the summer. In this volatile environment developing stockmarkets, as measured by the MSCI Emerging Markets Index, rose 3.9% in sterling terms over the financial year. The Fund's net asset value performed better than the Index, gaining 8.7%.

As we have noted in previous Reviews, emerging market companies have been through a significant boom period driven by plentiful liquidity and ultra-low interest rates. Easy access to credit has led to an increase in consumption, and penetration levels of consumer products in many markets are higher than they used to be. The tailwinds leading up to the financial crisis in 2008 and stimulus measures afterwards have, several years on, resulted in imbalances in many emerging markets. In order to generate more sustainable growth going forward these countries need to go through a period of adjustment.

We believe that the most significant risk facing emerging markets today is the potential economic instability in China, which is experiencing a structural slowdown with high financial leverage. The Chinese government is trying to achieve three things at the same time: engineer a soft landing, rebalance the economy from fixed asset investment to consumption, and reduce financial leverage. We remain sceptical that all three can be achieved at once. Credit is still running ahead of nominal GDP growth, rebalancing has been limited and – crucially – the economy has not reached a new equilibrium. This, combined with a lack of genuine economic reforms, means that the risk of a hard landing is increasing. That said, we are trying to maintain as constructive a view of China as possible – from a more positive viewpoint it can be argued that since the government controls both assets and liabilities they have enough tools to control the situation.

Performance

The Chinese market was one of the worst-performing over the year, and so its impact on the portfolio was the most significant driver of relative performance from a country perspective. The Fund's underweight position versus the benchmark added substantial value in the period, while avoiding state-owned financials including China Life Insurance (down 40%) and Bank of China (down 23%), and owning a variety of strongly performing holdings, including premium *baijiu* producer Kweichow Moutai (up 39%) and e-commerce company Alibaba (up 14%), also helped. Further performance gains were made in Thailand for stock-specific reasons – Thai Beverage (up 45%) experienced a turnaround in its beer business due to a new management team and Central Pattana (up 44%) benefitted from a variety of government infrastructure investments. On the negative side value was lost in Indonesia by being underweight in what was a strong market, and in Brazil where our holdings failed to keep pace with the recovery of the local market.

Value was added in a variety of sectors, particularly financials, consumer and IT, where one of the Fund's largest holdings, TSMC, rose 35%. These gains were partially offset by losses in the materials sector, where Anglo American's price falls in 2015 were responsible for a loss of 20% over the last twelve months, despite its share price almost trebling so far in 2016.

Looking at individual stocks, the major contributor was SABMiller, which rose by 31% after accepting a bid by rival brewer AB InBev to acquire the company. Further performance attribution data are given in the following tables.

MANAGER'S REVIEW

CONTINUED

Relative Performance Attribution in GBP – 12 Months to June 2016

GEMF vs. MSCI EM (TR) Index

Top 10 Stock Contributors	%	Top 10 Stock Detractors	%
SABMiller (South Africa)	1.53	Anglo American (South Africa)	(1.10)
Pidilite Industries (India)	0.61	<i>Tencent (China)</i>	<i>(0.80)</i>
Thai Beverage (Thailand)	0.58	First Quantum Minerals (Zambia)	(0.64)
Central Pattana (Thailand)	0.55	Tingyi (China)	(0.62)
Sberbank (Russia)	0.50	Anhui Conch Cement (China)	(0.42)
TSMC (Taiwan)	0.48	Tullow Oil (United Kingdom)	(0.35)
Bidvest (South Africa)	0.44	Gree Electric Appliances (China)	(0.27)
Big C (Thailand)	0.41	Mediatek (Taiwan)	(0.26)
<i>China Life Insurance (China)</i>	<i>0.36</i>	Guaranty Trust Bank (Nigeria)	(0.25)
<i>Bank of China (China)</i>	<i>0.35</i>	<i>Naspers (South Africa)</i>	<i>(0.21)</i>

Stocks in italics are omissions at end of period

Sector	%	Top 5 Country Contributors	%	Top 5 Country Detractors	%
Financials	3.95	China	3.09	Zambia	(0.64)
Consumer Staples	1.56	Thailand	1.75	Indonesia	(0.58)
IT	1.41	South Africa	1.25	Brazil	(0.55)
Industrials	0.97	India	1.22	Nigeria	(0.50)
Telecoms	0.13	Russia	0.99	Philippines	(0.33)
Utilities	0.06				
Consumer Discretionary	(0.01)				
Energy	(0.10)				
Health Care	(0.21)				
Materials	(1.39)				

Source: FactSet treating Genesis' affiliated investment companies on a look-through basis

Portfolio activity

The announcement last year of AB InBev's SABMiller acquisition prompted us to start exiting the position (which at the time was the largest in the portfolio), with the vast majority sold before the UK's referendum on EU membership in order to alleviate currency risk. Given the size of the holding (5.8% at its peak), the concentration of the top 20 holdings has declined from 43.4% at the start to the period to 41.5% at the end. The position was recycled into a variety of new and existing holdings across a number of markets. Aside from South Africa (where SABMiller is based), China dominated the Fund's trading activity, where market volatility allowed us to improve the quality of the Fund's holdings, offering greater protection against a deteriorating macroeconomic environment. There were significant increases to pan-Asian insurer AIA, internet giant Alibaba and food and beverage producer Tingyi, while China Merchants Bank, AAC and Mindray exited the portfolio. New purchases in China included home appliance manufacturer Midea, and Jiangsu Hengrui, a generics pharmaceutical company specialising in oncology drugs.

MANAGER'S REVIEW

CONTINUED

In other markets, noteworthy new positions included food retailer Magnit (Russia), global brewer Heineken – the majority of whose revenues now come from emerging markets – branded snack company Universal Robina (Philippines) and private hospital operator Bangkok Dusit (Thailand). Notable sales activity included taking profits in Cognizant (India), reducing exposure to Brazilian banks Itaú and Santander Brasil, and selling some of the Anglo American holding as its share price rallied, whilst Ambuja Cements (India) and Big C (Thailand) exited the portfolio.

At the end of the period the number of positions in the Fund was 142, a net reduction of 20 over the year. This followed a decision by the Manager to focus on fewer holdings, allowing deeper analysis on each. The majority of these sales occurred in the second half of the financial year and most came from the tail of the Fund – i.e. those with a weight of less than 25 basis points.

Outlook

Structurally, investors in emerging market equities have been facing substantial headwinds, such as lower commodity prices, the impact of China's lower growth, greater competition and weaker currencies. Amidst this lower-growth environment the profitability of emerging market companies has declined over the past few years. Despite this, valuations have largely held up, particularly for higher quality companies which offer greater protection when the investment landscape is more challenging.

However, of the difficult headwinds mentioned above, significant adjustments have already taken place in three of the four – commodity prices, competition and currencies – meaning that further downside in these areas is limited. As we have noted, China's orderly transition to a more sustainable growth strategy is, we believe, the key risk facing emerging markets investors. Should a soft landing play out in China, we could see the beginning of a new, more positive cycle in emerging markets.

In the medium to long term we firmly believe that emerging markets are an attractive place to invest: the Fund's high-quality companies should be able to differentiate themselves from their competition and do well, and key growth drivers – such as rising consumption, financial penetration and infrastructure development – are still in place.

Genesis Asset Managers, LLP

September 2016

TWENTY LARGEST HOLDINGS

as at 30th June 2016

Taiwan Semiconductor Manufacturing (Taiwan)	5.18%
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Information Technology

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

Samsung Electronics (South Korea)	4.25%
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Information Technology

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

Genesis Smaller Companies SICAV (Luxembourg)	2.83%
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Investment Company

An open-ended Luxembourg SICAV whose objective is to achieve capital growth over the medium to long term through investment in smaller emerging market companies. It held positions in 18 listed stocks as at 30th June 2016.

Samsung Fire & Marine Insurance (South Korea)	2.67%
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Financials

Samsung Fire & Marine Insurance is a multinational insurance company based in South Korea, with automobile insurance prominent amongst its products.

AIA Group (China)	2.38%
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Life Insurance

AIA Group offers insurance and financial services. The company writes life insurance for individuals and businesses, accident and health insurance, retirement planning, and wealth management services.

Axis Bank (India)	2.16%
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Financials

Axis Bank operates more than 3,000 domestic branches and is the third largest private sector bank with 2% market share.

Novatek (Russia)	2.04%
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Energy

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

TWENTY LARGEST HOLDINGS

CONTINUED

Kotak Mahindra Bank (India)	I.98%
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Financials

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

Sun Pharmaceutical Industries (India)	I.85%
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Health Care

Sun Pharmaceutical Industries is a specialty pharmaceutical company active in various high growth segments of the industry.

Central Pattana (Thailand)	I.84%
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Financials

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

Tata Consultancy Services (India)	I.78%
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Information Technology

Tata Consultancy Services, a subsidiary of the Tata Group, is a global IT services organisation that provides a comprehensive range of IT services to its clients across a range of industries.

Thai Beverage (Thailand)	I.74%
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Consumer Staples

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

Pidilite Industries (India)	I.64%
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Materials

Pidilite Industries is a market leader in consumer adhesives and sealants and also has a strong presence in construction chemicals and art materials.

Sberbank (Russia)	I.63%
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Financials

Sberbank is the largest bank in Russia, accounting for almost 30% of aggregate banking assets.

TWENTY LARGEST HOLDINGS

CONTINUED

Shinhan Financial Group (South Korea)	I.56%
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Financials

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

Universal Robina (Philippines)	I.52%
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Consumer Staples

Universal Robina is the dominant producer of branded snacks in the Philippines, with a growing presence in other packaged food categories.

Infosys (India)	I.52%
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Information Technology

Infosys provides IT consulting and software services, including e-business, program management and supply chain solutions. The company's services include application development, product codevelopment, and system implementation and system engineering.

Grupo Financiero Banorte (Mexico)	I.47%
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Financials

Grupo Financiero Banorte is a company offering banking services, premium banking, wholesale banking, leasing and factoring, warehousing, insurance, pensions and retirement savings.

Anhui Conch Cement (China)	I.39%
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Materials

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

Lupin (India)	I.39%
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Health Care

Lupin is a pharmaceutical company which is a key player in developing therapies for cardiovascular disease, diabetes and asthma.

COUNTRY EXPOSURE OF THE PORTFOLIO*

Country	June 2016 %	June 2015 %	June 2014 %
China	16.30	16.42	10.89
India	14.75	14.63	13.03
South Korea	9.85	9.43	9.04
Russia	6.86	5.73	6.99
Thailand	6.57	5.15	5.36
Taiwan	6.20	5.35	6.98
South Africa	5.72	10.59	11.35
Brazil	4.32	5.78	6.22
Mexico	4.11	3.85	4.54
Turkey	2.95	3.12	3.03
United Kingdom	2.70	2.58	2.79
Philippines	2.15	0.95	0.61
Nigeria	1.31	1.86	2.25
Peru	1.22	1.03	0.45
Switzerland	1.18	–	–
Poland	1.14	0.32	0.29
Vietnam	1.08	0.41	0.29
Netherlands	0.98	–	–
Zambia	0.92	1.58	2.92
Kenya	0.91	0.65	0.16
Argentina	0.66	0.58	0.62
Saudi Arabia	0.62	1.03	1.04
Romania	0.62	0.60	0.58
Mauritius	0.57	0.60	0.53
Colombia	0.45	0.51	0.75
Indonesia	0.44	0.72	2.06
Chile	0.44	0.33	0.65
Egypt	0.42	1.02	1.17
Hungary	0.41	0.51	0.22
Malaysia	0.40	0.99	1.08
Senegal	0.32	0.30	0.29
Jordan	0.30	–	–
Morocco	0.25	0.09	–
Ghana	0.23	0.32	0.22
Greece	0.22	0.24	0.62
Tunisia	0.20	0.21	–
Lebanon	0.14	0.13	0.10
Zimbabwe	0.07	0.17	0.20
Ukraine	0.04	0.13	0.16
Sri Lanka	0.04	0.05	0.04
Austria	–	0.32	0.42
Estonia	–	0.15	0.16
Mongolia	–	0.08	0.04
Tanzania	–	0.08	0.05
Mozambique	–	–	0.02
Croatia	–	–	0.01
Net current assets	1.94	1.41	1.78
Total	100.00	100.00	100.00

* Treating Genesis Smaller Companies SICAV on a 'look-through' basis.

SECTOR EXPOSURE OF THE PORTFOLIO*

Industry	June 2016 %	June 2015 %	June 2014 %
Financials	29.47	30.52	29.03
Consumer Staples	21.76	19.18	16.21
Information Technology	17.72	16.28	16.21
Materials	7.33	12.49	14.83
Health Care	6.67	4.77	4.62
Consumer Discretionary	3.92	3.09	3.10
Energy	3.90	4.71	6.10
Telecommunications	3.61	2.18	2.50
Industrials	1.72	3.42	3.91
Investment Companies	1.48	1.55	1.47
Utilities	0.48	0.40	0.24
Net current assets	1.94	1.41	1.78
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

* Treating Genesis Smaller Companies SICAV on a 'look-through' basis.

THE PORTFOLIO

as at 30th June 2016

	Fair Value \$'000	Proportion of Fund (%)
ARGENTINA (2015 – 0.30%)		
Ternium ADR	3,994	0.36
BRAZIL (2015 – 5.58%)		
Banco Santander Brasil ADR	3,939	0.35
BTG Pactual (Preferred)	2,617	0.23
Grupo Pão de Açúcar ADR	1,468	0.13
Grupo Pão de Açúcar (Preferred)	4,072	0.36
Itaú Unibanco Holding ADR	5,095	0.45
Itaú Unibanco Holding (Preferred)	2,516	0.22
Itaúsa Investimentos Itaú (Preferred)	4,136	0.37
Linx	2,221	0.20
OdontoPrev	4,111	0.37
Rumo Logistica	3,777	0.34
TOTVS	1,588	0.14
Tractebel Energia	5,330	0.48
Ultrapar Participações ADR	839	0.08
Ultrapar Participações (Preferred)	4,874	0.43
	46,583	4.15
CHILE (2015 – 0.33%)		
Embotelladora Andina 'A' ADR	224	0.02
Embotelladora Andina 'A' (Preferred)	2,102	0.19
Embotelladora Andina 'B' ADR	42	0.00
Embotelladora Andina 'B' (Preferred)	2,549	0.23
	4,917	0.44
CHINA (2015 – 16.42%)		
AIA Group	26,700	2.38
Alibaba Group ADR	9,302	0.83
Anhui Conch Cement 'A'	6,756	0.60
Anhui Conch Cement 'H'	8,898	0.79
ASM Pacific Technology	4,476	0.40
China Foods	1,047	0.09
China Mengniu Dairy	9,374	0.84
China Mobile	9,767	0.87
China Overseas Land & Investment	12,332	1.10
China Resources Beer	4,896	0.44
Fuyao Glass	2,983	0.27
Gree Electrical 'A'	5,566	0.50
Industrial & Commercial Bank of China	15,375	1.37
Jiangsu Hengrui Medicine 'A'	5,499	0.49
Jiangsu Yanghe Brewery 'A'	11,841	1.06

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
CHINA (continued)		
Kweichow Moutai 'A'	13,362	1.19
Longfor Properties	4,235	0.38
Midea 'A'	4,489	0.40
Qinhuangdao Port	926	0.08
Tingyi	9,234	0.82
Tsingtao Brewery	3,876	0.35
West China Cement	951	0.08
WH Group	10,854	0.97
	182,739	16.30
COLOMBIA (2015 – 0.52%)		
Bancolombia	3,109	0.28
Bancolombia ADR	1,531	0.13
Bancolombia (Preferred)	412	0.04
	5,052	0.45
EGYPT (2015 – 0.83%)		
Arabian Food Industries	346	0.03
Edita Food Industries	2,837	0.25
	3,183	0.28
GHANA (2015 – 0.29%)		
Kosmos Energy	2,264	0.20
GREECE (2015 – 0.25%)		
OPAP	2,419	0.22
HUNGARY (2015 – 0.50%)		
OTP Bank	4,649	0.41
INDIA (2015 – 14.63%)		
Axis Bank	24,169	2.16
Cognizant Technology Solutions	14,361	1.28
Dabur India	3,962	0.35
HDFC Bank	4,001	0.36
Hero Motocorp	4,956	0.44
Infosys	11,093	0.99
Infosys ADR	5,984	0.53
Kotak Mahindra Bank	22,172	1.98
Lupin	15,591	1.39
Pidilite Industries	18,411	1.64
Sun Pharmaceutical Industries	20,790	1.85
Tata Consultancy Services	19,907	1.78
	165,397	14.75

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
INDONESIA (2015 – 0.51%)		
Semen Indonesia Persero	3,208	0.29
JORDAN (2015 – 0.00%)		
Hikma Pharmaceuticals	3,408	0.30
KENYA (2015 – 0.39%)		
Equity Bank	4,471	0.40
Safaricom	2,266	0.20
	6,737	0.60
LUXEMBOURG (2015 – 3.74%)		
Genesis Smaller Companies SICAV*^	31,787	2.83
MALAYSIA (2015 – 0.99%)		
7-Eleven Malaysia Holdings	1,077	0.10
Westports Holdings	3,335	0.30
	4,412	0.40
MAURITIUS (2015 – 0.60%)		
ECP Africa Fund II*†	6,363	0.57
MEXICO (2015 – 3.63%)		
América Móvil	5,488	0.49
América Móvil ADR	4,903	0.44
Corp Moctezuma	1,636	0.14
First Cash Financial Services	5,091	0.45
Genera	526	0.05
Grupo Financiero Banorte	16,478	1.47
Grupo Financiero Inbursa	3,720	0.33
Megacable Holdings	5,835	0.52
Telesites	1,434	0.13
Torex Gold Resources	1,026	0.09
	46,137	4.11
MOROCCO (2015 – 0.09%)		
Attijariwafa Bank	2,767	0.25
NETHERLANDS (2015 – 0.00%)		
Heineken	6,710	0.60
Heineken Holding	4,305	0.38
	11,015	0.98

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
NIGERIA (2015 – 1.86%)		
First City Monument Bank	406	0.04
Guaranty Trust Bank	4,348	0.39
Guaranty Trust Bank GDR	2,807	0.25
Nestle Nigeria	2,091	0.19
Nigerian Breweries	4,543	0.40
United Bank for Africa	514	0.04
	<u>14,709</u>	<u>1.31</u>
PERU (2015 – 0.94%)		
Credicorp	13,720	1.22
PHILIPPINES (2015 – 0.25%)		
Bank of Philippine Islands	2,751	0.25
International Container Terminal Services	100	0.01
Universal Robina	17,083	1.52
	<u>19,934</u>	<u>1.78</u>
POLAND (2015 – 0.32%)		
Alior Bank	3,827	0.34
Jeronimo Martins	8,916	0.80
	<u>12,743</u>	<u>1.14</u>
ROMANIA (2015 – 0.60%)		
NCH Balkan Fund*†	6,934	0.62
RUSSIA (2015 – 5.65%)		
Alrosa	9,997	0.89
FESCO	195	0.02
Global Ports Investments GDR Reg S	724	0.07
Lenta GDR	1,574	0.14
Magnit	15,349	1.37
Moscow Exchange	2,934	0.26
Novatek GDR Reg S	22,892	2.04
Novolipetsk Steel GDR Reg S	2,779	0.25
QIWI ADR	663	0.06
Sberbank	18,312	1.63
X5 Retail Group GDR Reg S	1,500	0.13
	<u>76,919</u>	<u>6.86</u>

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
SAUDI ARABIA (2015 – 1.02%)		
Almarai – Deutsche Bank Participatory note maturing 13 th September 2016	1,444	0.13
Almarai – HSBC Bank Participatory note maturing 31 st July 2017	4,025	0.36
Saudi British Bank – HSBC Bank Participatory note maturing 22 nd January 2018	1,452	0.13
	<u>6,921</u>	<u>0.62</u>
SOUTH AFRICA (2015 – 10.44%)		
Anglo American	9,664	0.86
Anglo American (London Listing)	4,001	0.36
Aspen Pharmacare	14,752	1.32
Bid Corp	13,493	1.20
Bidvest Group	6,447	0.58
Capevin Holdings	424	0.04
Discovery	2,997	0.27
Distell Group	1,975	0.18
Pick ‘n’ Pay Holdings	381	0.03
Pick ‘n’ Pay Stores	4,413	0.39
Platinum Group Metals	162	0.01
Standard Bank	4,870	0.43
	<u>63,579</u>	<u>5.67</u>
SOUTH KOREA (2015 – 9.21%)		
E-Mart	2,810	0.25
Naver Corp	7,033	0.63
Samsung Electronics (Ordinary)	29,827	2.66
Samsung Electronics (Preferred)	17,825	1.59
Samsung Fire & Marine Insurance (Ordinary)	29,613	2.64
Samsung Fire & Marine Insurance (Preferred)	392	0.03
Samsung SDI	3,032	0.27
Shinhan Financial Group	17,473	1.56
	<u>108,005</u>	<u>9.63</u>
SWITZERLAND (2015 – 0.00%)		
Richemont	13,215	1.18
TAIWAN (2015 – 5.35%)		
MediaTek	11,481	1.02
Taiwan Semiconductor Manufacturing	58,040	5.18
	<u>69,521</u>	<u>6.20</u>

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
THAILAND (2015 – 5.14%)		
Bangkok Dusit Medical Services (Foreign)	10,695	0.95
Central Pattana (Foreign)	20,596	1.84
CP All (Foreign)	11,170	1.00
Kasikornbank (Foreign)	7,325	0.65
Robinson Department Store (Foreign)	4,350	0.39
Thai Beverage	19,526	1.74
	<u>73,662</u>	<u>6.57</u>
TUNISIA (2015 – 0.21%)		
Societe de Fabrication des Boissons de Tunisie	2,229	0.20
TURKEY (2015 – 2.91%)		
Anadolu Efes Biracilik	7,190	0.64
Coca-Cola Icecek	1,246	0.11
Turkiye Garanti Bankasi	15,002	1.34
Ulker Biskuvi Sanayi	4,232	0.38
Yapi ve Kredi Bankasi	3,763	0.33
	<u>31,433</u>	<u>2.80</u>
UNITED KINGDOM (2015 – 2.58%)		
Coca-Cola Hellenic Bottling	10,574	0.94
Liberty Global 'A'	428	0.04
Liberty Global 'C'	1,082	0.10
Liberty Global LiLAC 'A'	4,167	0.37
Liberty Global LiLAC 'C'	3,490	0.31
Tullow Oil	10,524	0.94
	<u>30,265</u>	<u>2.70</u>
VIETNAM (2015 – 0.31%)		
Mekong Enterprise Fund II**†	3,250	0.29
Vietnam Dairy Products	4,407	0.39
	<u>7,657</u>	<u>0.68</u>
ZAMBIA (2015 – 1.58%)		
First Quantum Minerals	10,275	0.92
ZIMBABWE (2015 – 0.17%)		
Delta Corp	815	0.07
TOTAL INVESTMENTS	<u>1,099,567</u>	<u>98.06</u>
Net current assets	<u>21,751</u>	<u>1.94</u>
TOTAL NET ASSETS	<u><u>1,121,318</u></u>	<u><u>100.00</u></u>

THE PORTFOLIO

CONTINUED

*	Unquoted securities, not traded on an official Stock Exchange or other Regulated Market.
^	Treating Genesis Smaller Companies SICAV on a 'non-look-through' basis.
†	Investee Funds. The Fund's investments in non-affiliated investment companies.
ADR	American Depositary Receipt. A negotiable certificate issued by a U.S. bank representing a specific number of shares of a foreign stock traded on a U.S. stock exchange.
ADS	American Depositary Share. The share issued under an American Depositary Receipt agreement which is actually traded.
GDR	Global Depositary Receipt. A negotiable certificate held in the bank of one country representing a specific number of shares of a stock traded on an exchange of another country.
NVDR	Non-Voting Depositary Receipt.
Reg S	Security restricted from sale in the US under Regulation S of the Securities Act 1933. These securities may be resold to investors outside of the US.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GENESIS EMERGING MARKETS FUND LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Genesis Emerging Markets Fund Limited (“the Fund”) which comprise the Statement of Financial Position as of 30th June 2016 and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 30th June 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information is as listed on the contents page.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GENESIS EMERGING MARKETS FUND LIMITED

CONTINUED

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

Matters on which we are required to report by exception

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

- the directors' statement, set out on page 20, in relation to going concern. As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Fund has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Fund's ability to continue as a going concern;
- the directors' statement that they have carried out a robust assessment of the principal risks facing the Fund and the directors' statement in relation to the longer-term viability of the Fund. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit; and
- the part of the corporate governance statement relating to the Fund's compliance with the ten further provisions of the UK Corporate Governance Code specified for our review.

Evelyn Brady

For and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants and Recognised Auditor

Guernsey, Channel Islands

27th September 2016

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2016

<i>Note</i>	2016 \$'000	2015 \$'000
ASSETS		
Current assets		
2(b), 10	1,099,567	1,196,264
2(g)	4,261	231
2(d)	4,001	4,170
	204	208
2(f)	20,245	23,729
	1,128,278	1,224,602
LIABILITIES		
Current Liabilities		
2(j)	141	217
2(g)	4,941	8,992
7	1,878	2,079
	6,960	11,288
	1,121,318	1,213,314
EQUITY		
4	134,349	134,349
6	946,972	1,045,055
	39,997	33,910
	1,121,318	1,213,314
NET ASSET VALUE PER PARTICIPATING PREFERENCE SHARE*		
	\$8.31	\$8.99

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2015: 134,963,060).

Signed on behalf of the Board of
Genesis Emerging Markets Fund Limited
Hélène Ploix
Russell Edey
27th September 2016

The notes on pages 45 to 68 form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2016

<i>Note</i>		<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
	INCOME		
2(b),10	Net change in financial assets at fair value through profit or loss	(98,311)	(126,208)
2 (c)	Net exchange gains	228	1,338
2 (d)	Dividend income	25,086	28,426
	Miscellaneous income	10	3
		<u>(72,987)</u>	<u>(96,441)</u>
	EXPENSES		
9(a)	Management fees	(13,124)	(17,442)
9(c)	Custodian fees	(910)	(924)
II	Transaction costs	(1,269)	(1,836)
9(e)	Directors' fees and expenses	(463)	(570)
9(b)	Administration fees	(259)	(289)
	Legal and professional fees	(84)	(22)
	Audit fees	(52)	(81)
	Other expenses	(223)	184
	TOTAL OPERATING EXPENSES	<u>(16,384)</u>	<u>(21,348)</u>
	OPERATING LOSS	(89,371)	(117,789)
	FINANCE COSTS		
	Bank charges	(1)	-
	TOTAL FINANCE COSTS	<u>(1)</u>	<u>-</u>
2(j),8	Capital gains tax	(29)	50
2(j) 8	Withholding taxes	(2,595)	(2,966)
		<u>(2,624)</u>	<u>(2,916)</u>
	LOSS AFTER TAX FOR THE YEAR ATTRIBUTABLE TO PARTICIPATING PREFERENCE SHARES	<u>(91,996)</u>	<u>(120,705)</u>
	TOTAL COMPREHENSIVE LOSS	<u>(91,996)</u>	<u>(120,705)</u>
5	LOSS PER PARTICIPATING PREFERENCE SHARE*	<u>\$(0.68)</u>	<u>\$(0.89)</u>

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2015: 134,963,060).

The notes on pages 45 to 68 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2016

	2016			
	Share Premium \$'000	Capital Reserve \$'000	Revenue Account \$'000	Total \$'000
Balance at the beginning of the year	134,349	1,045,055	33,910	1,213,314
Total Comprehensive Loss	–	–	(91,996)	(91,996)
Transfer from Capital Reserves*	–	(98,083)	98,083	–
Balance at the end of the year	134,349	946,972	39,997	1,121,318

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

* Calculated by summing the 'Net change in financial assets at fair value through profit or loss' and 'Net exchange gains' in the Statement of Comprehensive Income.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$'000	2015 \$'000
OPERATING ACTIVITIES		
Dividends received	25,265	25,685
Taxation paid	(2,700)	(2,966)
Purchase of investments	(309,415)	(268,571)
Proceeds from sale of investments	299,720	272,451
Interest received	(1)	–
Operating expenses paid	(16,581)	(21,624)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	<u>(3,712)</u>	<u>4,975</u>
Effect of exchange gains on cash and cash equivalents	<u>228</u>	<u>1,338</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(3,484)</u>	<u>6,313</u>
Net cash and cash equivalents at the beginning of the year	<u>23,729</u>	<u>17,416</u>
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>20,245</u></u>	<u><u>23,729</u></u>
Comprising:		
Cash and cash equivalents	<u><u>20,245</u></u>	<u><u>23,729</u></u>

The notes on pages 45 to 68 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2016

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

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

(a) Basis of Preparation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Preparation (continued)

New standards, amendments and interpretations effective from 1st July 2015

No new standards were effective or adopted by the Fund during the year having an impact on the financial statements.

New standards, amendments and interpretations issued but not yet effective

The following standards and interpretations have been issued and are expected to be relevant to the Fund in future periods, with effective dates on or after 1st July 2016:

- Amendments to IAS 27, 'Separate financial statements' (effective 1st January 2016).
- Amendments to IFRS 10, IFRS 12 and IAS 28, 'Investment Entities: Applying the Consolidation Exception' (effective 1st January 2016).
- Amendments to IAS 1, 'Disclosure Initiative' (effective 1st January 2016).
- Annual improvements 2014 (effective 1st January 2016).
- Amendments to IAS 27, 'Equity Method in Separate Financial Statements' (effective 1st January 2017).
- IFRS 9, Financial Instruments (effective 1st January 2018)

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

Early adoption of standards

The Fund did not early adopt any new or amended standards/interpretations for the year ended 30th June 2016.

(b) Financial Instruments

Classification

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

(b) Financial Instruments (continued)

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

Recognition/derecognition

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

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

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

Measurement

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

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

Fair value measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF (b) Financial Instruments (continued)

SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

(b) Financial Instruments (continued)

Amortised cost measurement

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

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

(c) Foreign Currency Translation

Functional and Presentation Currency

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

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

Transactions and Balances

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

(d) Recognition of Dividend and Interest Income

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

(e) Dividend Distribution

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

(f) Cash and Cash Equivalents

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

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

(g) Due To and Due From Brokers

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

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

(h) Segment Reporting

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

(i) Expenses

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

(j) Taxation

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

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

(k) Share Capital

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

(l) Purchase of Own Shares

The cost of purchases of the Fund's own shares is shown as a reduction in Shareholders' Funds.

The Fund's net asset value and return per Participating Preference Share are calculated using the number of shares outstanding after adjusting for purchases.

(m) Structured entities

The Fund considers all of its investments in Investee Funds to be investments in unconsolidated structured entities as defined by IFRS 12. Investee Funds apply various investment strategies to accomplish their respective investment objectives. Investee Funds finance their operations by issuing redeemable interests (e.g. shares) which are puttable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable interests in each of its Investee Funds. The change in fair value of each Investee fund is included in the Statement of Comprehensive Income in "Net change in financial assets at fair value through profit or loss".

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
- (n) Securities Lending**
- The Fund participates in securities lending transactions with third party investment companies. JPMorgan Chase Bank N.A. acts as the securities lending agent (the ‘Lending Agent’) providing the securities lending services, record keeping services and serves as securities custodian, maintaining custody of all Fund-owned listed investments. Under the terms of its lending agreement, the Fund receives compensation in the form of fees, 20% of which are commissions payable to the Lending Agent for their services. The loans are secured by collateral comprising of governmental securities and is called in on a daily basis to a value of 102% of the fair value of securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% if it is denominated in a different currency. The Fund continues to receive dividends on the securities loaned and any gains and losses that occur during the term of the loan will be accounted for by the Fund. The Fund has the right under the lending agreement to recover the securities from the borrower on demand. In case of default by the borrower, the responsibility to ‘make good’ the transaction falls to the Lending Agent.
- All collateral held as at 30th June 2016 is in the form of government debt and is not recognised on the Fund’s Statement of Financial Position as it is maintained by the Lending Agent.
- Income earned from the securities lending agreement is recognised on the Fund’s Statement of Comprehensive Income on an accruals basis with Miscellaneous Income and shown net of the commissions paid to the Lending Agent.
3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS
- As stated in note 2(b) Fair value measurement, the preparation of financial statements, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Fund’s accounting policies. For example, the Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as minority holdings in investment and private equity companies. Fair values of such instruments are determined using different valuation techniques validated and periodically reviewed by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4. SHARE CAPITAL (a) **Authorised**
AND SHARE

PREMIUM 1,000 Founder shares of no par value
335,000,000 Unclassified shares of no par value

(b) Issued	Number of Shares	Share Capital \$'000	Share Premium \$'000
As at 30 th June 2016	<u>134,964,060</u>	<u>–</u>	<u>134,349</u>
As at 1 st July 2015	<u>134,964,060</u>	<u>–</u>	<u>134,349</u>

Consists of:

Founder shares of no par value	1,000
Participating Preference Shares of no par value adjusted for purchase of own shares (note 2(1))	<u>134,963,060</u>
As at 30th June 2016	<u>134,964,060</u>

Share Premium

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

Founder Shares

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4. SHARE CAPITAL **Participating Preference Shares**

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

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

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

5. EARNINGS PER SHARE Basic loss per share is calculated by dividing the loss for the year by the weighted average number of Participating Preference Shares in issue during the year.

	2016 \$'000	2015 \$'000
Loss after tax for the year attributable to Participating Preference Shares	(91,996)	(120,705)
Weighted average number of Participating Preference Shares outstanding	134,963,060	134,963,060
Basic loss per Participating Preference Shares – basic and diluted	<u>(\$0.68)</u>	<u>(\$0.89)</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

6. CAPITAL RESERVE The capital reserve as at 30th June 2016 consists of the following accumulated amounts:

	2016	2015
	\$'000	\$'000
Realised gains on investments sold	930,678	908,775
Unrealised appreciation on revaluation of investments	23,864	144,078
Exchange losses	(7,543)	(7,771)
Transfer to share premium	(27)	(27)
	<u>946,972</u>	<u>1,045,055</u>

7. PAYABLES AND ACCRUED EXPENSES	2016	2015
	\$'000	\$'000
Management fees	1,129	1,347
Custodian fees	302	224
Directors' fees	283	372
Audit fees	63	48
Other accrued expenses	101	88
	<u>1,878</u>	<u>2,079</u>

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

9. RELATED PARTIES AND OTHER MATERIAL AGREEMENTS Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

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

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

(b) Administration fees

The Administrator is entitled to receive a fee, payable monthly, based on time incurred. Administration fees for the year were \$259,000 and charged by JP Morgan Administration Services (Guernsey) Limited (2015: \$289,000).

(c) Custodian fee

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

The Fund also reimburses the charges and expenses of other organisations with whom securities are held. The total of all Custodian fees for the year represented approximately 0.09% (2015: 0.07%) per annum of the average Net Assets of the Fund.

(d) Securities lending fees

The Fund earned income of \$5,000 from securities lending transactions during the year. Commissions amounting to \$1,000 were paid to JPMorgan Chase Bank N.A. during the year in respect of these transactions of which none were outstanding at the year end. As the securities lending agreement began in April 2016, there are no comparative figures for 30th June 2015.

(e) Directors' fees and expenses

Included in Directors' fees and expenses are Directors' fees for the year of \$263,000 (2015: \$352,000). Also included are travelling, hotel and other expenses which the Directors are entitled to when properly incurred by them in travelling to, attending and returning from meetings and while on other business of the Fund.

Directors' related party interests are stated on page I7 as part of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

9. RELATED PARTIES AND OTHER MATERIAL AGREEMENTS (CONTINUED) **(f) Other group investments**
 Genesis Smaller Companies SICAV is a related party of the Fund by virtue of having a common Manager in Genesis Asset Managers, LLP. The Fund's holding in this fund is summarised in the portfolio statement on page 34. Genesis Indian Investment Company Limited was also a related party of the Fund for the same reason although there was no holding in this fund at year end due to its liquidation. Subscriptions and redemptions during the year under review are detailed in the table below. No dividends were received from these funds during the year (2015: nil).

There were no other transactions between the Fund and such related parties during the year except as disclosed in Notes 9 (a), (b), (c), (d) and (e) above and there were no outstanding balances between these entities at 30th June 2016.

	2016	
	Subscriptions \$'000	Redemptions \$'000
Genesis Indian Investment Company Limited	–	18,781
Genesis Smaller Companies SICAV	527	4,767

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

10. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS	(a) Statement of Financial Position	
	2016 \$'000	2015 \$'000
Financial assets at fair value through profit or loss:		
Listed equity securities	1,051,233	1,053,316
Unlisted equity securities	48,334	142,948
Total financial assets at fair value through profit or loss:	<u>1,099,567</u>	<u>1,196,264</u>

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

10. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)	(b) Statement of Comprehensive Income	2016 \$'000	2015 \$'000
	Net change in financial assets at fair value through profit or loss:		
	Realised gains	117,989	84,896
	Realised losses	<u>(96,057)</u>	<u>(33,752)</u>
	Net realised gains	<u>21,932</u>	<u>51,144</u>
	Change in unrealised appreciation	(113,557)	(94,564)
	Change in unrealised depreciation	<u>(6,686)</u>	<u>(82,788)</u>
	Net unrealised change in financial assets at fair value through profit or loss	<u>(120,243)</u>	<u>(177,352)</u>
	Net change in financial assets at fair value through profit or loss	<u>(98,311)</u>	<u>(126,208)</u>

(c) Fair Value Hierarchy

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

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

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

Investments in Level 2 include both P Notes and listed equity securities held via affiliated investment companies (refer page 48).

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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

(c) Fair Value Hierarchy (continued)

The underlying investments categorised in Level 3 of the hierarchy are those securities whose price is not available in observable markets, or whose prices were stale (no pricing on an exchange for some time). These investments are reviewed on a monthly basis by the Manager's Valuation Committee and the results reported to the Board on a regular basis. The Manager considers the appropriateness of the valuation inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
At 30 th June 2016			
Investment in equity securities	1,033,102	34,594	8,403
Participatory notes	–	6,921	–
Investee Funds	–	–	16,547
	<u>1,033,102</u>	<u>41,515</u>	<u>24,950</u>
At 30 th June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Investment in equity securities	1,040,330	124,738	–
Participatory notes	–	12,436	–
Investee Funds	–	–	18,760
	<u>1,040,330</u>	<u>137,174</u>	<u>18,760</u>

(d) Level 3 Investments

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

	2016 \$'000	2015 \$'000
Administrator's Net Asset value	16,547	18,210
Most recently traded price	5,566	550
Most recently traded price discounted for market liquidity	2,837	–
	<u>24,950</u>	<u>18,760</u>

As at 30th June 2016 there were five holdings classified as Level 3 investments. Three holdings in Investee Funds were valued using the most recently available valuation statements as received from the respective general partner/manager/administrator, updated to include subsequent cash flows. The two remaining holdings were investments in equity securities. One holding was classified Level 3 due to suspended trading and was valued at its most recently traded price. No liquidity discount was deemed necessary. The other holding had a discount applied to its price due to liquidity issues in the local stockmarket where it traded.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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

(d) Level 3 Investments (continued)

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

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

	2016 Level 3 \$'000	2015 Level 3 \$'000
Balance at 1 st July	18,760	19,680
Net purchases	4,002	–
Transfers into Level 3	5,566	–
Return of capital	(176)	–
Realised losses	(5,393)	–
Net change in unrealised appreciation	2,191	(920)
Balance at 30 th June	<u>24,950</u>	<u>18,760</u>

Unrealised losses as at year end amounting to \$3,334,000 (2015: unrealised losses of \$6,651,000) related to Level 3 securities. Gains and losses (realised and unrealised) included in the Statement of Comprehensive Income for the year are reported in 'Net change in financial assets at fair value through profit or loss'.

(e) Transfers between Levels

The following table presents the transfers between levels for the investments held at 30th June 2016 and 30th June 2015:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between Level I and 2:			
Equity securities	(2,807)	2,807	–
Transfers between Level I and 3:			
Equity securities	(5,566)	–	5,566

The transfer from Level 1 to Level 2 relates to an equity security which had thin trading activity on and around 30th June 2016 but significant trading activity as at 30th June 2015. The transfer from Level 1 to Level 3 relates to an equity security which had suspended trading as at 30th June 2016 but significant trading activity as at 30th June 2015.

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

(f) Securities Lending

As at 30th June 2016 the Fund had securities with a fair value of \$10,716,000 on loan and received \$11,768,000 of non-cash collateral for these loans. As the securities lending agreement began in April 2016, there are no comparative figures for 30th June 2015.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

11. TRANSACTION COSTS	2016 \$'000	2015 \$'000
Acquiring	762	810
Disposing	507	1,026
	<u>1,269</u>	<u>1,836</u>

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

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

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

As at 30th June 2016 and 30th June 2015, the Fund has no assets classified as non-current assets. A full breakdown of the Fund's financial assets at fair value through profit and loss is shown in the Country exposure of the Fund's portfolio on page 30.

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

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

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

(a) Market Price Risk

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

Market price risk exposure

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK (a) Market Price Risk (continued)

MANAGEMENT *Market price risk management*

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

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

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

The Fund's portfolio at the end of reporting period reflects the diversified strategy. The tables on Country Exposure of the Portfolio, Sector Exposure of the Portfolio and Composition of the Portfolio (see pages 32 to 38) illustrate the allocation of the portfolio assets according to these criteria as at 30th June 2016.

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

Given that the observed volatility of the Fund's NAV in 2016 was 19.58% (2015: 10.14%), and assuming the same level of volatility in the coming year, the NAV and profit stands to increase or decrease by the amounts set out below:

	2016 \$'000	2015 \$'000
Financial assets at fair value through profit or loss	<u>1,099,567</u>	<u>1,196,264</u>
Net Asset Value and profit impact	<u>215,295</u>	<u>121,301</u>

Market price risk – Investee Funds

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK
MANAGEMENT
(CONTINUED)

(a) Market Price Risk (continued)

The exposure to investments in Investee Funds at fair value is disclosed as part of Note 10. These investments are included in “Financial assets at fair value through profit or loss” in the Statement of Financial Position. The Fund’s maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds.

The Fund’s investment strategy entails trading in other funds on a regular basis. There were no purchases in Investee Funds during the year ended 30th June 2016 (2015: none); Total sales amounted to \$176,000 (2015: none). As at 30th June 2016 and 2015 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases. During the year ended 30th June 2016 total net losses incurred on investments in Investee Funds were \$2,037,000 (2015: losses of \$1,375,000).

(b) Foreign Currency Risk

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

Foreign currency risk exposure

The following table sets out the Fund’s material exposures to foreign currency risk as at 30th June 2016:

Currency	Net	Net	Total foreign currency risk \$’000
	non-monetary assets and (liabilities) \$’000	monetary assets and (liabilities) \$’000	
Brazilian real	35,242	25	35,267
Canadian dollar	11,463	–	11,463
Chinese yuan renminbi	47,514	2,234	49,748
Euro	22,838	231	23,069
Hong Kong dollar	125,923	1,279	127,202
Indian rupee	145,051	139	145,190
Korean won	108,005	16	108,021
Mexican peso	35,117	74	35,191
Nigerian naira	11,903	612	12,515
Philippine peso	19,934	22	19,956
Singapore dollar	19,526	–	19,526
South African rand	59,416	4	59,420
Sterling	28,507	–	28,507
Swiss franc	13,215	234	13,449
Taiwan dollar	69,521	1,714	71,235
Thailand baht	54,137	(282)	53,855
Turkish lira	31,433	–	31,433
United States dollar	217,231	15,114	232,345
Other currencies	43,591	335	43,926
	1,099,567	21,751	1,121,318

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Foreign Currency Risk (continued)

Comparative figures as at 30th June 2015 are as follows:

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

Foreign currency risk management

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

The degree of sensitivity of the Fund's assets to foreign currency risk depends on the net exposure of the Fund to each specific currency and the volatility of that specific currency in the year. At 30th June 2016, had the average exchange rate of the US dollar weakened by a reasonable possible movement of 500 basis points in relation to the basket of currencies in which the Fund's net assets are denominated, weighted by the Fund's exposure to each currency with all other variables held constant, the Fund estimates net assets and the change in net assets per the Statement of Comprehensive Income would have increased by \$44,449,000 (2015: \$43,958,000).

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK
MANAGEMENT
(CONTINUED)

(b) Foreign Currency Risk (continued)

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

(c) Liquidity Risk

Liquidity risk exposure

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

The liquidity risk profile of the Fund as at 30th June 2016 was as follows:

	2016 \$'000	2015 \$'000
	<hr/>	<hr/>
Amounts due within one month		
Amounts due to brokers	4,941	8,992
Payables and accrued expenses	1,878	2,079
Amounts due within one year		
Capital gains tax payable	141	217
Total liabilities	<hr/> 6,960 <hr/>	<hr/> 11,288 <hr/>

There were no amounts due beyond one year.

Liquidity risk management

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK (d) Credit Risk

MANAGEMENT *Credit risk exposure*

(CONTINUED)

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Fund. The Fund is exposed to counterparty credit risk on cash and cash equivalents and amounts due from brokers. The risk relating to unsettled transactions is considered small due to the credit quality of the custodians used by the Fund. The Manager, on behalf of the Board, regularly reviews the brokers and Custodian used by the Fund, including their internal controls, in order to mitigate these risks. The Fund has no receivables past their due dates as at 30th June 2016 (2015: nil).

Credit risk management

All transactions in securities are settled upon delivery using brokers whose credit worthiness has been formally assessed as equivalent to investment grade or have been formally approved by the Investment Adviser. The risk of default is mitigated by stringent processes in place by the relevant central depositories, together with broker and local agent adherence to market practices, which ensures that trades are able to settle in a timely and efficient manner. Cash and cash equivalents are held by the Custodian and third party financial institutions whose credit ratings are assessed as equivalent to investment grade.

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

	2016 Amounts due within I year \$'000	2015 Amounts due within I year \$'000
Amounts due to brokers	4,261	231
Dividends receivable	4,001	4,170
Other receivable and prepayments	204	208
Cash and cash equivalents	20,245	23,729
	<u>28,711</u>	<u>28,338</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK
MANAGEMENT
(CONTINUED)

(d) Credit Risk (continued)

Credit Risk – Participatory Notes

Investments in P Notes involve similar risks associated with a direct investment in the underlying foreign companies or foreign markets that they seek to replicate. The P Notes held by the Fund are disclosed in the Portfolio (page 36) and are provided by Deutsche Bank and HSBC which allows the Fund to trade in equity securities in Saudi Arabia. P Notes are not used for the purposes of hedging risk. Although each P Note is structured with a defined maturity date, early redemption may be possible. Other risks associated with P Notes include the possible failure of a counterparty to perform in accordance with the terms of the agreement and potential delays or an inability to redeem before maturity under certain market conditions. The Fund minimizes this risk by entering into agreements only with the counterparties that the Investment Advisor deems credit worthy. Standard and Poor's long-term credit ratings for Deutsche Bank and HSBC are A and AA– respectively. The secondary markets on which the P Notes are traded may be less liquid than the markets for other securities, due to liquidity and transfer restrictions.

Credit Risk – Securities Lending

Participation in securities lending transactions exposes the Fund to risk of default by the third party borrower. To mitigate this risk, the Lending Agent is responsible for monitoring the collateralisation of 102% and 105% and ensuring that these levels are maintained on marked to market fair values of all securities on loan. In case of default by the borrower, the responsibility to 'make good' the transaction falls to the Lending Agent.

The Investment Adviser actively monitors the capital levels and credit rating of the Lending Agent and the third party borrowers.

(e) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It arises on interest-bearing financial instruments recognised at the end of the reporting period.

Interest rate risk exposure and management

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. FINANCIAL RISK MANAGEMENT (CONTINUED)
- (e) Interest Rate Risk (continued)**
- Interest rate movements may affect the level of income receivable on cash deposits and cash equivalents and interest payable on borrowing. However, the Fund was not leveraged in 2016 or 2015. The majority of the Fund's net financial assets were non interest bearing (98.19% on average over the twelve-month period to 30th June 2016 (2015: 98.04%)). As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates other than the impact such fluctuations may have on capital returns. The Directors do not consider the exposure to interest risk as being material to the Fund.
- (f) Capital Risk Management**
- The capital of the Fund is represented by the equity attributable to holders of Participating Preference Shares. The amount of equity attributable to holders of Participating Preference Shares is subject to change, at most, twice monthly as the Fund is a closed-ended fund with the ability to issue additional shares only if certain conditions are met as set out in the Fund's scheme particulars. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and to maintain a strong capital base to support the development of the investment activities of the Fund.
14. ULTIMATE CONTROLLING PARTY
- In the opinion of the Directors on the basis of the shareholdings advised to them, the Fund has no immediate or ultimate controlling party.
15. EVENTS AFTER REPORTING DATE
- There were no significant events to disclose since the reporting date.

PERFORMANCE RECORD

UNAUDITED

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

PERFORMANCE RECORD
UNAUDITED
CONTINUED

Date	Fund NAV (\$)	FX Rate	Fund NAV (£)	MSCI EM (TR) (\$)	MSCI EM (TR) (£)	Percentage increase from	Percentage increase from
						6 th July 1989	30 th June 1989
						Fund NAV (£)	MSCI EM (TR) (£)
30.06.08	7.40	1.99	3.72	1,823.79	916.43	1053.17	716.80
31.12.08	3.97	1.44	2.76	966.34	672.10	755.31	499.03
30.06.09	5.47	1.65	3.32	1,316.39	799.36	928.94	612.46
31.12.09	7.40	1.62	4.58	1,729.96	1,070.52	1320.14	854.14
30.06.10	7.26	1.49	4.85	1,625.46	1,085.95	1403.59	867.90
31.12.10	9.12	1.56	5.84	2,062.04	1,320.72	1710.43	1077.14
30.06.11	9.20	1.61	5.73	2,083.30	1,297.12	1675.77	1056.11
30.12.11	7.64	1.56	4.91	1,687.30	1,084.10	1421.11	866.25
29.06.12	8.06	1.57	5.14	1,756.77	1,119.89	1492.04	898.14
31.12.12	9.15	1.62	5.65	2,001.60	1,231.60	1645.11	997.71
28.06.13	8.51	1.52	5.61	1,813.50	1,195.69	1640.05	965.70
30.09.13	8.99	1.62	5.55	1,920.46	1,185.91	1621.52	956.99
31.12.13	9.16	1.66	5.53	1,956.22	1,181.12	1615.08	952.71
31.03.14	9.17	1.67	5.50	1,949.08	1,169.11	1604.32	942.01
30.06.14	9.88	1.71	5.78	2,079.79	1,216.36	1691.92	984.12
30.09.14	9.45	1.62	5.83	2,009.95	1,239.83	1707.45	1005.04
31.12.14	8.98	1.56	5.76	1,920.69	1,231.81	1684.36	997.89
31.03.15	8.96	1.48	6.04	1,964.49	1,323.34	1771.63	1079.47
30.06.15	8.99	1.57	5.72	1,980.54	1,259.32	1671.85	1022.42
30.09.15	7.54	1.51	4.98	1,628.39	1,075.02	1442.77	858.13
31.12.15	7.58	1.47	5.14	1,640.30	1,112.90	1493.93	891.89
31.03.16	8.05	1.44	5.60	1,734.69	1,206.91	1636.90	975.68
30.06.16	8.31	1.34	6.21	1,748.52	1,307.99	1826.46	1065.77

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

ADMINISTRATION

REGISTERED OFFICE

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

WEBSITES OF THE FUND AND THE MANAGER

www.genesisemf.com
www.giml.co.uk

MANAGER

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

CUSTODIAN

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

INVESTMENT ADVISER

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

ADMINISTRATOR AND COMPANY SECRETARY

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

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services (Channel Islands) Limited
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STOCKBROKERS

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25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom
Smith & Williamson Securities
25 Moorgate, London EC2R 6AY, United Kingdom

INDEPENDENT AUDITORS

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Royal Bank Place, I Glategny Esplanade, St. Peter Port, Guernsey GY1 4ND, Channel Islands

LEGAL ADVISERS

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

NOTICE OF MEETING

Notice is hereby given of the twenty-seventh Annual General Meeting of the Shareholders of the Company which is to be held at the Company's registered office at 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey GY1 6JB, Channel Islands on 8th November 2016 at 12p.m. for the following purposes:

AGENDA

ORDINARY RESOLUTIONS

I

To receive the Report of the Directors and audited Financial Statements for the year ended 30th June 2016;

2

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

3

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

4

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

5

To re-elect Russell Edey as a Director of the Company;

6

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

7

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

8

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

None of the Directors have a service contract.

NOTICE OF MEETING

CONTINUED

SPECIAL RESOLUTIONS

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

9

THAT, in renewal of the Company's existing authority to make market purchases of Participating Preference Shares, the Fund is hereby authorised to make market purchases of Participating Preference Shares provided that:

- (i) the maximum number of Participating Preference Shares hereby authorised to be purchased shall be 20,200,000;
- (ii) the maximum price which may be paid for a Participating Preference Share is an amount equal to 105% of the average of the middle market quotations for a Participating Preference Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Participating Preference Share is purchased;
- (iii) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Fund to be held in 2017 unless such authority is renewed prior to such time; and
- (iv) the Fund may make a contract to purchase Participating Preference Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Participating Preference Shares pursuant to any such contract.

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THAT, the Articles of Incorporation produced to the Meeting and initialled by the Chairman of the Meeting for the purposes of identification be adopted as the Articles of Incorporation of the Fund in substitution for, and to the exclusion of the existing Articles of Incorporation.

GENESIS EMERGING MARKETS FUND LIMITED

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