



HALF YEAR REPORT AND  
UNAUDITED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31<sup>st</sup> DECEMBER 2014

# GENESIS EMERGING MARKETS FUND LIMITED

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All reference to “\$” throughout this report is to the United States currency.

# INTRODUCTION

## OBJECTIVE

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

## STRUCTURE

Genesis Emerging Markets Fund Limited (“Fund” or “GEMF”) is a Guernsey based Closed-Ended Investment Company, with the ability to issue additional shares. The Fund’s shares are listed on the official London Stock Exchange and are included in the FTSE 250. The number of Participating Preference Shares outstanding was 134,963,060 as at 31<sup>st</sup> December 2014 (30<sup>th</sup> June 2014: 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 for the benefit of shareholders, 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 six month period.

# HIGHLIGHTS

	31 <sup>st</sup> December 2014	30 <sup>th</sup> June 2014	% change
Published net asset value*	<b>£776.8m</b>	£780.1m	(0.4)
Published net asset value per Participating Preference Share*	<b>£5.76</b>	£5.78	(0.3)
Published net asset value per Participating Preference Share*	<b>US\$8.98</b>	US\$9.88	(9.1)
Share price	<b>£5.22</b>	£5.43	(4.0)
Ongoing charges ratio	<b>1.67%</b>	1.67%	
Discount	<b>9.4%</b>	6.1%	
Countries represented in portfolio	<b>41</b>	41	
Stocks in portfolio	<b>163</b>	166	

	6 Months to 31 <sup>st</sup> December 2014	
	Low	High
Share price	<b>£5.02</b>	<b>£5.83</b>
Net asset value	<b>£5.41</b>	<b>£6.28</b>
Discount	<b>9.4%</b>	<b>4.0%</b>

	£ Returns				
	Year to Date		Annualised		Since Inception
	6 Months %	1 Year %	3 Year %	5 Year %	
Fund share price	(4.0)	4.2	4.9	3.6	11.5
Fund NAV (net of fees)	(0.4)	4.0	5.5	4.7	12.0
MSCI EM (TR)	1.3	4.3	4.3	2.8	9.9
MSCI World (TR)	8.6	12.1	16.1	11.6	7.3

Past performance is no guarantee of future performance.

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

# CHAIRMAN'S STATEMENT

In the Fund's Annual Report six months ago, we noted the generally strong performance of equity markets for the previous financial year, despite a backdrop of some uncertainty about the health of the global economy. Since then market performance has been increasingly disappointing, with emerging stock markets generally appearing to have become more in tune with overall economic sentiment, as growth concerns, a substantial decline in commodity prices, and the potential for higher interest rates in the US have combined to produce significant market weakness over the half-year to December. In particular the MSCI EM (TR) Index lost -7.6% in US dollar terms, compared with a loss of -1.0% for the MSCI World (TR) Index, although for UK-based investors this decline was mitigated by the strength of the US dollar over the period: translated into sterling terms the MSCI EM (TR) Index rose by 1.3%.

Over the half-year under review, the Fund's net asset value per share declined slightly from £5.78 at the end of June to £5.76 at the end of December, a return of -0.4%. At the same time, the Fund's share price fell by 4.0% from £5.43 to £5.22, taking the discount to NAV to 9.4% (the wider end of its typical 5% to 10% range) at the close of 2014.

The Fund held its Annual General Meeting on 30<sup>th</sup> October 2014; I am very pleased to report that shareholders voted in favour of all proposals at the Meeting, and I thank them for their continuing support. The Fund's Annual Information Meeting in London in October was also well attended by shareholders, who were able to hear presentations from representatives of the Manager on their outlook for emerging markets, as well as on the current positioning and recent performance of the Fund.

Shareholders may also have seen the announcement at the end of December noting the appointment of Russell Edey to the Board of Directors; he will formally stand for election at this year's Annual General Meeting. As I have mentioned previously, we are keen to ensure that together the Board of Directors represents a range of financial and business backgrounds and skills, enabling us to meet shareholders' expectations and protect their interests: we feel that this new appointment will be positive in this regard. Following a long and distinguished career at NM Rothschild & Sons where he was particularly involved in projects relating to the mining industry, Mr Edey brings extensive financial expertise to the Board, as well as specialist knowledge in what is a key economic sector for many developing countries. This will doubtless enable him to make a valuable contribution to the Board's deliberations.

# CHAIRMAN'S STATEMENT

CONTINUED

Looking forward to the prospects for the Fund for the remainder of the financial year and beyond, investors will feel that 2014 has been a dramatic year for many emerging countries, with the positive election euphoria in India and Indonesia being countered by the disappointing political events in Brazil, and the sharp decline in commodity prices which has negatively affected not only major markets like Russia and Mexico but also smaller ones such as Nigeria, Chile and Colombia. It seems very likely that the difficult macro-economic environment that some developing countries now face will persist in the near-term, but there are encouraging signs too: in China, for example (despite 2014 being the fifth consecutive year of slower growth), there appears to be gradual movement towards the implementation of the economic reform that the country is felt to need. The Manager's Review that follows this Statement provides more thoughts on the current investment environment, as well as detailing some of the activity in the portfolio over the last few months.

As I have noted on previous occasions, the increasingly challenging environment facing emerging market businesses means that the differentiation in performance between good and bad companies is likely to become more marked, which in turn increases the importance of selecting exactly the right businesses to hold in a successful emerging markets portfolio. As a Board, we note the Manager's confidence in the quality and integrity of the companies in the Fund's portfolio, and would emphasise to shareholders the long-term perspective required by investors in emerging markets to allow this corporate quality to be recognised.

Coen Teulings  
Chairman  
February 2015

# MANAGER'S REVIEW

Emerging market economic and stockmarket performance in 2014 disappointed even the low expectations held at the beginning of the year. In a challenging environment, the Fund's net asset value failed to match that of the MSCI EM (TR) Index over the half-year, with the Fund marginally down versus a positive Index return of 1.3% in sterling terms. Economic growth forecasts were downgraded across many emerging markets, with Russia, China, and Brazil recording significant downward revisions, as a result of poor performance of exports to developed economies, the drag on commodity exporters from lower prices, supply bottlenecks (such as in Brazil) and the withdrawal of monetary or fiscal stimulus.

In terms of significant drivers of relative performance, holdings from the materials and energy sectors were prominent as they struggled under lower commodity prices and poor market sentiment. One such holding was the African oil exploration company Tullow Oil, which posted a 51% decline over the six-month period which had a significant impact on relative performance. Elsewhere, US and European sanctions imposed on certain Russian companies – including two of the Fund's holdings, Novatek and Sberbank (down 30% and 57% respectively in US dollar terms) – also held the portfolio back, as did stock selection losses in South Africa and Zambia (through the portfolio's exposure to First Quantum Minerals), and the underweighting in the strong Chinese market. On the positive side, a number of Indian companies, notably Kotak Mahindra Bank (up 50%) and Pidilite Industries (up 73%), were high on the list of contributors, while the portfolio's overweight in this market was also beneficial. Stock selection gains in South Korea and being underweight in the weak Brazilian market were further positive drivers.

Looking at changes to the Fund's positioning over the six-month period, Brazil and China both saw notable buying and selling activity while a number of positions in India were scaled back on valuation grounds. In Brazil, Santander Brasil was reduced following a tender offer from the parent company and the weak market there triggered additions to Itaú Unibanco and Grupo Pão de Açúcar. In China, three new holdings were introduced, including WH Group, the world's largest pork producer, while China Mobile was trimmed. In India, Sun Pharmaceutical and Kotak Mahindra Bank underwent large reductions, while Maruti Suzuki and Shriram Transport exited the portfolio. Elsewhere there were additions to Anglo American (South Africa, Mining), Tullow Oil (Africa, Energy) and to three banks: CIMB (Malaysia), Credicorp (Peru) and Garanti (Turkey), while the Fund took profits in Taiwan Semiconductor and scaled back the positions in América Móvil (Mexico) and Indocement (Indonesia).

# MANAGER'S REVIEW

CONTINUED

In the Fund's last Annual Report we noted that we feel emerging markets companies are likely to experience more difficult conditions than they had become accustomed to over the last decade. Many will need to adjust to a new reality of lower levels of profitability in certain industries (due to factors like higher competition, taxes and regulatory pressure); a slower demand environment, reflecting the increased levels of penetration in many markets of basic goods and services over the last ten years; commodity prices which should in general fade to lower long-term equilibrium levels; and strong share price performance and hence rich valuations in certain industries. We also remain alive to the threats and opportunities posed by new disruptive business models, especially after a year marked by the spectacular Alibaba IPO. Evidence of these trends can be seen in a number of markets and sectors, but while some portions of the portfolio still seem relatively expensive (e.g. India, Thailand, health care and many consumer companies), others appear much cheaper. Russia, Nigeria and banks fall into this latter category, along with the portfolio's resources holdings, which we also believe are notably undervalued.

Genesis Asset Managers, LLP  
February 2015



# DIRECTORS' REPORT

## Capital Values

At 31<sup>st</sup> December 2014, the value of Equity Shareholders' Funds was \$1,211,430,000 (30<sup>th</sup> June 2014: \$1,334,019,000) and the Equity per Participating Preference Share was \$8.98 (30<sup>th</sup> June 2014: \$9.88) or in sterling terms, £5.76 (30<sup>th</sup> June 2014: £5.78).

## Principal Risks and Uncertainties

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

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

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 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.

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

# DIRECTORS' REPORT

CONTINUED

## **Principal Risks and Uncertainties (continued)**

The Fund's key operational risk is 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.

## **Manager**

In the opinion of the Directors, in order to achieve the investment objective of the Fund, and having taken into consideration the performance of the Fund, the continuing appointment of the Manager is in the interests of the shareholders as a whole.

A more detailed commentary of important events that have occurred during the period and their impact on these financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year are contained in the Manager's Review.

Following a regular internal review, the Manager has considered that a reduction in the management fee charged to the Fund to 1.25% (from 1.50%) of NAV is appropriate. Accordingly this has been implemented as at 1<sup>st</sup> January 2015.

## **Directors**

The following directors served throughout the period under review (except where noted otherwise): Coen Teulings, Michael Hamson, Saffet Karpat, Dr John Llewellyn, H el ene Ploix and Sujit Banerji. Russell Edey was appointed with effect from 1<sup>st</sup> January 2015. As at 31<sup>st</sup> December 2014, Participating Preference Shares were held by Coen Teulings (40,000), Michael Hamson (8,700), Saffet Karpat (7,500) and H el ene Ploix (7,690).

## **Related Party Transactions**

During the reporting period, there were no transactions with related parties which materially affected the financial position or performance of the Fund. However, details of related party transactions are contained in the Annual Financial Report for the year ended 30<sup>th</sup> June 2014 which should be read in conjunction with this Half Year Report.

# DIRECTORS' REPORT

CONTINUED

## Going Concern

The Directors believe that the Fund has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## Directors' Responsibility Statement

In accordance with Chapter 4 of the Disclosure and Transparency Rules the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and gives a true and fair view of the assets, liabilities, financial position and return of the Fund;
- the Half Year Report includes a fair review of important events that have occurred during the first six months of the financial year, their impact on the condensed financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- the Half Year Report includes a fair review of the information concerning related party transactions.

Approved by the Board

Coen Teulings  
Director  
19<sup>th</sup> February 2015

Saffet Karpat  
Director

# TWENTY LARGEST HOLDINGS

as at 31<sup>st</sup> December 2014

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<b>Genesis Indian Investment Company (India)</b>	<b>6.34%</b>
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Investment Company

An open-ended Mauritian company whose objective is to achieve capital growth over the medium to long term through investment in equities listed on the Indian stock market. It held positions in 6 listed stocks as at 31<sup>st</sup> December 2014.

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<b>Taiwan Semiconductor Manufacturing (Taiwan)</b>	<b>4.70%</b>
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Information Technology

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

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<b>Samsung Electronics (South Korea)</b>	<b>4.56%</b>
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Information Technology

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

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<b>Anglo American (South Africa)</b>	<b>4.11%</b>
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Materials

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

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<b>Genesis Smaller Companies SICAV (Luxembourg)</b>	<b>3.96%</b>
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Investment Company

An open-ended Luxembourg SICAV whose objective is to achieve capital growth over the medium to long term through investment in smaller emerging market companies. It held positions in 32 listed stocks as at 31<sup>st</sup> December 2014.

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<b>SABMiller (South Africa)</b>	<b>3.86%</b>
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Consumer Staples

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

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<b>Samsung Fire &amp; Marine Insurance (South Korea)</b>	<b>2.64%</b>
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Financials

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

# TWENTY LARGEST HOLDINGS

CONTINUED

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<b>First Quantum Minerals (Zambia)</b>	<b>2.10%</b>
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Materials

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

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<b>Cognizant Technology Solutions (India)</b>	<b>1.83%</b>
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Information Technology

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

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<b>Shinhan Financial Group (South Korea)</b>	<b>1.77%</b>
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Financials

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

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<b>Anhui Conch Cement (China)</b>	<b>1.73%</b>
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Materials

Anhui Conch Cement is China's largest cement producer in terms of sales and production volume.

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<b>Tullow Oil (United Kingdom)</b>	<b>1.60%</b>
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Energy

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

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<b>China Merchants Bank (China)</b>	<b>1.50%</b>
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Financials

China Merchants Bank is headquartered in Shenzhen and mainly focuses on the Chinese domestic market, providing a wide range of commercial banking services.

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<b>Turkiye Garanti Bankasi (Turkey)</b>	<b>1.49%</b>
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Financials

Turkiye Garanti Bankasi is the second largest private bank in Turkey and provides a wide range of banking services to twelve million customers.

# TWENTY LARGEST HOLDINGS

CONTINUED

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<b>Kotak Mahindra Bank (India)</b>	<b>1.46%</b>
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Financials

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

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<b>Novatek (Russia)</b>	<b>1.45%</b>
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Energy

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

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<b>Itaú Unibanco (Brazil)</b>	<b>1.41%</b>
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Financials

Itaú Unibanco is the largest Latin American financial conglomerate with over 4,000 branches in Brazil alone. It was formed in 2008 by the merger of two of the oldest banks, Itaú and Unibanco, both with many decades of operations in the Brazilian financial sector.

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<b>Central Pattana (Thailand)</b>	<b>1.37%</b>
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Financials

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

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<b>Bidvest Group (South Africa)</b>	<b>1.36%</b>
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Industrials

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

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<b>Thai Beverage (Thailand)</b>	<b>1.31%</b>
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Consumer Staples

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

# COUNTRY EXPOSURE OF THE PORTFOLIO\*

Country	December 2014 %	June 2014 %	December 2013 %
India	14.07	13.03	12.61
China	13.66	10.89	13.72
South Africa	11.21	11.35	11.71
South Korea	9.48	9.04	9.04
Taiwan	6.13	6.98	6.47
Brazil	6.10	6.22	5.30
Thailand	6.01	5.36	3.99
Russia	4.88	6.99	7.87
Mexico	3.89	4.54	4.61
Turkey	3.49	3.03	2.53
Zambia	2.10	2.92	2.65
Nigeria	1.94	2.25	2.32
Indonesia	1.87	2.06	1.86
United Kingdom	1.60	2.79	2.79
Malaysia	1.34	1.08	0.99
Peru	1.23	0.45	0.29
Egypt	1.09	1.17	1.48
Greece	0.96	0.62	0.81
Saudi Arabia	0.95	1.04	0.80
Colombia	0.86	0.75	0.65
Philippines	0.71	0.61	0.53
Mauritius	0.64	0.53	0.58
Romania	0.59	0.58	0.63
Argentina	0.58	0.62	0.67
Vietnam	0.47	0.29	0.29
Austria	0.44	0.42	0.43
Hungary	0.37	0.22	0.79
Ghana	0.33	0.22	0.28
Chile	0.30	0.65	0.57
Poland	0.30	0.29	0.23
Senegal	0.29	0.29	0.27
Kenya	0.23	0.16	0.05
Zimbabwe	0.17	0.20	0.23
Estonia	0.13	0.16	0.19
Ukraine	0.13	0.16	0.18
Lebanon	0.12	0.10	0.10
Morocco	0.09	–	–
Mongolia	0.08	0.04	0.09
Sri Lanka	0.06	0.04	0.04
Tanzania	0.03	0.05	0.08
Mozambique	–	0.02	0.03
Croatia	–	0.01	0.01
Jordan	–	–	0.14
Czech Republic	–	–	0.04
Net current assets	1.08	1.78	1.06
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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

## SECTOR EXPOSURE OF THE PORTFOLIO\*

Industry	December 2014 %	June 2014 %	December 2013 %
Financials	29.44	29.03	26.96
Consumer Staples	18.32	16.21	16.08
Information Technology	16.45	16.21	16.87
Materials	15.12	14.83	15.32
Energy	4.45	6.10	7.15
Health Care	4.39	4.62	4.00
Industrials	3.47	3.91	4.60
Consumer Discretionary	3.12	3.10	3.45
Telecommunications	1.99	2.50	2.71
Investment Companies	1.71	1.47	1.57
Utilities	0.46	0.24	0.23
Net current assets	1.08	1.78	1.06
<b>Total</b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>

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



# UNAUDITED STATEMENT OF FINANCIAL POSITION

as at 31<sup>st</sup> December 2014 and 30<sup>th</sup> June 2014

Note	31 <sup>st</sup> December 2014 \$'000	(Audited) 30 <sup>th</sup> June 2014 \$'000
<b>ASSETS</b>		
<b>Current Assets</b>		
3	Financial assets at fair value	
	through profit or loss	
	1,198,171	1,310,219
	Amounts due from brokers	
	643	7,637
	Dividends receivable	
	1,357	1,426
	Other receivables and prepayments	
	199	167
	Cash and cash equivalents	
	13,442	17,416
	<b>TOTAL ASSETS</b>	<b>1,213,812</b>
	<b>1,213,812</b>	<b>1,336,865</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
	Amounts due to brokers	
	295	265
	Capital gains tax payable	
	133	267
	Payables and accrued expenses	
	1,954	2,314
	<b>TOTAL LIABILITIES</b>	<b>2,382</b>
	<b>2,382</b>	<b>2,846</b>
	<b>TOTAL NET ASSETS</b>	<b>1,211,430</b>
	<b>1,211,430</b>	<b>1,334,019</b>
<b>EQUITY</b>		
	Share premium	
	134,349	134,349
	Capital reserve	
	1,048,308	1,169,925
	Revenue account	
	28,773	29,745
	<b>TOTAL EQUITY</b>	<b>1,211,430</b>
	<b>1,211,430</b>	<b>1,334,019</b>
<b>EQUITY PER PARTICIPATING</b>		
	<b>PREFERENCE SHARE*</b>	
	<b>\$8.98</b>	<b>\$9.88</b>
	<b>\$8.98</b>	<b>\$9.88</b>

\* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (30<sup>th</sup> June 2014: 134,963,060).

The notes on pages 20 to 24 form part of these unaudited financial statements.

# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31<sup>st</sup> December 2014 and 31<sup>st</sup> December 2013

Note	2014 \$'000	2013 \$'000
	<b>INCOME</b>	
3	Net change in financial assets at fair value through profit or loss	89,758
	(123,153)	
	Net exchange gains	212
	1,536	
	Dividend income	10,785
	12,014	
	(109,603)	100,755
	<b>EXPENSES</b>	
	Management fees	(9,074)
	(9,697)	
4	Transaction costs	(733)
	(787)	
	Custodian fees	(370)
	(472)	
	Directors' fees and expenses	(228)
	(267)	
	Administration fees	(143)
	(148)	
	Audit fees	(54)
	(42)	
	Other expenses	(114)
	(157)	
	<b>TOTAL OPERATING EXPENSES</b>	(10,716)
	(11,570)	
	<b>OPERATING (LOSS)/PROFIT</b>	90,039
	(121,173)	
	Finance Costs	—
	—	
	<b>(LOSS)/PROFIT BEFORE TAX</b>	90,039
	(121,173)	
	Capital gains tax	101
	(166)	
	Withholding taxes	(767)
	(1,250)	
	<b>(LOSS)/PROFIT AFTER TAX</b>	89,373
	(122,589)	
	Other Comprehensive Income	—
	—	
	<b>TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO PARTICIPATING PREFERENCE SHARES</b>	<b>89,373</b>
	(122,589)	
	<b>EARNINGS PER PARTICIPATING PREFERENCE SHARE*</b>	<b>\$0.66</b>
	\$ (0.91)	
	(0.91)	0.66

\* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (31<sup>st</sup> December 2013: 134,963,060).

The notes on pages 20 to 24 form part of these unaudited financial statements.

# UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31<sup>st</sup> December 2014 and 31<sup>st</sup> December 2013

	For the six months ended 31 <sup>st</sup> December 2014			
	Share Premium	Capital Reserve	Revenue Account	Total
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the period	134,349	1,169,925	29,745	1,334,019
Total Comprehensive Loss	–	–	(122,589)	(122,589)
Transfer from Capital Reserves	–	(121,617)	121,617	–
<b>Balance at the end of the period</b>	<b>134,349</b>	<b>1,048,308</b>	<b>28,773</b>	<b>1,211,430</b>

	For the six months ended 31 <sup>st</sup> December 2013			
	Share Premium	Capital Reserve	Revenue Account	Total
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the period	134,349	982,168	28,788	1,145,305
Total Comprehensive Income	–	–	89,373	89,373
Transfer to Capital Reserves	–	90,071	(90,071)	–
<b>Balance at the end of the period</b>	<b>134,349</b>	<b>1,072,239</b>	<b>28,090</b>	<b>1,234,678</b>

The notes on pages 20 to 24 form part of these unaudited financial statements.

# UNAUDITED STATEMENT OF CASH FLOWS

for the six months ended 31<sup>st</sup> December 2014 and 31<sup>st</sup> December 2013

	<b>2014</b>	<b>2013</b>
	<u>\$'000</u>	<u>\$'000</u>
<b>OPERATING ACTIVITIES</b>		
Dividends received	12,083	10,254
Taxation paid	(1,550)	6
Purchase of investments	(198,267)	(142,972)
Proceeds from sale of investments	194,186	144,242
Operating expenses paid	<u>(11,962)</u>	<u>(9,973)</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u>(5,510)</u>	<u>1,557</u>
Effect of exchange gains on cash and cash equivalents	<u>1,536</u>	<u>212</u>
	<u>(3,974)</u>	<u>1,769</u>
Net cash and cash equivalents at the beginning of the period	<u>17,416</u>	<u>9,389</u>
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>13,442</u></u>	<u><u>11,158</u></u>
Comprising:		
Cash and cash equivalents	<u><u>13,442</u></u>	<u><u>11,158</u></u>

The notes on pages 20 to 24 form part of these unaudited financial statements.

# NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the six months ended 31<sup>st</sup> December 2014

I. GENERAL Genesis Emerging Markets Fund Limited (the “Fund”) was incorporated in Guernsey on 7<sup>th</sup> June 1989 and commenced its activities on 19<sup>th</sup> September 1989. The Fund is an authorised Closed-Ended Investment Company 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 London Stock Exchange and is a constituent of the FTSE 250 Index.

The Fund’s registered office is at 1<sup>st</sup> Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey, GY1 6JB, Channel Islands.

2. BASIS OF PREPARATION The Interim Financial Information for the six months ended 31<sup>st</sup> December 2014 has been prepared in accordance with International Accounting Standards 34, ‘Interim Financial Reporting’. The Interim Financial Information should be read in conjunction with the Annual Financial Statements for the year ended 30<sup>th</sup> June 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The unaudited 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.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	31 <sup>st</sup> December 2014 \$’000	30 <sup>th</sup> June 2014 \$’000
<b>Financial assets at fair value through profit or loss:</b>		
Designated at fair value through profit or loss:		
Listed equity securities	1,053,439	1,146,025
Unlisted equity securities	<u>144,732</u>	<u>164,194</u>
Total financial assets at fair value through profit or loss:	<u><u>1,198,171</u></u>	<u><u>1,310,219</u></u>
<b>Other net changes in fair value of financial assets at fair value through profit or loss:</b>		
Realised gains	8,909	37,056
Net change in unrealised depreciation	<u>(132,062)</u>	<u>150,566</u>
Net change in financial assets at fair value through profit or loss	<u><u>(123,153)</u></u>	<u><u>187,622</u></u>

# NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

CONTINUED

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

The table overleaf 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 non-market observable inputs. Fair value measurements are disclosed below by the source of inputs using the following three-level 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 Participatory Notes and listed equity securities held via affiliated investment companies.

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 (not 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.

# NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

CONTINUED

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)	The following table summarises the valuation of the Fund's securities using the fair value hierarchy:			
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
	<b>At 31<sup>st</sup> December 2014</b>			
	Investment in equity securities	1,041,128	124,786	–
	Participatory notes	–	11,536	–
	Investee Funds	–	–	20,721
		<u>1,041,128</u>	<u>136,322</u>	<u>20,721</u>
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
	<b>At 30<sup>th</sup> June 2014</b>			
	Investment in equity securities	1,131,115	145,495	–
	Participatory notes	–	13,929	–
	Investee Funds	–	–	19,680
		<u>1,131,115</u>	<u>159,424</u>	<u>19,680</u>

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

	<b>31<sup>st</sup> December 2014 \$'000</b>	<b>30<sup>th</sup> June 2014 \$'000</b>
<b>Valuation basis for Investee Funds</b>		
Administrator's Net Asset value	19,946	18,559
Most recently traded price	775	981
Indicative broker quotes	–	140
	<u>20,721</u>	<u>19,680</u>

As at 31<sup>st</sup> December 2014 there were four holdings classified as Level 3 investments. Three holdings in Investee Funds were valued using the most recently available valuation statements as received from the respective general partner/manager/administrator, updated to include subsequent cash flows. The remaining holding was classified Level 3 due to low recent trading volumes. No liquidity discount was deemed necessary.

# NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

CONTINUED

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

The following table summarises the change in value associated with Level 3 financial instruments carried at fair value for the six months ended 31<sup>st</sup> December 2014 and the year ended 30<sup>th</sup> June 2014:

	<b>31<sup>st</sup> December 2014 \$'000</b>	<b>30<sup>th</sup> June 2014 \$'000</b>
Opening balance	19,680	20,376
Net purchases	–	–
Realised gain/(loss)	–	–
Net change in unrealised depreciation	<u>1,041</u>	<u>(696)</u>
Closing balance	<u><u>20,721</u></u>	<u><u>19,680</u></u>

Unrealised losses as at 31<sup>st</sup> December 2014 amounting to \$4,234,000 (30<sup>th</sup> June 2014: unrealised losses of \$5,275,000) related to Level 3 securities. Gains and losses (realised and unrealised) included in the Statement of Comprehensive Income for the period are reported in 'Net change in financial assets at fair value through profit or loss'.

There were no movements between the levels during the period.

## 4. COSTS OF INVESTMENT TRANSACTIONS

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

	<b>31<sup>st</sup> December 2014 \$'000</b>	<b>31<sup>st</sup> December 2013 \$'000</b>
Acquiring	<u>407</u>	<u>393</u>
Disposing	<u>380</u>	<u>340</u>
	<u><u>787</u></u>	<u><u>733</u></u>



# NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

CONTINUED

## 5. SEGMENT INFORMATION

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

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

The financial positions and results from this segment are equivalent to 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.

The table below analyses the Fund's operating income by investment during the period:

	31 <sup>st</sup> December 2014 \$'000	31 <sup>st</sup> December 2013 \$'000
Equity Securities	<u>(110,390)</u>	<u>100,022</u>

# PERFORMANCE RECORD

Date	Fund NAV (\$)	FX Rate (£/\$)	Fund NAV (£)	MSCI EM (TR) (\$)	MSCI EM (TR) (£)	Percentage	Percentage
						increase from 6 <sup>th</sup> July 1989	increase from 30 <sup>th</sup> June 1989
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
30.06.08	7.40	1.99	3.72	1,823.79	916.43	1,053.17	716.80
31.12.08	3.97	1.44	2.76	966.34	672.10	755.31	499.03
30.06.09	5.47	1.65	3.32	1,316.39	799.36	928.94	612.46
31.12.09	7.40	1.62	4.58	1,729.96	1,070.52	1,320.14	854.14
30.06.10	7.26	1.49	4.85	1,625.46	1,085.95	1,403.59	867.90
31.12.10	9.12	1.56	5.84	2,062.04	1,320.72	1,710.43	1,077.14
30.06.11	9.20	1.61	5.73	2,083.30	1,297.12	1,675.77	1,056.11
30.12.11	7.64	1.56	4.91	1,687.30	1,084.10	1,421.11	866.25
30.03.12	8.65	1.60	5.40	1,925.64	1,204.33	1,576.88	973.41
29.06.12	8.06	1.57	5.14	1,756.77	1,119.89	1,492.04	898.14
28.09.12	8.70	1.61	5.40	1,895.32	1,175.54	1,572.48	947.74
31.12.12	9.15	1.62	5.65	2,001.60	1,231.60	1,645.11	997.71
29.03.13	9.16	1.52	6.04	1,965.85	1,295.71	1,772.37	1,054.85
30.06.13	8.51	1.52	5.61	1,813.50	1,195.69	1,640.05	965.70
28.09.13	8.99	1.62	5.55	1,920.46	1,185.91	1,620.50	857.85
31.12.13	9.16	1.66	5.53	1,956.22	1,181.12	1,614.30	853.98
31.03.14	9.17	1.67	5.50	1,949.08	1,169.11	1,604.32	942.01
30.06.14	9.88	1.71	5.78	2,079.79	1,216.36	1,691.92	984.12
30.09.14	9.45	1.62	5.83	2,009.95	1,239.83	1,707.45	1,005.04
31.12.14	8.98	1.56	5.76	1,920.69	1,231.81	1,684.36	997.89

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.

# ADMINISTRATION

## REGISTERED OFFICE

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## CUSTODIAN

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## INVESTMENT ADVISER

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*(Authorised and regulated by the United Kingdom's Financial Conduct Authority)*

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St. Peter Port, Guernsey, GY1 6JB, Channel Islands

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