



FIDELITY EMERGING MARKETS LIMITED

Annual Report for the year ended 30 June 2022


We speak the language of opportunity – wherever it emerges



**Ithuba
Elingavinjelwe**



**缺的
从来不是机会**



**दुनिया के
उभरते बाजारों
में निवेश**

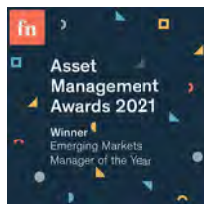
FIDELITY EMERGING MARKETS LIMITED

Whether it's in South African mining, Indian financial services or Chinese infrastructure, we know where to find opportunities hidden within emerging markets.

Fidelity Emerging Markets Limited uncovers great companies through our experienced global team, backed by what we believe are unrivalled on-the-ground research capabilities. Meaning you can make the most of our extensive expertise, without learning a whole new language.

Past performance is not a guide to future returns. The value of investments can go down as well as up, so you may get back less than you invest. Overseas investments are subject to currency fluctuations.

Investments in emerging markets can be more volatile than other more developed markets. The Company uses financial derivative instruments for investment purposes, which may expose it to a higher degree of risk and can cause investments to experience larger than average price fluctuations.



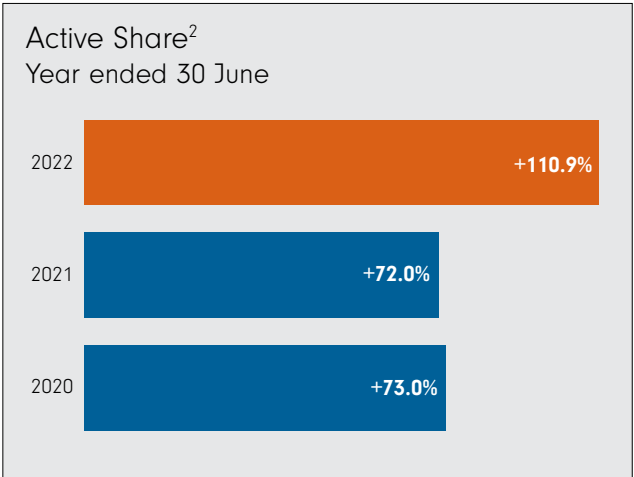
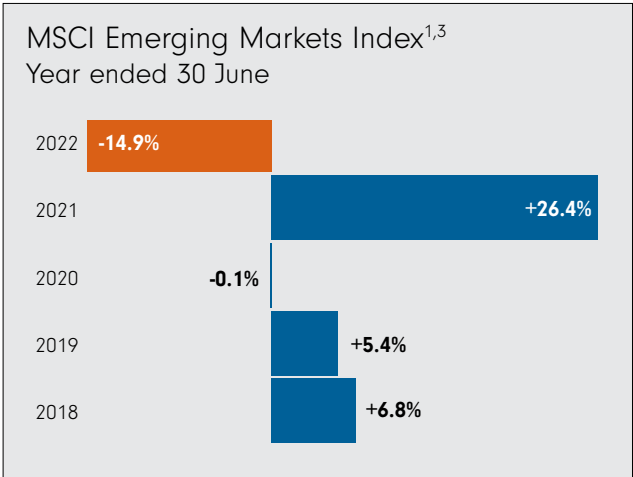
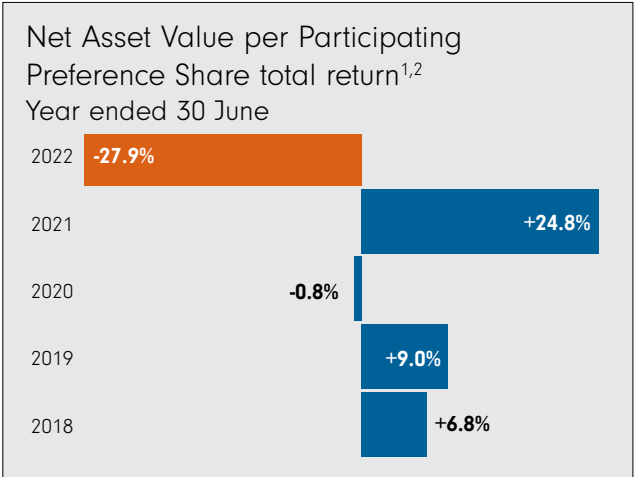
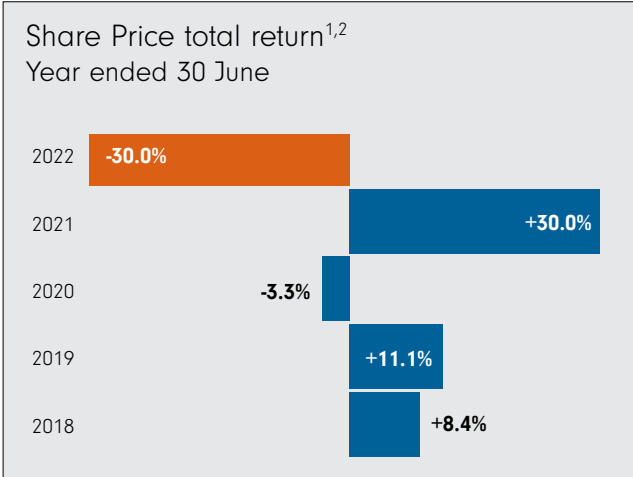
To find out more, visit fidelity.co.uk/emergingmarkets, scan the QR code or speak to your adviser.



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The Year at a Glance

In the reporting year, the Company's Net Asset Value per Participating Preference Share declined by 27.9% and the Share Price declined by 30.0%, whilst the Benchmark Index return declined by 14.9% (all performance data on a total return basis).



Source: JPMorgan and Datastream.
1 Includes reinvested income.
2 Alternative Performance Measure – refer to pages 76 and 77 and Glossary of Terms on pages 84 to 86.
3 The Company's Benchmark Index.

As at 30 June 2022

Equity Shareholders' Funds

£656.0m

Market Capitalisation

£557.6m

Capital Structure

Number of Participating Preference Shares in issue

91,100,066

Summary of the key aspects of the Investment Policy

The Company aims to achieve long term growth by primarily investing in securities and financial instruments providing exposure to emerging markets companies.

The Investment Manager invests at least 80% in companies with head offices, listings, assets, operations, income, or revenues predominantly in or derived from emerging markets.

A diversified portfolio of at least 75 holdings in companies listed or operating in at least 15 countries is maintained.

The Company may also invest into other transferable securities, investment companies, money market instruments, unlisted shares, cash and deposits. It is able to use derivatives for efficient portfolio management, to gain additional market exposure (gearing), to seek a positive return from falling asset prices, and for other investment purposes.

Financial Highlights

	30 June 2022	30 June 2021
Assets as at 30 June		
USD		
Gross Asset Exposure ¹	\$1,120.1m	\$1,679.9m
Equity Shareholders' Funds	\$796.8m	\$1,699.1m
NAV per Participating Preference Share ²	\$8.75	\$13.99
Dividend per Participating Preference Share	\$0.16	\$0.18
Gross Gearing ^{2,3}	40.6%	n/a
Net Gearing ^{2,4}	(7.6)%	n/a
GBP		
Gross Asset Exposure ^{1,6}	£922.2m	£1,216.1m
Equity Shareholders' Funds ⁶	£656.0m	£1,230.0m
NAV per Participating Preference Share ^{2,6}	£7.20	£10.13
Participating Preference Share Price and Discount as at 30 June		
Participating Preference Share Price at the year end	£6.34	£9.19
Discount to NAV per Participating Preference Share at year end ²	12.00%	9.28%
Number of Participating Preference Shares in issue	91,100,066	121,466,754
Results for the year ended 30 June		
Revenue Earnings per Participating Preference Share ⁷	\$0.15	\$0.17
Capital (Loss)/Earnings per Participating Preference Share ⁷	(\$5.11)	\$3.81
Total (Loss)/Earnings per Participating Preference Share ⁷	(\$4.96)	\$3.98
Ongoing charges ratio ^{2,5}	0.60%	1.03%

1 The value of the portfolio exposed to market price movements.

2 Alternative Performance Measure – refer to pages 76 and 77 and Glossary of Terms on pages 84 to 86.

3 Gross Asset Exposure less Equity Shareholders' Funds expressed as a percentage of Equity Shareholders' Funds.

4 Net Market Exposure less Equity Shareholders' Funds expressed as a percentage of Equity Shareholders' Funds.

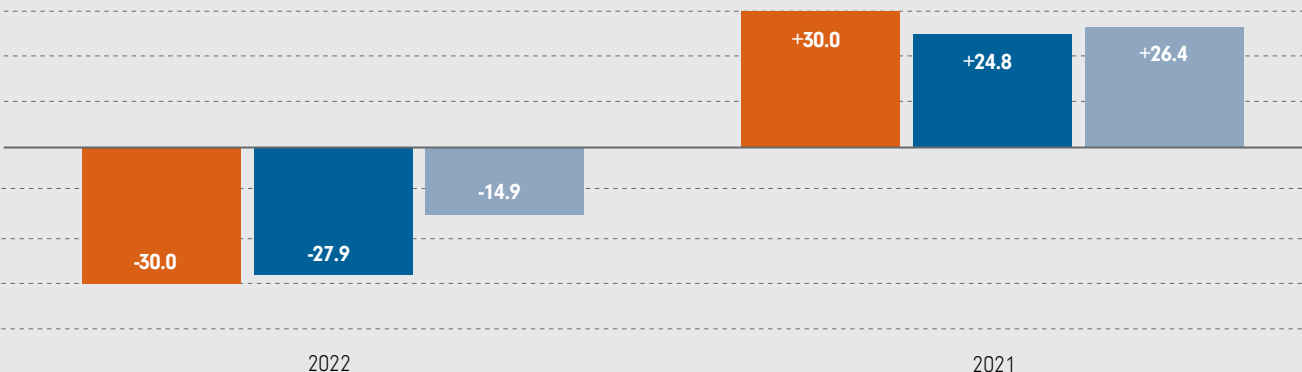
5 This ongoing charges figure is based on a reduced management fee for the year to 30 June 2022, and is anticipated to be circa 0.80% in future.

6 The conversion from USD to GBP is based on exchange rates prevailing at the reporting dates.

7 Calculated based on weighted average number of participating preference shares in issue during the year.

Annual Total Returns in GBP to 30 June 2022 (%)

■ FEML Share Price ■ FEML NAV (net of annual fees) ■ MSCI Emerging Markets Index



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Chairman's Statement

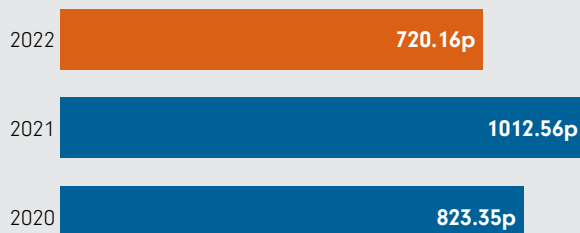
Read more on pages 2 to 3



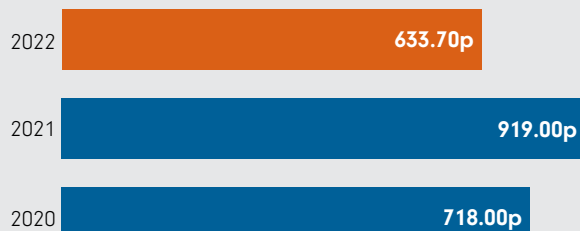
Portfolio Managers' Review

Read more on pages 4 to 8

Net Asset Value per Share as at 30 June



Share Price as at 30 June



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Chairman's Statement



I present the thirty-third annual report of the Company, for the year ended 30 June 2022.

Hélène Ploix, Chairman

Overview

During the twelve months to 30 June 2022, after taking into account the 25% share buyback the Company's net asset value, ('NAV') fell by 27.9% in sterling total return terms to £7.20 per Participating Preference Share. This compares to a fall of 14.9% in the Company's benchmark, the MSCI Emerging Markets Total Return Index (the 'Index'). The Company's share price fell by 30.0% to £6.34 over the same period, although the tender offer for 25% of the company's issued shares referred to on pages 3 and 61 acted to return capital to investors and reduce the supply of shares, protecting, somewhat, the discount.

There have been multiple factors which have led to the poor performance of emerging markets, and the performance of the portfolio, during the period but the most significant of these was doubtless Russia's invasion of Ukraine.

As described in the Portfolio Managers' report, the Company had overweight positions in Russian companies prior to the invasion of Ukraine, which was not anticipated by the Portfolio Managers. Although this was reduced somewhat by judicious use of a hedging index short position immediately prior to the invasion, the overweight positions were not fully offset by the time the military action began.

In response to rapidly imposed sanctions by western governments, Russian authorities effectively closed their market to foreign transactions in the market and as such the manager took the decision to write the valuation of the Russian securities down to zero – leading to a significant negative impact to the valuation of the portfolio overall.

The situation in Russia also led to second order impacts, for instance a sharp re-rating of oil-rich markets such as Saudi Arabia, where the Company was underweight – leading to further relative underperformance as compared with the index. It also had a material impact on the sector positioning of the portfolio where a number of financial and energy stocks were written off creating unintended underweight positions in the short term.

Since the invasion, the Portfolio Managers have repositioned the portfolio in areas of likely growth and recovery, although this has not yet come to fruition. For example, there is now greater focus on food and energy security. The Portfolio managers have been increasing the Company's exposure to areas such as energy, nitrogen-based fertilisers, and financials in resource rich countries.

Outlook

Looking forward, the prospects for many emerging countries remain uncertain but there are reasons for cautious optimism. Their markets will be impacted by the economies and actions of developed countries as well as uncertainty due to climate change, geopolitics and potential pandemic aftershocks, but meaningful value has emerged as many stocks have already derated.

Developed markets are facing the prospect of recession, and persistent inflation. Alongside the Portfolio Managers, the Board believes that inflation will be less severe in many emerging markets but will result in higher commodity prices for several years to come. In addition, the focus on Renewables will increase demand for (and therefore the price of) 'future facing' commodities like copper which are vital to the build out of infrastructure and technological advancement, while the transition to renewable energy is likely to result in a structural underinvestment in fossil fuels meaning that energy prices will remain stubbornly high for some time contributing to incentivise renewables.

As ever, in periods of volatility, stock-picking opportunities arise and the Board is confident that the Portfolio Managers will use the full extent of the investment tools available to them to capitalise on the opportunities taking into account the overall world situation.

Change of Manager and Investment Manager

As set out in last year's annual report, following the last period end several changes were made to the Company's management arrangements. On 1 July 2021, the Board announced that it had selected FIL Investments Services (UK) Limited as the Alternative Investment Fund Manager ('the Manager') of the Company, with the investment management of the Company to be undertaken by FIL Investments International (the 'Investment Manager', 'Fidelity International'), collectively 'Fidelity', to replace the previous Manager, Genesis Investment Management, LLP who remained as Investment Manager until 4 October 2021.

Change of Investment Policy

In advance of Fidelity's formal appointment, shareholders were requested to approve a proposal to change the investment policy of the Company. The change of investment policy was duly approved by shareholders at the extraordinary general meeting ('EGM') held on 1 October 2021. Following shareholder approval, the Company's portfolio was reorganised to permit the implementation of Fidelity's investment policy.

At the heart of Fidelity's strategy is a belief that it can deliver outsized returns in emerging markets through stock selection, driven by fundamental views. Fidelity combines skill, resource and discipline with the aim of generating enhanced risk-adjusted returns.

Change of name

As part of the change of investment management arrangements, shareholders were requested to approve a proposal to change the name of the Company to Fidelity Emerging Markets Limited. The change of name was duly approved by shareholders at the EGM held on 1 October 2021.

Tender Offer

In response to shareholder consultation during 2018 on the level of the Company's share price discount to NAV, the Board announced that a potential tender offer of up to 25% of the Company's shares would be implemented in 2021, if the Company's NAV Total Return over the five years ending 30 June 2021 did not exceed its benchmark Index. As the Company did not produce the necessary performance to outperform its benchmark Index, the Board announced that a tender offer for up to 25% of the Company's shares in issue (excluding any shares held in treasury) ('Tender Offer') would be implemented subject to shareholder approval. The tender price was set at a 2% discount to the prevailing NAV per share. The Tender Offer was subsequently approved by shareholders at the EGM held on 1 October 2021.

The aforementioned Tender Offer had been put in place by the Board to enable shareholders wishing to realise part, or potentially all, of their investment in the Company the opportunity to do so.

Following completion of the Tender Offer on 22 October 2021, a total of 30,366,688 Participating Preference Shares (25% of the Company's issued share capital) were repurchased by the Company for cancellation.

Board composition and succession planning

The Board is mindful of corporate governance best practice and recognises the need to refresh its composition from time to time. I have now served on the Board for over nine years and will duly retire from the Board following the conclusion of the 2022 annual general meeting ('AGM'). I will be succeeded as Chairman by Heather Manners who was newly appointed as a Director of the Company on 5 May 2022. Heather is an award-winning market professional with some 34 years' experience of investment in Asia, mostly recently, and for the past 15 years as the co-founder, CEO and CIO of Prusik Investment Management. A full biography for Heather Manners can be found on page 32.

Sujit Banerji will have served as a Director of the Company for nine years in October 2022 and will also retire following the conclusion of the 2022 AGM.

Russell Edey has also indicated his intention to retire as a Director of the Company in 2023. Having engaged the services of executive head-hunter, our search for his successor, as Chairman of the Audit Committee, is already underway and it is anticipated that a new director will be appointed before the end of 2022 to ensure a smooth handover.

All Directors other than Sujit Banerji and myself are offering themselves for re-election at the forthcoming AGM.

Dividend

A resolution to declare a final dividend of 16 cents per share will be proposed at the AGM of the shareholders of the Company that will be held on Thursday, 8 December 2022. Subject to shareholder approval, the final dividend will be paid on 16 December 2022 to shareholders on the Register of Members on 18 November 2022. The ex-dividend date is 17 November 2022.

Annual General Meeting

This year's AGM will be held on Thursday, 8 December 2022 at 11:00 a.m. at the registered office of the Company, 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St Peter Port, Guernsey GY1 6JB.

Notice of the AGM, containing full details of the business to be conducted at the meeting, is set out on page 79 of this report.

Your attention is also drawn to the Directors' Report on page 35, where resolutions relating to special business are explained.

Electronic proxy voting is now available and shareholders are encouraged to submit voting instructions using the web-based voting facility at www.eproxyappointment.com and www.proxymity.io for institutional shareholders. In order to use electronic proxy voting, shareholders will require their shareholder registration number, control number and pin. If you do not have access to these details please contact the Company's Registrar, Computershare, their contact details can be found on page 80 of this report.

Hélène Ploix

Chairman
6 October 2022

Portfolio Managers' Review



Nick Price was appointed as Portfolio Manager of Fidelity Emerging Markets Limited on 4 October 2021. He has 24 years of investment experience.



Chris Tennant was appointed as Portfolio Manager of Fidelity Emerging Markets Limited on 4 October 2021. He has 11 years of investment experience.

Question

Performance in the year to 30 June 2022 has been disappointing - what were the major causes?

Answer

Nick:

As set out below, the major reason for underperformance since Fidelity took on management of the Company was Russia's invasion of Ukraine. Sadly, we underestimated both the likelihood, and the impacts of the invasion.

Question

Reflecting on the war in Ukraine, how was the Company positioned before the invasion and what impact did it have on the portfolio?

Answer

Nick:

I've invested in Russian stocks since 2005; it's a market with a chequered history, which has largely been reflected in the price. When the war broke out, the portfolio was exposed to a series of Russian businesses, which were cheap, offered the best dividends in the world, and operated in cyclical sectors such as mining or domestic industries such as banking which thrive when oil and gas prices are high. With inflation ratcheting up in 2021, these stocks played an important role in providing portfolio balance and had performed well against this backdrop.

As troops amassed, we had reduced the residual country bet using an index hedge, however, fundamentally the companies themselves were generating strong cash flows and the dividends payable to shareholders were more than sufficient to compensate for share price weakness. We debated the risks extensively in-house and with external experts, however, we did not conclude there was a risk of a full-scale invasion and all-out war in Ukraine. At the time, we felt the risks were similar to those in 2014 when Russia annexed Crimea and Russian markets remained functioning.

As events unfolded rapidly and sanctions were imposed the Russian authorities retaliated by preventing foreigners from transacting in the market. We had taken some immediate steps to reduce exposure, but the right to transact in the market for overseas investors was withdrawn quickly. The inability to trade meant that there was no price discovery, and as such Fidelity's Fair Value Team stepped in to review the holdings as 'Hard to Price Assets'. Given the complete lack of liquidity in these stocks, the holdings were written down to zero which was reflected in the NAV at the time. The impact on performance was significant, albeit the hedge served to offset some of these losses.

The effects were however more widespread than Russia, as a series of second-order impacts, such as a sharp and indiscriminate rally in specific markets. For instance, the rally in Saudi Arabia (a perceived beneficiary of Russia's newfound pariah status) was detrimental because the portfolio had owned Russia in preference to the likes of Saudi. Consequently, performance issues were further compounded by an underweight to the Middle East.

Question

What have the other implications been for the portfolio and emerging markets because of Russia's invasion of Ukraine?

Answer

Nick:

Given Russia's effective exclusion from the investable universe, we have recalibrated other parts of the portfolio. We sought new opportunities in areas such as Brazil and the Middle East, spending time on the ground meeting companies. The removal of Russia makes the focus on its commodity exporting 'competitors' more important. By design, newly added positions typically exhibit value, given persistent inflation and higher rates. Moreover, opportunities to invest in businesses with direct and indirect exposure to higher commodity prices has been a common trait, particularly where this is coupled with a compelling dividend yield.

The additional inflationary shock that arose from the conflict has meant that cash flows have been rising as buyers have sought alternative sources for key commodities. Whilst prices may be volatile, given fears of a global recession, one of the impacts of the war is significant supply disruption, in what were already tight markets and a greater focus on food and energy security which will, in our view lend a level of support to prices over the medium to long-term. With all these factors in mind, energy, nitrogen-based fertilisers, and financials in resource rich countries have been an area of focus.

Question

Other than Russia, how did you set about transitioning the portfolio to Fidelity at the start of October 2021?

Answer

Nick:

Following our appointment in October 2021, we took steps to ensure the Company's portfolio was well-balanced and reflected those areas where we had the highest conviction. We built up exposure to leading, innovative tech companies which play a crucial role in providing the building blocks for processing power and storage in a world where there is persistent and structural demand for data. Similarly, we added positions in copper where there are long-term structural drivers. Tightening emissions regulations and government incentives are lifting demand for cleaner fuels and electric vehicles. Whilst these decisions are driven by a bottom-up, stock picking approach, increasing holdings in areas such as mining reflected our view that inflationary pressures were rising and as such these holdings could act as a natural hedge as commodity prices rose.

We also exploited the closed ended nature of the investment company and moved down the market cap spectrum to take full advantage of our research platform, adding smaller, under-researched stocks. We took a cautious stance on areas exposed to continued regulatory risks such as the Chinese internet stocks and businesses with activities exposed to the capital cycle, although as the months passed these have become areas of interest, as beaten-up industries provided good entry points to acquire attractive businesses at multi-year lows.

Top 5 Positions

As at 30 June 2022	Sector	Portfolio (%)	Index (%)	Relative (%)
Taiwan Semiconductor Manufacturing	Information Technology	7.0	6.1	0.9
HDFC Bank	Financials	6.7	-	6.7
AIA Group	Financials	5.4	-	5.4
Alibaba Group Holding	Consumer Discretionary	5.0	3.3	1.7
China Mengniu Dairy	Consumer Staples	4.7	0.2	4.5

Portfolio Managers' Review continued

Question

The portfolio can use derivatives under its new policy. What can you say about how they helped the portfolio this past year?

Answer

Chris:

The closed ended structure and newly introduced investment policy allow us to employ a much broader set of strategies than a traditional long-only fund, to express both positive and negative investment views in an efficient manner. Having more tools at our disposal is particularly valuable in emerging markets which are more volatile, and valuations can move to extreme levels in both directions.

Long positions are focused on businesses which are dominant in their markets and short positions are targeted at the weakest stocks most exposed to competitive threats and financial distress. These weaker businesses can provide an additional source of performance. Whilst stock picking is our core strength, we recognise that country risk can be elevated in emerging markets.

As previously highlighted a country-specific hedge allowed us to build in some portfolio protection in Russia given growing geopolitical tensions in Ukraine. In early December 2021, we added an index short to reduce that country risk. When the war broke out the hedge served to mitigate some of the losses experienced at the stock level.

Question

How will you position the portfolio going forward considering heightened geopolitical risk?

Answer

Nick:

Geopolitical tensions give rise to many discussions about how we, as stock pickers account for those risks. In a normal environment valuation will reflect concerns, but we are conscious that country risks became greatly amplified during the last 12 months, and so the use of country hedges can play a key role. We are not obliged to be invested in each market, and if we believe the risk is too high, we can of course avoid impacted industries/markets.

Our positioning in China has reflected this in practice; when the US ratcheted up pressure on China through various tariffs and sanctions, we avoided those areas of the market. More broadly, country bets are being maintained at more muted levels currently than historically. They are a residual of our stock picking approach, but we have been deliberate in maintaining more prudent active weights in recent times.

Question

You've mentioned China on a couple of occasions, how do you feel about the market at this stage and looking ahead?

Answer

Nick:

We are now seeing opportunities in China following a litany of negative news over the past 18-24 months that has dragged the market down: the debt-crisis at property developer Evergrande, tighter regulations which wiped out sectors such as education, the halting of Ant Group's Initial Public Offering (IPO) and the ongoing concerns about the ability of American Depositary Receipts (ADRs) to remain listed in the US.

More recently, China's zero-tolerance Covid policy has resulted in the lockdown of millions of people. Valuations have fallen a long way and are in many cases at the cheapest levels we have seen in a decade, making certain areas of the market incredibly attractive.

Amongst property developers there are many with weak statement(s) of financial position, but that provides the strongest players with a good competitive backdrop. There will be less competition for buying land from local governments, boosting the prospects of companies like China Overseas Land, which boasts a solid statement of financial position, strong dividend, and trades below book value. I also expect the Chinese government to relax some of its regulations in property over the coming months which could spark a revival in some of the demand drivers in property in 2023.

The other area where I see value is the internet space, where we witnessed huge falls in stock prices. Alibaba the poster child of China's tech industry has fallen by more than 50% from its 2020 highs. But when you consider its cloud business and Ant Financial, there is still a lot of value in this stock. Moreover, the company is currently buying back billions of dollars of shares as well as cutting costs. So, we could have a reversal of share price decline that we have seen over the past two years or so.

Question

Chris, how about shorts? Are there any areas of the market you can pinpoint which speak to some of the big picture topics which have dominated headlines this year?

Answer

Chris:

Clearly the consumer is under immense pressure, as the cost of living rises this shines a light on more vulnerable retailers. We have added new positions to companies with stretched statement(s) of financial position where the cost of servicing that debt burden is rising, and demand looks more precarious. Elsewhere, silver has suffered in the wake of higher interest rates

and concerns about demand for industrial metals. Silver is widely regarded as a precious and an industrial metal meaning that it is exposed to the impact of higher interest rates, as an inflation hedge, but also as an industrial metal, making it vulnerable to fears that demand will be weak. Given this, on a highly selective basis we have added shorts where operational challenges are evident, and leverage is high.

Question

Nick, having invested through many unique and challenging market conditions in your career. What makes this year different in your view?

Answer

Nick:

Two aspects stand out to me. Firstly, at the highest level, we have seen a secular shift which has come about following years of declining rates and stimulus which have benefitted equity markets and growth assets. With the era of 'easy money' over, valuation discipline is more critical and stocks with little to no current earnings naturally lose favour. Whilst there are challenges ahead and a high degree of uncertainty, such an environment does lend itself to a more prudent, highly selective approach.

Secondly our inability to trade the Russian market for such an extended period is not something we would ever have anticipated. Whilst I have witnessed extreme market dislocation, the lack of price discovery is unprecedented.

Question

How does Fidelity differentiate itself as an emerging markets asset manager?

Answer

Chris:

Differentiation is key. The enormity of the research engine at Fidelity sets us apart from our peers. The evolution of my role demonstrates this which has worked collaboratively in sector-specific, regional and global teams as part of an integrated research platform. In the early stages of my investment career, I was a mining analyst, distinctly covering companies operating in the EMEA and Latin America regions. To fulfil that role, I had to have intimate knowledge of a series of businesses operating in the sector. I spent time on the ground at production facilities so I could see for myself the extent of the companies' operations.

To complement this, I was part of Fidelity's broader natural resources team, with peers assigned to stocks as far afield as Canada and Australia. The nature of the sector meant that collaborative efforts were central to our work, as we examined supply and demand dynamics globally. In parallel we needed to understand the 'customers', such as the Chinese real estate developers, so here again your Fidelity network of research peers covering related industries in different markets is critical to building a holistic view.

In practice, the insights from the research team can play out through long positions and short positions, so as my career evolved, I moved to a role specialising in identifying shorting opportunities in emerging markets. In this context I was able to draw on the platform again.

Another key benefit of the platform is its large geographical footprint, which means that I can have my feet on the ground in Brazil, whilst my colleagues in India or Shanghai are spending face time with companies operating in those markets. With such a vast investible universe and in a world where mobility is still restricted in certain corners, this is of vital importance.

Question

How do you think the fundamentals of Emerging Market economies of the last 10 years will compare to the next 10 years?

Answer

Chris:

Historically the most important driver was the Chinese real estate sector, which had far-reaching ramifications for emerging markets broadly and areas such as European industrials. Looking ahead energy transition will play a pivotal role, in a myriad of ways. The move to renewables is likely to result in a structural underinvestment in fossil fuels meaning that energy prices remain stubbornly high for some time which will help incentivise renewables. Renewables are very capital intensive, which is good for certain 'future facing' commodities like copper which are vital to the build out of infrastructure and technological advancement. This latter is critical given that to date the ability to store energy between seasons has historically proven difficult. Deglobalisation can take hold over the next decade, fuelled by concerns about security which at first centred on technology but more recently have anchored on fears about food and energy security. Looking ahead onshoring and near shoring can bring benefits to a wider range of developing countries such as Thailand, Vietnam, Mexico, and parts of Eastern Europe.

Portfolio Managers' Review continued

Question

What are the implications of global inflation, debt in emerging economies and the risk of stagflation in the western world?

Answer

Nick:

This is a massive topic, and one that all investors are having to factor into their thinking. The western world is already in a phase of very low growth, with recession coming late in 2022 or early 2023. Inflation, in the medium term, is likely to persist for many reasons. The focus that has been put on climate change (the risks of which are undeniable) by many investment portfolios has driven low levels of capital expenditure in Oil & Gas when energy prices are spiking. Climate change itself is impacting soft commodities (such as crops and livestock) and high levels of unsustainable sovereign debt in the west require quantitative easing. This adds to structural shifts such as a fall in cheap exports from China and changing demographics in the western world reducing the labour pool.

Debt in emerging economies has also grown. It may still be lower than the western world, but nevertheless requires scrutiny. The good news is that many emerging countries have been disciplined in raising rates, and developing countries may attract investment based on their relative strength.

Question

How do you view the current risks and rewards in frontier markets and smaller companies?

Answer

Nick:

Although there are always stock specific opportunities, the issue with frontier markets in general is that the economies are extremely fragile, with populations frequently living on the breadline. The stresses of a strong US Dollar and higher energy costs create a difficult mix. It is well-documented that countries such as Ghana, Nigeria, Egypt, Sri Lanka, Bangladesh are all experiencing economic stresses both at a sovereign level and amongst the population. Pakistan was already in this mix and has seen unprecedented flooding widely linked to climate change (a risk which will only increase with time). I am also conscious that liquidity in these markets is very tight. My experience is – a lot like The Eagle's song "Hotel California" – you can check in but can never check out.

Smaller companies, conversely, can be very attractive. They are often overlooked, and you can find great companies with good management teams and cheap valuations. The Company looks to take advantage of these opportunities.

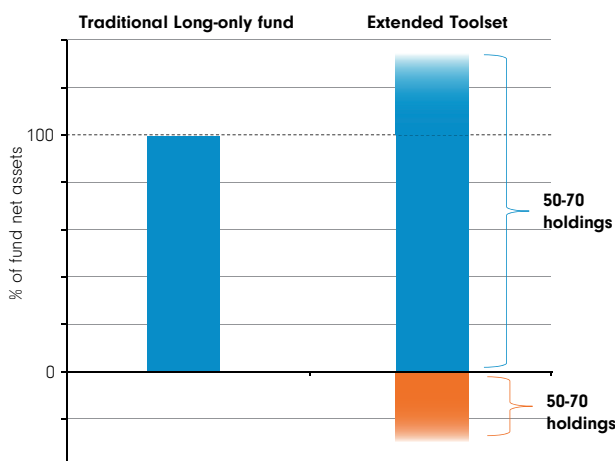
Nick Price/Chris Tennant

Portfolio Manager
6 October 2022

Extended Investment Toolkit

Fidelity Emerging Markets Limited is an all-cap Global Emerging Markets strategy with enhanced investment powers which seeks to exploit a broad range of opportunities. The managers adopt an active 'extension' investment style, benefitting from an extended toolset versus a traditional long-only equity fund:

- **Equities:** Predominantly invested in equity securities that offer a significant degree of absolute upside to each stock's specific target price. The portfolio managers will seek opportunities across the market cap spectrum, geographies, and consider listed companies, IPOs and unlisted investments.
- **Short extensions:** Offering the ability to access positive returns from securities perceived to be exposed to material absolute share price declines via the use of short equity derivative positions.
- **Long extensions:** Providing the ability to deploy additional long equity exposure through the use of equity derivative instruments to further enhance performance from the stocks with the greatest upside potential, and also to offset the reduction in equity exposure introduced by the fund's short positions.
- **Other instruments:** Access other instruments to take best advantage of perceived sources of return and to control risk. These instruments include equity option positions to both capture option premium as well as to control active risks in the portfolio.



How this fits with our investment philosophy

We believe that many emerging market companies can sustain high levels of economic growth for years to come, driven by attractive demographic profiles, immature markets, an abundance of untapped natural resources, and generally low levels of indebtedness. However, whilst these positive attributes provide a fertile environment for companies to grow their earnings, it is critical to ensure that each company we invest in can generate superior and sustainable returns on assets that permit them to fund the growth of their business, withstand competitive pressures and achieve attractive returns for minority shareholders.

With this in mind, we define high quality companies as those that exhibit:

- **Quality** – high quality, well capitalised companies capable of achieving superior returns on assets, and where strong free cash flow generation can be used to either self-fund future growth or pay dividends to shareholders.
- **Consistency of returns** – dominant companies that can maintain superior levels of growth and profitability resulting from a sustainable competitive advantage, such as market share, technology, or cost leadership; companies which exhibit a solid track record of delivering attractive total shareholder returns over time.
- **Reasonable price** – attractive valuations that understate the intrinsic value of a company. Target prices are determined for every stock considered for the portfolio, reflecting each company's sustainable level of earnings power across the economic cycle and an appropriate valuation multiple.

Conversely, it is those weaker peers who are unable to compete with the strongest franchises that are likely to fall by the wayside. Using short positions, these weaker businesses form some of the additional investment opportunities that we can take advantage of, as an additional source of performance.

ESG in the Investment Process

Fidelity International ("Fidelity") has embedded Environmental, Social and Governance ("ESG") factors in its investment decision making for a number of years. Fidelity has been a signatory to the United Nations Principles for Responsible Investment (UNPRI) since 2012 and submits an annual report detailing how it incorporates ESG into its investment analysis. As a founding signatory to the Net Zero Asset Managers Initiative, Fidelity has committed to halving the carbon footprint of its investment portfolios by 2030, from a 2020 baseline, starting with equity and corporate bond holdings; and to reach net zero for holdings by 2050.

ESG integration at Fidelity is carried out at the fundamental research analyst level within its investment teams, primarily through the implementation of the Fidelity Proprietary Sustainability Rating. This rating was established in 2019 and is designed to generate a forward-looking and holistic assessment of a company's ESG risks and opportunities, based on sector specific key performance indicators across 127 individual and unique sub-sectors. A breakdown of the ratings of the companies in the portfolio using MSCI and Fidelity's own proprietary ratings is on the next page. In addition, Fidelity's portfolio managers are also active in analysing the effects of ESG factors when making investment decisions. ESG analysis complements financial analysis to provide a complete view of every company that is researched and monitored.

Fidelity's approach to integrating ESG factors into its investment analysis includes the following activities:

- In-depth research
- Company engagement
- Active ownership
- Collaboration within the investment industry

In addition to Fidelity's Sustainability Ratings, Fidelity has developed a proprietary Climate Rating, which is an important part of its plans to reach net zero emissions across its portfolios. It utilises its fundamental research capabilities to identify climate related risks, net zero investments and targets for transition engagement within the Fidelity investment universe. It assesses which companies are in the best position to transition to net zero, or have a positive trajectory towards transition. The Climate Rating is designed to complement the broader Sustainability Ratings, which score companies across a range of environmental, social and governance criteria.

Although Fidelity's analysts have overall responsibility for analysing the environmental, social and governance performance of the companies in which it invests, it has a dedicated Sustainable Investing Team working closely with the investment teams and is responsible for consolidating Fidelity's approach to stewardship, engagement, including thematic engagement, ESG integration and the exercise of its votes at general meetings.

The Sustainable Investing Team have a key role in assisting the investment teams with ESG integration which includes:

- Implementing Fidelity's proxy voting guidelines.
- Engagement with investee companies on ESG issues, utilising Fidelity's corporate access research capabilities and investment scale to improve corporate behaviour, including at company meetings.
- Working closely with the investment team globally across all asset classes in integrating ESG into analysis and decision- making.
- Providing internal ESG reporting including analyst reports, portfolio manager reviews and industry analysis.
- Co-ordinating and responding to specific client queries on ESG topics.
- Publishing client reporting on ESG integration and proxy voting.
- Maintaining a thorough understanding of current ESG themes and trends around the world.
- Attending external seminars and conferences focusing on trending ESG issues and ESG integration.
- Providing ESG training to the investment team and across the business.

During 2021, Fidelity introduced its sustainable investing voting principles and guidelines. These seek to provide a clear overview of Fidelity's voting approach, promote improved corporate behaviours and reduce risk, include environmental and social factors, increase clarity of votes to issuers and clients and meet current market best practices and stewardship expectations.

Examples of the policy include voting against companies not meeting key criteria on climate change and against management in developed markets with less than 30% female representation at board level.

Fidelity's investment approach involves bottom-up research. As well as studying financial results, the portfolio managers and analysts carry out additional qualitative analysis of potential investments. They examine the business, customers and suppliers and often visit the companies in person to develop a view of every company in which Fidelity invests and ESG factors are embedded in this research process.

Examples of ESG factors that Fidelity's investment teams may consider as part of its company and industry analysis include:

- Corporate governance (e.g. Board structure, executive remuneration)
- Shareholder rights (e.g. election of Directors, capital amendments)

- Changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes)
- Physical threats (e.g. extreme weather, climate change, water shortages)
- Brand and reputational issues (e.g. poor health and safety record, cyber security breaches)
- Supply chain management (e.g. increase in fatalities, lost time injury rates, labour relations)
- Work practices (e.g. observation of health, safety and human rights provisions and compliance with the provisions of the Modern Slavery Act)

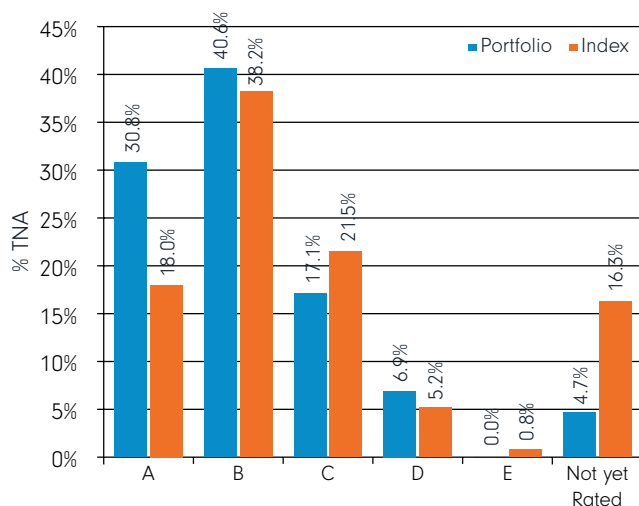
Fidelity operates analyst training and development programmes which include modules on ESG themes, topics and strategies and attendance at external seminars on the trending ESG issues in the market globally as well as conferences to explore new ways of integrating ESG into the investment process across all asset classes.

Fidelity uses a number of external research sources around the world that provide ESG-themed reports and it subscribes to an external ESG research provider and rating agency to supplement its organic analysis. Fidelity receives reports that include company specific and industry specific research as well as ad hoc thematic research looking at particular topics. The ESG ratings are industry specific and are calculated relative to industry peers and Fidelity uses these ratings in conjunction with its wider analysis. Fidelity's sources of ESG research are reviewed on a regular basis.

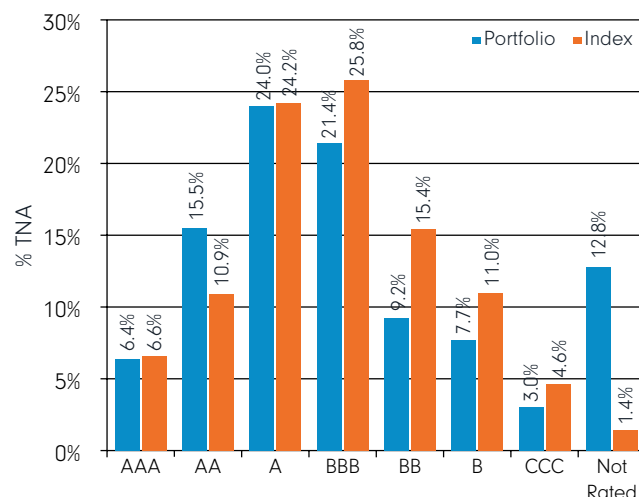
The ESG ratings and associated company reports are included on Fidelity's centralised research management system. This is an integrated desktop database, so that each analyst has a first-hand view of how each company under their coverage is rated according to ESG factors. In addition, ESG ratings are included in the analyst research notes which are published internally and form part of the investment decision. The external research vendor also provides controversy alerts which include information on companies within its coverage which have been identified to have been involved in a high-risk controversy that may have a material impact on the company's business or its reputation.

The charts below show a breakdown of the stocks in the Company's portfolio using MSCI and Fidelity International's own ESG ratings.

FIL proprietary ESG ratings



MSCI ESG ratings



Source: Fidelity International, MSCI ESG Research, Data is representative of the Fidelity Emerging Markets Limited as at 30 June 2022. LHS: The Fidelity Sustainability Ratings were launched in June 2019. As at 30 June 2022, they cover a universe of c. 4,200 issuers in equity and fixed income. Fidelity have a five scale rating of A (best) to E (worst). RHS: MSCI rates issuers on a AAA-CCC scale according to their exposure to industry specific ESG key issues and their ability to manage those issues relative to peers. The ESG ratings distribution is based on Net Asset Value of holdings excluding cash, liquidity funds and ETFs which are grouped under 'Cash & Others'. The charts above show long book rebased to 100%. Short positions are excluded. Due to small rounding errors, Portfolio and Index holdings may not total 100%.

Fidelity International's proprietary sustainability ratings system leverages its internal research and interactions with issuers. The ratings are designed to generate a forward-looking and holistic assessment of ESG risks and opportunities based on sector specific performance indicators. Analysts quantify the direction of change of companies' ESG performance (positive, neutral or negative trajectory) and rate the companies using a scale of A to E. Further detail on this process can be found on pages 12 and 13.

ESG and Sustainable investing at Fidelity International

Fidelity's core beliefs set it apart

01



Fidelity's Sustainable Investing Approach

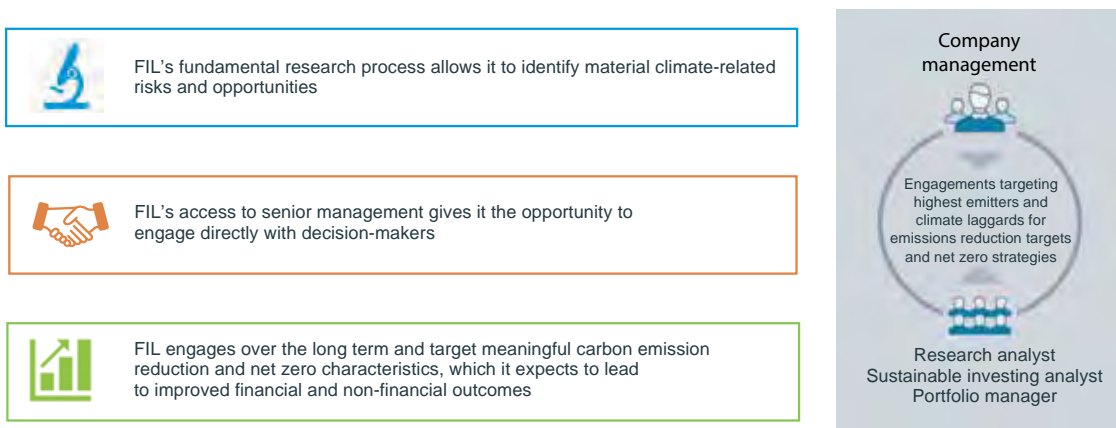
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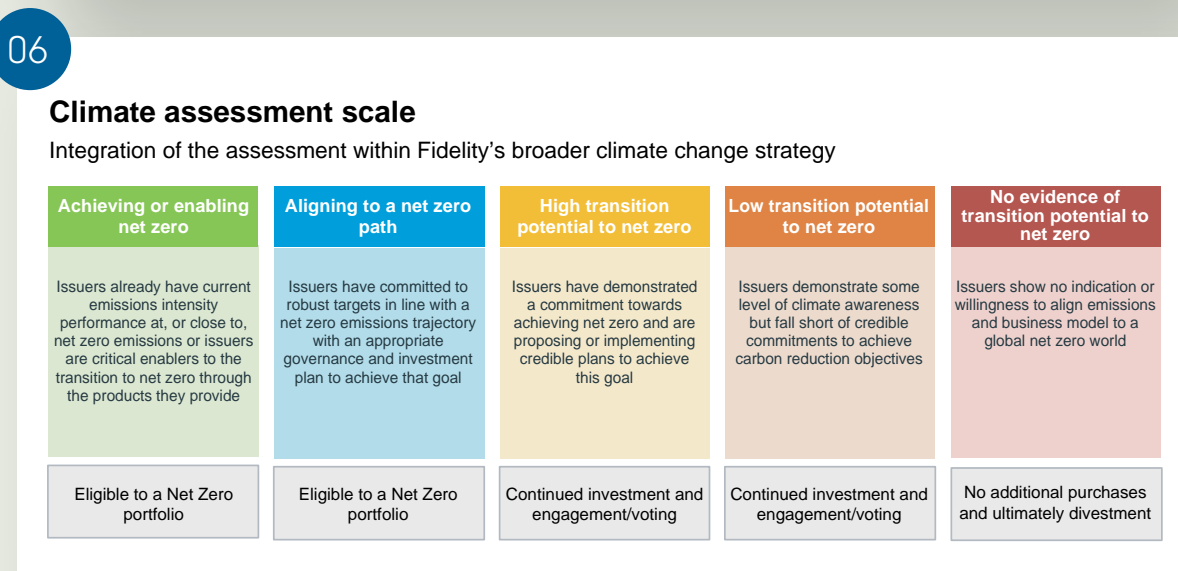
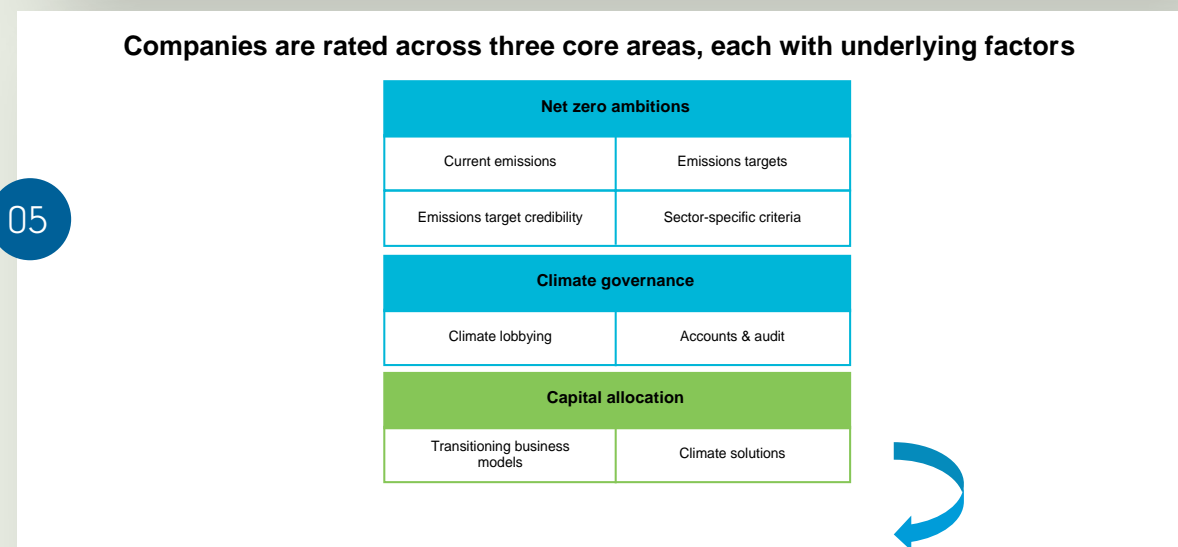
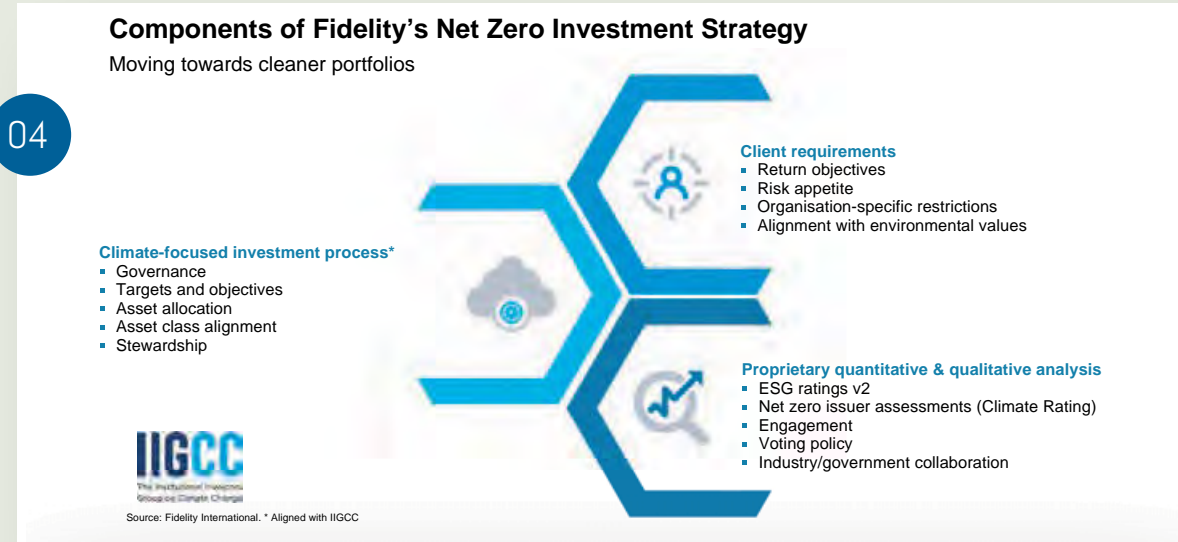
Engagement

Using FIL's corporate access, research capabilities and investment scale to improve corporate behaviour

03



Fidelity has developed an approach to sustainable investing that is built on integrated ESG analysis, engagement and collaboration. It believes that each of these elements complements each other and increases the likelihood of success and enhances the returns for the Company's shareholders.

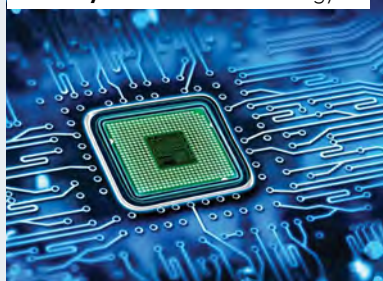


Spotlight on Top 10 holdings

as at 30 June 2022

Based on Asset Exposure expressed as a percentage of Net Assets. Asset Exposure comprises the value of direct equity investments plus market exposure to derivative instruments.

Industry Information Technology



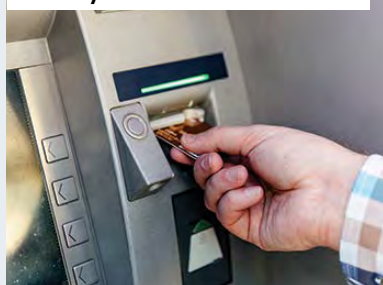
Taiwan Semiconductor Manufacturing

% of Net Assets

7.0%

TSMC is a pre-eminent Taiwanese semiconductor foundry with leading-edge technology, which reinforces the company's competitive position and ability to generate incremental return on invested capital. The company has built a technological moat over the past three decades and occupies an especially dominant position at the forefront of the industry as competitors have dropped from the race due to technical hurdles and the barrier of high required capital expenditures. TSMC's ability to hire the best talent while continuously improving its know-how keeps it ahead of the competition and able to generate cashflow to feed back into investing in R&D and capacity.

Industry Financials



HDFC Bank

% of Net Assets

6.7%

HDFC Bank is one of India's leading private banks with a vast banking network spanning over 6,000 branches and 18,000 ATMs in over 3,200 cities and towns, allowing the business to serve a broad customer base in rural and urban India. The bank has invested heavily in technology and operates in a highly automated environment, with all branches having online connectivity to enable the speedy transfer of funds between customers. Management have consistently delivered growth without compromising on asset quality, resulting in better outcomes versus peers. HDFC have an immense future growth opportunity due to the increase in retail credit penetration, branch expansion, market share gains and better cross selling to existing customers.

Industry Financials



AIA Group

% of Net Assets

5.4%

AIA is the largest life insurer in Asia, operating in 18 markets including mainland China, Thailand and Malaysia. The company benefits from its leadership position, strong brand image and productive distribution agents in all the major Asia markets it operates in. It is a key beneficiary of the demographic shift in Asia, as low penetration, rising incomes and aging populations support demand for long-term savings and protection insurance products. AIA focuses on the mass affluent part of the market versus domestic players that are focused more on the mass market, with the Chinese market offering the most significant potential for growth and scale in the long term.

Industry Consumer Staples



Alibaba Group Holding

% of Net Assets

5.0%

Alibaba enables businesses to transform the way they market, sell and operate, and improve their efficiencies by providing technology infrastructure and marketing reach. An ecosystem has developed around its platforms and businesses that consists of consumers, merchants, brands, retailers, third-party service providers, strategic alliance partners and other businesses. During the year to 30 June 2022, Alibaba served approximately 1.31 billion annual active consumers through the ecosystem, including over 1 billion in China and 305 million outside of China. A distinct area of interest and scope for growth is enterprises where Alibaba serves millions of users of its cloud business.

Industry Consumer Discretionary



China Mengniu Dairy

% of Net Assets

4.7%

China Mengniu Dairy is amongst the ten largest dairy players globally and the second largest player in the domestic market, offering diversified products such as liquid milk, ice cream, milk formula and cheese, and with a leading position in more innovative products such as high-end UHT and yoghurt. The rise of health awareness has stimulated dairy consumption and product upgrades among consumers, with industry growth forecast to increase by 6%-8% (CAGR). Following significant changes to the company's management team in 2016, the resulting restructuring of its organisation and distribution channel has rejuvenated its liquid milk business and resulted in rebounding profit growth.

Industry Information Technology



Samsung Electronics

% of Net Assets

4.2%

Samsung Electronics is a technology powerhouse with products spanning upstream manufacturing to downstream consumer products. The company's Device Experience division produces product such as mobile handsets, tablets, business networks and medical and health equipment, while its Device Solutions segment captures its memory and foundry business. Innovations in artificial intelligence, 5G and 6G, automotive electronics and a wide range of robotics are also core to Samsung's strategy.

Industry Industrials



Zhejiang Sanhua Intelligent Controls

% of Net Assets

4.1%

Zhejiang Sanhua is engaged in the research and production of thermal control components utilised in industrial refrigeration and home appliances such as washing machines, freezers and dishwashers. Its industry-leading technology has been increasingly closely associated with energy-saving solutions since heat pump systems have become standard in battery electric vehicles. Given that Sanhua makes the majority of components for these products, the company is a key beneficiary of rising EV penetration. The company's products are placed globally, with its production facilities broadly located across various Chinese provinces, Vietnam, the USA, Mexico, and Poland.

Industry Information Technology



Infosys

% of Net Assets

3.9%

Infosys is a global leader in next-generation digital services and consulting. The company draws on a large and highly educated workforce of programmers predominantly based in India to serve a global customer base in more than 50 countries, facilitating digital transformation through activities such as the migration to the cloud.

Industry Materials



First Quantum Minerals

% of Net Assets

3.5%

First Quantum is a global copper miner that operates long life mines with high quality assets, including Kansanshi in Africa and Cobre Panama in Latin America. The company is one of the world's top producers of copper, with continued demand underpinned by sustainable energy initiatives, the electrification of transport, and middle-class consumption in both developing and developed countries. The outlook for the company is further supported by the fact that there are few new projects of scale in the global pipeline, with the Cobre Panama operation one of only a few major new sources of copper to be commissioned in the past decade.

Industry Consumer Staples



Kweichow Moutai

% of Net Assets

3.4%

Moutai is a Chinese premium producer of baijiu, a traditional, colourless Chinese liquor. The brand is revered in the local market and is widely regarded as a premium product. High-end baijiu accounts for only a small fraction of the total baijiu market, and should see abundant demand given rising incomes and consumption upgrades. Despite only accounting for 1.5% of market volumes, the company generates 18% of industry revenue.

Forty Largest Holdings

as at 30 June 2022

The Asset Exposures shown below measure the exposure of the Company's portfolio to market price movements in the shares, equity linked notes and convertible bonds owned or in the shares underlying the derivative instruments. The Fair Value is the value the portfolio could be sold for and is the value shown on the Statement of Financial Position. Where a contract for difference ("CFD") is held, the fair value reflects the profit or loss on the contract since it was opened and is based on how much the share price of the underlying shares has moved.

	Asset Exposure \$'000	% ¹	Fair value \$'000
Long Exposures – shares unless otherwise stated			
Taiwan Semiconductor Manufacturing			
Information Technology	55,808	7.0	55,808
Taiwanese semiconductor foundry			
HDFC Bank			
Financials	53,433	6.7	53,433
India-based Private bank			
AIA Group (long CFD)			
Financials	42,802	5.4	<1
Pan-Asian Insurer			
Alibaba Group Holding (option and long CFD)			
Consumer Discretionary	39,999	5.0	1,583
Chinese e-commerce and enterprise group			
China Mengniu Dairy (long CFD)			
Consumer Staples	37,813	4.7	4,153
Chinese dairy producer			
Samsung Electronics (shares and long CFD)			
Information Technology	33,368	4.2	13,635
South Korean diversified electronics company			
Zhejiang Sanhua Intelligent Controls 22/02/2024 (Equity Linked Note)			
Industrials	32,992	4.1	32,992
Chinese manufacturer of thermal components			
Infosys (long CFD)			
Information Technology	30,729	3.9	116
Indian IT services company			
First Quantum Minerals			
Materials	27,911	3.5	27,911
Copper miners with assets in Zambia and Panama			
Kweichow Moutai (shares and Equity Linked Note)			
Consumer Staples	27,389	3.4	27,389
Chinese baiju producer and distributor			
Kaspi.KZ			
Financials	26,561	3.3	26,561
Consumer finance, ecommerce and payments platform in Kazakhstan			
China Overseas Land & Investment			
Real Estate	24,373	3.1	24,373
Chinese real estate developer			
Naspers			
Consumer Discretionary	23,950	3.0	23,950
South African holding company specialising in internet investments			
Beijing Oriental (shares and Equity Linked Note)			
Industrials	23,765	3.0	23,765
Chinese waterproofing company			
SK Hynix			
Information Technology	23,685	3.0	23,685
South Korean leading memory producer			

	Asset Exposure \$'000	% ¹	Fair value \$'000
MediaTek			
Information Technology	23,624	3.0	23,624
Taiwanese tech design company			
Grupo Mexico SAB de CV (shares and long CFD)			
Materials	22,638	2.8	(1,040)
Copper and rail assets in Latin America			
Tencent Holdings (shares, long CFD and option)			
Information Technology	20,736	2.6	(1,177)
Chinese gaming and social media company			
Chailase Holding			
Financials	19,895	2.5	19,895
Taiwanese SME lender			
TravelSky Technology			
Information Technology	18,202	2.3	18,202
Chinese IT service provider to the travel industry			
Zhongsheng Group Holdings (long CFD)			
Consumer Discretionary	16,671	2.1	(557)
Chinese auto-dealer			
Localiza Rent a Car			
Industrials	15,851	2.0	15,851
Brazilian car rental company			
Fertiglobe			
Materials	15,746	2.0	15,746
Middle Eastern fertiliser producer			
Endeavour Mining			
Materials	15,041	1.9	15,041
Multi-national mining company			
Li Ning			
Consumer Discretionary	14,221	1.8	14,221
Chinese sportswear brand			
Banco Bradesco			
Financials	13,894	1.7	13,894
Brazilian Private sector bank			
Zhejiang Weixing New Building Materials			
Industrials	12,454	1.6	12,454
Chinese build materials company			
Armac Locacao Logistica E Servicos SA			
Industrials	12,004	1.5	12,004
Brazilian heavy equipment rental company			
Pepkor Holdings			
Consumer Discretionary	10,679	1.3	10,679
South African clothing retail			
Bank Central Asia			
Financials	10,611	1.3	10,611
Indonesian bank			
Daqo New Energy (shares and long CFD)			
Information Technology	10,318	1.3	3,013
Chinese polysilicon manufacturer			
Jubilee Metals Group			
Materials	10,033	1.3	10,033
Diversified mining company			

Forty Largest Holdings continued

	Asset Exposure \$'000	% ¹	Fair value \$'000
MTN Group			
Communication Services South African multinational mobile telecommunications company	9,853	1.2	9,853
Techtronic Industries (long CFD and option)			
Industrials Hong Kong based power tools company	9,421	1.2	(725)
Cielo SA			
Information Technology Brazilian merchant acquirer	8,824	1.1	8,824
Eicher Motors			
Consumer Discretionary Indian multinational automotive company vehicles	8,759	1.1	8,759
Vamos Locacao de Caminhoes Maquinas e Equipamentos SA			
Industrials Brazilian heavy equipment rental company	8,669	1.1	8,669
Bid			
Consumer Staples South African listed international food services group	7,995	1.0	7,995
B3 SA – Brasil Bolsa Balcao			
Financials Brazilian stock exchange	7,960	1.0	7,960
Alphamin Resources			
Minerals Tin producer with mining operations in Democratic Republic of Congo	7,744	1.0	7,744
Forty largest long exposures	836,421	105.0	590,927
Other long exposures	159,741	20.1	138,215
Total long exposures before hedges	996,162	125.1	729,142
Less: hedging exposures			
iShares MSCI India ETF (short CFD)	(7,938)	(1.0)	(97)
MSCI Emerging Markets Index (future)	(60,312)	(7.6)	(277)
Total hedging exposures	(68,250)	(8.6)	(374)
Total long exposures after the netting of hedges	927,912	116.5	728,768
Add: short exposures			
Short CFDs	188,830	23.7	4,967
Short call options	3,334	0.4	(286)
Total short exposures	192,164	24.1	4,681
Gross Asset Exposure²	1,120,076	140.6	
Portfolio Fair Value³			733,449
Net current assets (excluding derivative assets and liabilities)			63,312
Total Net Assets			796,761

¹ Asset Exposure expressed as a percentage of Net Assets.

² Gross Asset Exposure comprises market exposure to investments of \$727,342,000 (per Note 10 on page 59) plus market exposure to derivative instruments of \$392,734,000 (per Note 11 on page 60).

³ Portfolio Fair Value comprises investments of \$727,342,000 plus derivative assets of \$20,515,000 less derivative liabilities of \$14,408,000 (per the Statement of Financial Position on page 47).

Distribution of the Portfolio

Sector	% of Net Assets % ¹	Benchmark %
Information Technology	34.3	6.2
Financials	26.6	17.1
Consumer Discretionary	23.1	28.1
Industrials	17.6	5.8
Materials	17.5	3.9
Consumer Staples	14.6	5.6
Real Estate	5.0	4.4
Utilities	3.1	2.7
Energy	2.1	2.4
Communication Services	1.9	17.6
Healthcare	1.7	6.2
Minerals	1.0	-
Investment Funds	0.7	-
Total excluding hedging	149.2	100.0
Hedging	(8.6)	-
Total including hedging	140.6	100.0

¹ Asset Exposure expressed as a percentage of Net Assets.

Distribution of the Portfolio continued

Country	% of Net Assets % ¹	Benchmark %
China	39.6	35.4
Taiwan	15.4	14.5
India	12.6	12.7
Brazil	11.0	4.8
South Korea	10.2	11.2
Hong Kong	8.4	-
South Africa	7.9	3.5
Cayman Islands	5.8	-
United Kingdom	5.1	-
Canada	4.8	-
Mexico	3.3	2.1
United Arab Emirates	3.3	1.3
Kazakhstan	3.3	-
United States of America	2.1	-
Nigeria	2.0	-
Thailand	1.7	1.9
Indonesia	1.5	1.8
Japan	1.4	-
Bermuda	1.1	-
Democratic Republic of Congo	1.0	-
Mauritius	0.9	-
France	0.7	-
Vietnam	0.7	-
Germany	0.7	-
Jersey	0.7	-
Singapore	0.6	-
Saudi Arabia	0.5	4.3
Turkey	0.5	0.3
Austria	0.5	-
Luxembourg	0.5	-
Greece	0.4	0.2
Poland	0.3	0.6
Cyprus	0.3	-
Kuwait	0.2	0.8
Ireland	0.2	-
Malaysia	-	1.5
Qatar	-	1.0
Philippines	-	0.7
Chile	-	0.5
Peru	-	0.2
Hungary	-	0.2
Czech Republic	-	0.2
Colombia	-	0.2
Egypt	-	0.1
Total excluding hedging	149.2	100.0
Hedging	(8.6)	-
Total including hedging	140.6	100.0

¹ Asset Exposure expressed as a percentage of Net Assets.

Performance Attribution Analysis

Ten Highest Contributors to NAV total return		%
Russia Index hedge		+8.6
MSCI Emerging Markets Index hedge		+1.8
Natura & Co		+0.4
D-Market Electronic Services & Trading		+0.4
Fertiglobe		+0.4
Via		+0.4
Stoneco		+0.4
Zhejiang Sanhua Intelligent Controls		+0.4
Allegro		+0.3
China Overseas Land & Investment		+0.3
Ten Highest Detractors to NAV total return		%
TCS Group Holding		-6.9
Gazprom		-5.3
Kaspi.KZ		-3.7
Sberbank of Russia		-2.2
PhosAgro		-1.6
Samsung Electronics		-1.6
Taiwan Semiconductor Manufacturing		-1.5
HeadHunter Group		-1.3
HDFC Bank		-1.3
MediaTek		-1.1

Note: Derivative positions are included in the above investment positions.
Source: Fidelity International.

Five Year Track Record

For the year ended 30 June	2022	2021	2020	2019	2018
Investment Performance					
Net Asset Value per Participating Preference Share total return (%) ¹	-27.9	+24.8	-0.8	+9.0	+6.8
Share Price total return (%) ¹	-30.0	+30.0	-3.3	+11.1	+8.4
MSCI Emerging Markets Index total return (%)	-14.9	+26.4	-0.1	+5.4	+6.8
Assets					
Gross Asset Exposure (\$m) ¹	1,120.1	1,679.9	1,205.3	1,290.6	1,383.0
Net Assets (\$m)	796.8	1,699.1	1,235.8	1,305.3	1,408.5
Gross Gearing (%) ¹	40.6	n/a	n/a	n/a	n/a
Net Gearing (%) ¹	(7.6)	n/a	n/a	n/a	n/a
Net Asset Value per Participating Preference Share (\$)¹	8.75	13.99	10.17	10.75	10.44
Net Asset Value per Participating Preference Share (£)¹	7.20	10.13	8.23	8.44	7.90
Share Price data at year end					
Share Price (£)	6.34	9.19	7.18	7.57	6.97
Discount (%)¹	12.0	9.28	12.80	10.30	11.90
Earnings and Dividends paid					
Revenue Earnings per Participating Preference Share (\$)³	0.15	0.17	0.15	0.19	0.21
Capital (Loss)/Earnings per Participating Preference Share (\$)³	(5.11)	3.81	(0.53)	0.20	0.63
Total (Loss)/Earnings per Participating Preference Share (\$)³	(4.96)	3.98	(0.38)	0.39	0.84
Dividend per Participating Preference Share	\$0.16	\$0.18	\$0.17	\$0.19	\$0.19
Ongoing Charges^{1,2}	0.60	1.03	1.07	1.11	1.10

1 Alternative Performance Measures. Please see pages 76 and 77 and the Glossary of Terms on pages 84 to 86 for further details.

2 This ongoing charges figure is based on a reduced management fee for the year to 30 June 2022, and is anticipated to be circa 0.80% in future.

3 Calculated based on weighted average number of participating preference shares in issue during the year.

Sources: JPMorgan and Datastream

Past performance is not a guide to future returns.

Strategic Report

INVESTMENT STRATEGY AND POLICIES

Business and Status

The Company is a closed-ended investment scheme authorised by the Guernsey Financial Services Commission and is listed on the London Stock Exchange.

The Company was incorporated in Guernsey on 7 June 1989 and commenced business on 19 September 1989.

Reviews of the Company's activities are included in the Chairman's Statement on pages 2 to 3 and the Portfolio Managers' Investment Review on pages 4 to 8.

During the year to 30 June 2022, as set out below, the Company changed its management arrangements, although the Company remains focused on investing in emerging markets. The Directors anticipate that the Company will continue to operate in the same manner during the current financial year following the appointment of Fidelity.

Change of Manager and Investment Manager

The Board has invested considerable time and effort in considering the future direction for the Company in order to best serve the interests of the Company's shareholders as a whole.

With this in mind, the Board conducted an extensive review of the Company's management arrangements and reached the conclusion that Genesis Investment Management LLP should be replaced by FIL Investment Services (UK) Limited as the Company's Manager. This process included consultation with major shareholders.

FIL Investment Services (UK) Limited ('the Manager') was formally appointed on 4 October 2021.

The Manager has delegated the role of Investment Manager to FIL Investments International ('Fidelity International', the 'Investment Manager'). Both the Manager and Investment Manager are part of the FIL Group of companies, collectively 'Fidelity'.

Investment Objective and Policy

(for the period from 1 July 2021 to 3 October 2021)

The Company's investment objective was to achieve long-term capital growth, primarily through investment in listed equity markets of emerging countries.

The Company sought to identify high-quality companies in emerging markets and invest in them at attractive discounts to their intrinsic value.

Following shareholder approval at the EGM of the Company held on 1 October 2021 the Company's investment objective and policy is now as follows:

Investment Objective (for the period 4 October 2021 onwards)

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

Investment Policy

The Company seeks to meet its investment objective through investment in a diversified portfolio of equity or equity-linked securities and derivative instruments providing exposure to emerging market companies.

The Manager integrates sustainability analysis into its investment process and promotes environmental and social characteristics in respect of the companies in which it invests.

Investment minimum constraints

At least 80% of the Company's total assets (measured at the time of investment) will be exposed to companies that have their head office in, are listed in or with assets, operations, income or revenues that are predominantly in or derived from emerging markets.

The Company is not subject to any geographical or sector limits, although the Manager will maintain a diversified portfolio of a minimum of 75 holdings (comprised of a mixture of long and short exposures) in companies listed in or operating across at least 15 countries.

Fidelity is not required to seek to ensure that the Company's cash resources are fully invested at all times. Accordingly, there may be times when the Company holds cash or money market instruments pending investment. The Company's net market exposure will not fall below 90% of the Company's net assets save to the extent that the Manager is required to realise cash to fund a tender offer or other return of capital.

Permitted instruments

The Company may invest through equities, index linked securities, contracts for difference (CFD), equity linked and other debt securities, cash deposits, money market instruments, equity related securities, foreign currency exchange forward transactions and other interests including derivative instruments. The Company may invest directly in China A and B Shares and invest in Non-Voting Depositary Receipts, American Depositary Receipts, Global Depositary Receipts and Equity Linked Notes. References to "companies" in this investment policy may include operating businesses that are not in corporate form.

Forward transactions and derivatives, including futures, options, swaps and contracts for difference, may be used to enhance portfolio performance as well as for efficient portfolio management and hedging.

The Company may invest in unlisted securities and in other investment funds, subject to the investment restrictions set out below.

Investment Restrictions

The Company will invest and manage its assets with an objective of spreading risk with the following investment restrictions:

- no single or aggregate interest in any one company shall represent more than 15% of total assets (measured at the time of investment);
- no more than 15% of total assets (measured at the time of investment) may be invested in unlisted securities;

Strategic Report continued

- up to 15% of total assets (measured at the time of investment) may be invested in other listed or unlisted investment funds where such funds offer the only practicable means of gaining exposure to a particular emerging market, including other funds managed or advised by the Manager or its associates;
- up to 20% of total assets (measured at the time of investment) may be invested in securities and instruments which provide exposure to companies which do not have their head office in, are not listed in or whose assets or operations are not predominantly in emerging markets, provided that a material proportion of the income or revenues of each such company derives from emerging markets.

Although the Company has no present intention to make any such investments, for so long as required by the Listing Rules, no more than 10% of the Company's total assets (measured at the time of investment) may be invested in other London-listed closed ended funds that do not have stated policies to invest no more than 15% of their total assets in other London-listed closed ended funds.

Leverage and derivatives

The Company may be geared through (i) borrowing of up to 10% of its net asset value and/or (ii) by entering into derivative positions (both long and short) which have the effect of gearing the Company's portfolio, to enhance performance.

Derivatives usage will focus on, but will not be limited to the following investment strategies:

- as an alternative form of gearing to bank loans, for instance by the use of long CFDs;
- to enhance the investment returns by taking short positions in stocks or markets that the Manager considers to be over-valued or impaired;
- to enhance positions, manage position sizes and control risk through the use of options;
- to hedge equity market risks where suitable protection can be purchased to limit the downside of a falling market at a reasonable cost; and
- to gain or hedge currency exposure, both long and short, using foreign currency exchange forward transactions.

The Company is subject to the following limits in respect of its use of derivatives:

- Net Market Exposure will not exceed 120% of the net asset value of the Company.
- Gross Asset Exposure will not exceed 165% of the net asset value of the Company.
- In normal market circumstances, the Company expects that the Manager will maintain a Net Market Exposure in the range of 100% to 110%.

Exposure Definitions

- Long Exposure is the value of the Company's direct and indirect investments in long positions (including the economic value of the exposure to the reference asset of any derivative instrument).
- Short Exposure is the value of the Company's direct and indirect investments in short positions (including the economic value of the exposure to the reference asset of any derivative instrument), excluding Hedges.
- Hedges are short positions that demonstrate risk-reduction qualities by offsetting long positions held by the Company which have regional congruence and a correlation of at least 80% to the Long Exposure of the Company.
- Net Market Exposure is the net positive market exposure of the Company's portfolio, whether through direct or indirect investment, with short and hedge positions subtracted from long positions. It is calculated as (Long Exposure - Hedges) - Short Exposure.
- Gross Asset Exposure is the total market exposure of the Company's portfolio, whether through direct or indirect investment. It is calculated as: (Long Exposure + Short Exposure) - Hedges.

Benchmark Index

The Company's benchmark is the MSCI Emerging Markets (Total Return) Index.

Life of the Company

The Company has committed to hold a continuation vote in 2026 and every five years thereafter. The Company will propose the continuation vote at its annual general meeting in the relevant year and, if the continuation vote is not passed, will thereafter present proposals to shareholders in respect of the future of the Company.

Management

The Company has no employees or premises and the Board is comprised of non-executive Directors. During the year under review, the majority of day-to-day operations and functions of the Company were delegated to GIML, followed by Fidelity, and to third party service providers who are subject to the oversight of the Board. There are therefore no disclosures to be made in respect of employees.

During the year under review GIML, followed by Fidelity, 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 checks that they have appropriate frameworks in place for the oversight of their internal controls, monitoring and reporting.

With effect from 4 October 2021, the day-to-day operations and functions of the Company previously delegated to GIML have been undertaken by Fidelity.

PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES, RISK MANAGEMENT

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

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

Key emerging issues that the Board has identified include; rising geopolitical tensions, including contagion of the Ukraine crisis or tensions between China and Taiwan into the wider region or an increase in tensions in the South China Sea; rising inflation and the so-called cost of living crisis impacting demand for UK-listed shares; and climate change, which is one of the most critical emerging issues confronting asset managers and their investors. The Board notes that the Manager monitors these issues, and has integrated macro and ESG considerations, including climate change, into the Company’s investment process. Further details are on pages 10 to 13. The Board will continue to monitor how this may impact the Company as a risk, the main risk being the impact on investment valuations.

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

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
Volatility of Emerging Markets and Market Risks	<ul style="list-style-type: none"> The economies, currencies and financial markets of a number of developing countries in which the Company invests may be extremely volatile. Further risks on emerging markets from rising inflation, a resurgent pandemic and tightening financial conditions exacerbated by the war in Ukraine. Market volatility from worsening Chinese/ Taiwanese relations that could prompt the US to intervene. US imposed Executive Orders prohibiting US investments in certain Chinese companies and the passing of the Holding Foreign Companies Accountable Act (HFCAA). Rising geopolitical tensions, including contagion of the Ukraine crisis or tensions between China and Taiwan into the wider region. The Chinese economy and global supply chains, remain vulnerable to China’s zero COVID policy and the continued use of localised lock downs. Regulatory measures impacting the IT sector and a lingering weakness in the real estate sector. 	<ul style="list-style-type: none"> The Company’s investments are geographically diversified in order to manage risks from adverse price fluctuations. Russian securities already held at nil value. The exposure to any one company is unlikely to exceed 5% of the Company’s net assets at the time the investment is made. Review of material economic or market changes and major market contingency plans for extreme events. China’s increasing integration into the global financial system and into global supply chains. Companies that were solely listed in the US are listing on the HK or mainland markets. 	Increasing

Strategic Report continued

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
Investment Performance Risk	<ul style="list-style-type: none"> The Portfolio Manager fails to outperform the Benchmark Index over the longer-term. 	<ul style="list-style-type: none"> An investment strategy overseen by the Board to optimise returns. A well-resourced team of experienced analysts covering the market. Board scrutiny of the Manager and the ability in extreme circumstances to change the Manager. 	Increasing
Cybercrime and Information Security Risks	<ul style="list-style-type: none"> Cybersecurity risk to the functioning of global markets and to national infrastructure, as a targeted attack or overspilling from the Russia/Ukraine war. Cybersecurity risk from COVID-19 or successor pandemics affecting the functioning of businesses and global markets. External cybercrime threats such as spam attacks and DDoS (Distributed Denial of Service) attacks and reputational risk arising from accidental data leakage. 	<ul style="list-style-type: none"> The risk is monitored by the Board with the help of the extensive Fidelity global cybersecurity team and assurances from outsourced suppliers. Development of systems and procedures by the AIFM resulting from the experience of the COVID-19 pandemic and cyber activity following the Russian invasion of Ukraine. 	Increasing
Business Continuity & Event Management Risks	<ul style="list-style-type: none"> The COVID-19 pandemic continues to pose risks to the Company (albeit reducing in part), such as liquidity risks to markets, risks associated with the maintenance of the current dividend policy and business continuity risks for the Company's key service providers. The Russian/Ukraine conflict has increased the risk for working from home or in offices, specifically concerning the potential loss of network outages. 	<ul style="list-style-type: none"> Event and Crisis Management teams meet regularly to ensure readiness for a multitude of scenarios, including communication, power failure and the potential escalation of conflicts and actions taken by other nations including Russia, China and other emerging markets. Digital teams continue to maintain solutions to allow business continuity and operational. 	Stable
Gearing Risk	<ul style="list-style-type: none"> The Portfolio Manager fails to use gearing effectively, in a failure to outperform in a rising market or to underperform in a falling market. 	<ul style="list-style-type: none"> The Board sets a limit on gearing and provides oversight of the Manager's use of gearing. 	Stable
Discount to Net Asset Value (NAV) Risk	<ul style="list-style-type: none"> The share price performance lags NAV performance. The Board fails to implement its discount management policy. Rising energy costs and cost of living crisis impact on retail demand for shares. 	<ul style="list-style-type: none"> The Board reviews the discount on a regular basis and has the authority to repurchase shares so shares can trade at a level close to the NAV. If the NAV for the five years ending 30 September 2026 does not exceed the Benchmark Index, the Company will make a tender offer of up to 25% of the shares in issue at that time. 	Stable
Unlisted Securities Risk	<ul style="list-style-type: none"> Market conditions may not permit unlisted companies to come to IPO and achieve marketability. Potential for less stringent standards of governance compared with those of listed entities. Higher degree of valuation and performance uncertainties and liquidity risks. 	<ul style="list-style-type: none"> The Company has a limit on the extent of the investment in unlisted companies and has not yet purchased any new pre-IPO stocks under its new investment policy. Scrutiny by the Board's Audit and Risk Committee of the carrying value of unlisted securities. 	Stable

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
Foreign Currency Exposure Risk	<ul style="list-style-type: none"> The functional currency in which the Company reports its results is US dollars, whilst the underlying investments are in different currencies. The value of assets is subject to fluctuations in currency rates and exchange control regulations. 	<ul style="list-style-type: none"> The Portfolio Manager does not hedge the underlying currencies of the holdings in the portfolio but will take currency risk into consideration when making investment decisions. 	Stable
Lack of Market Liquidity Risk	<ul style="list-style-type: none"> Low trading volumes on stock exchanges of less developed markets. Lack of liquidity from temporary capital controls in certain markets. Exaggerated fluctuations in the value of investments from low levels of liquidity. 	<ul style="list-style-type: none"> Restrictions on concentration and diversification of the assets in the Company's portfolio to protect the overall value of the investments and lower risks of lack of liquidity. 	Stable
Environmental, Social and Governance (ESG) Risk	<ul style="list-style-type: none"> The adoption of international standards may adversely impact the profitability of companies in the portfolio. The Manager fails to meet its regulatory requirements on ESG, including climate risk, in relation to the Company. Higher degree of valuation and performance uncertainties and liquidity risks. 	<ul style="list-style-type: none"> Fidelity has adopted a sophisticated and comprehensive system for analysing ESG risks, including climate risk, in investee companies. The Portfolio Manager is active in analysing the effects of ESG when making investment decisions. 	Stable
Key Person Risk	<ul style="list-style-type: none"> Loss of the Portfolio Manager or other key individuals could lead to potential performance and/or operational issues. 	<ul style="list-style-type: none"> Succession planning for key dependencies. Depth of the team within Fidelity. Experience of the analysts covering the Company's investments. 	Stable

Other risks facing the Company include:

Tax and Regulatory Risks

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

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

Operational Risks

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

Strategic Report continued

VIABILITY STATEMENT

In accordance with provision 35 of the 2019 AIC Code of Corporate Governance the Directors have assessed the prospects of the Company over a longer period than the twelve month period required by the "Going Concern" basis. The Company is an investment fund with the objective of achieving long-term capital growth investing in emerging markets. The Board considers long-term to be at least five years, and accordingly, the Directors believe that five years is an appropriate investment horizon to assess the viability of the Company, although the life of the Company is not intended to be limited to this or any other period. In making an assessment on the viability of the Company, the Board has considered the following:

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

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

The Company's performance for the five year reporting period to 30 June 2022 is notably behind the Benchmark Index, with a NAV total return of -27.9%, a share price total return of -30.0% compared to the Benchmark Index total return of -14.9%, but the Board notes the significant impacts of the war in Ukraine, which it believes to be idiosyncratic and unlikely to be repeated in the near term.

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

- The Investment Manager's compliance with the Company's investment objective and policy, its investment strategy and asset allocation;
- The fact that the portfolio comprises sufficient readily realisable securities which can be sold to meet funding requirements if necessary;
- The Board's discount management policy; and

- The ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets.

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

In preparing the Financial Statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risk identified within the ESG Risk on page 27. The Board has also considered the impact of regulatory changes and how this may affect the Company. In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement which is included in the Directors' Report on page 36.

Duty to promote the success of the Company

A director of a company must act in a way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other things) to:

- The likely consequences of their decisions in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

As an externally managed investment company, the Company has no employees or physical assets. The key stakeholders in the Company are its shareholders, the Manager, the Investment Manager, and other third party service providers.

The Board seeks to ensure high standards of business conduct are adhered to by all of the Company's service providers and that agreed service levels are met.

The Board is responsible for promoting the long-term success of the Company for the benefit of all stakeholders and in particular its shareholders. Although the majority of the day-to-day activities of the Company are delegated to the Manager, Investment Manager, and other third party service providers, the responsibilities of the Board are set out in the schedule of matters reserved for the Board and the relevant terms of reference of its committees, all of which are reviewed regularly by the Board.

To ensure that the Board is able to discharge this duty, the Manager, Investment Manager and other third party service providers are required to provide the Board with regular updates. In addition, Directors, or the Board as a whole, have the authority to seek advice from professional advisers including the Company Secretary and independent external advisers as well as attend any relevant training seminars.

The investment management function is critical to the long-term success of the Company. During the period under review, the Board monitored the performance of GIML and Fidelity against key performance indicators. The Board received updates from GIML and Fidelity on the performance of the Company at each Board meeting with additional performance updates being provided on a monthly basis. In addition to performance updates, the Board received regular updates on the marketing of the Company from both GIML and Fidelity and the Company's brokers. As part of these updates the Board received and considered feedback from its shareholders.

During the period under review, GIML and Fidelity and the Company's corporate brokers held periodic meetings with the Company's major shareholders to discuss aspects of the Company's positioning, performance and outlook. Members of the Board were available to attend meetings with shareholders upon request.

The Board also received updates from its key third party service providers at each Board meeting, the main purpose of which is to ensure that the services provided to the Company remain in line with expectations and are to the benefit of its shareholders.

The Board also considered the impact of the Company's decisions on the environment and the community. The Board received updates on ESG matters from GIML and Fidelity and discussed how ESG factors are taken into account by GIML and Fidelity as part of its selection process of investee companies.

The Board recognises the need for good communications with its shareholders and is committed to listening to their views. The primary medium through which the Company communicates with shareholders is through its Annual and Half Year Financial Reports. Monthly factsheets are also produced. Company related announcements are released via the Regulatory News Service ('RNS') to the London Stock Exchange. All of the aforementioned information is available on the Company's website www.fidelity.co.uk/emergingmarkets.

In addition to the annual general meeting, all shareholders are invited to attend the Company's annual information meeting. This provides shareholders with the opportunity to interact directly with the Board.

The Board can be reached via either the Investment Manager or the Company Secretary at the addresses on page 80 of this report.

Examples of the principal decisions taken by the Board during the year under review (and post year-end) are as follows:

Change of Manager and Investment Manager – following the underperformance of the Company against its benchmark over five years, the Board decided to undertake a thorough review of its investment management arrangements. In June 2021, the Company's brokers were instructed to invite tenders to provide investment management services to the Company. Following a competitive tender process, the Board announced that it had selected FIL Investments Services (UK) Limited as Manager of the Company, with the investment management of the Company to be undertaken by FIL Investments International, collectively 'Fidelity'. Fidelity has a depth of expertise in emerging markets, and a proven track record of managing and growing investment trusts. The Board believes that the Company will benefit considerably from Fidelity's brand, and its ability to attract a larger range of shareholders with its significant and broad ranging marketing resource. In addition, the appointment of Fidelity brings a significant saving in ongoing management fees from 0.90 per cent to 0.60 per cent. of net asset value.

The activities and processes performed by Fidelity following its appointment on 4 October 2021 are expected to be broadly consistent with those provided by GIML with the addition of activities relating to derivatives trading.

Covid-19 – The Board continues to review emerging risks that could have a potential impact on the operational capability of the Investment Manager and the Company's other key service providers. During the year under review, the Board received updates from GIML (up until their resignation) and Fidelity and other key service providers confirming that they continued to service the Company in line with service level agreements and have suitable arrangements in place to ensure that they can continue to provide their services to the Company during the ongoing pandemic.

Succession Planning – as previously detailed in the Chairman's Statement on pages 2 and 3, and in the Nomination Committee's Report on page 41, both Helene Ploix and Sujit Banerji will retire as Directors of the Company following the conclusion of the 2022 AGM. Russell Edey has also indicated his intention to retire from the Board in 2023. Having engaged the services of executive head-hunter, our search for his successor, as Chairman of the Audit Committee, is already underway and it is anticipated that a new director will be appointed before the end of 2022 to ensure a smooth handover.

Marketing – marketing has continued in support of widening the Company's shareholder base. The Board agreed that the ongoing marketing of the Company was a key consideration of the tender process, and it is hoped that the Company will benefit considerably from Fidelity's brand, and its marketing resources.

The Board is committed to the long term success of the Company for the benefit of its shareholders, however in doing so it also has regard to the impact of its actions on all of its stakeholders. The Board takes into account section 172 considerations in all material decisions of the Company.

Strategic Report continued

Diversity

The Company's policy on board diversity is included in the Nomination Committee's Report on page 41.

Environmental, Social and Governance Factors

During the year under review, the Fidelity investment team assessed ESG factors, including climate-related risks and opportunities, in the context of materiality, mindful of the Sustainability Accounting Standards Board framework. Sector Specialists are responsible for assessing the materiality and relevance of ESG factors in their respective sectors and providing an ESG framework to the team. Each Portfolio Manager ('PM') is individually responsible for the integration of the relevant ESG factors into their investment analysis of a company, before investing in a company and throughout the investment period.

Fidelity's Annual Stewardship Report 2021 (formally the Annual ESG Report) can be found on their website, www.fidelity.co.uk/responsible-investing. The Stewardship report contains more information on ESG integration in the portfolio as well as Fidelity's approach to stewardship and a qualitative review of the top ten portfolio positions including the company-level ESG metrics.

Similarly, Fidelity is committed to ESG and incorporates ESG factors into its investment process. Details can be found at www.fidelity.co.uk/responsible-investing.

Signed on behalf of the Board

Hélène Ploix

6 October 2022

Board of Directors



Hélène Ploix

Chairman, Member of the Audit and Risk Committee, Chairman of the Nomination Committee

Appointed 2 November 2012

Retiring as Chairman at the next AGM



Hélène Ploix (French) 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), She also founded a Private Equity Company and managed it for 25 years until it was sold in December 2021.

Hélène has also worked at cross-border companies (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). Currently she is a Non-Executive Director of Ferring (Switzerland) and SES-imagotag, other current directorships include Non-Executive Chairman of Sogama Crédit Associatif and was previously at a number of other companies, including Sofina, 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. She is based in France.

Meeting Attendance Board: 4/4, Audit and Risk Committee: 3/3, Nomination Committee: 1/1



Russell Edey

Director, Chairman of the Audit and Risk Committee, Senior Independent Director

Appointed 1 January 2015

To retire from the Board in 2023



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 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.

Meeting Attendance Board: 4/4, Audit and Risk Committee: 3/3, Nomination Committee: 1/1



Sujit Banerji

Director

Appointed 31 October 2013

To retire after 2022 AGM



Sujit Banerji (Indian) is an independent advisor on corporate strategy to a number of companies in the finance and finance-related technology sectors. He is based out of Singapore and his activity is concentrated in Asia and in the Middle East. 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'). He has also served as the country and region head for Citi in India, and as the head of the corporate business in Thailand. Over the course of his career, he has been based in Bangladesh, Belgium, India, Singapore, Thailand and the United Kingdom. He was educated at the University of Poona (Pune) and the University of Bombay (Mumbai).

Meeting Attendance Board: 4/4, Audit and Risk Committee: n/a, Nomination Committee: 3/3



Katherine Tsang

Director

Appointed 19 July 2017



Katherine Tsang (Canadian) spent 22 years with Standard Chartered Bank, latterly in the role of Chairperson of Greater China, before retiring in 2014. Following her retirement, Ms Tsang founded Max Giant that trades in different markets as well as making direct investments in Asia. Currently, Ms Tsang is the Chief Executive Officer of HK Acquisition Corporation, she is also an Independent Non-Executive Director at China CITIC Bank International Limited, Fosun International Limited and Budweiser Brewing Company APAC Limited.

She also serves as a member of the Advisory Council for China of the City of London, and is an honorary Board member of Shanghai Jiao Tong University. Previous Directorship has included serving as an independent Non-Executive Director of Gap Inc., and Baoshan Iron & Steel Co. Limited, a member of the World Economic Forum's Global Agenda Council on China, and a member of Sotheby's Advisory Board. Katherine currently resides in Hong Kong.

Meeting Attendance Board: 4/4, Audit and Risk Committee: n/a, Nomination Committee: 1/1

Committee membership key

Audit and Risk Management Engagement Nomination Committee Chair

Board of Directors continued



Torsten Koster
Director, Member of the Audit and Risk Committee
Appointed 1 July 2020



Torsten Koster (Swiss) has over 30 years' experience working for large multi-national companies. He spent two periods at Nestle SA (1991-1997 and 2003-2016). During his second term Torsten held the positions of Chief Financial Officer Nestle Russia & Eurasia between 2007-2011 and Chief Financial Officer Nestle Nespresso SA from 2011-2016. He also held the positions of Chief Financial Officer at Lukoil SA for three years from 1998-2000 and subsequently at Elca Informatique SA between 2000-2003. In 2016 Torsten founded his own consultancy business, Baussan Concept SA which specialized in providing due diligence and portfolio services to European and US based private equity firms.

Torsten has held a number of Board member roles while at SodaStream International from 2016-2018 (NASDAQ:SODA) with his current directorship as a board member at Banque Heritage SA and Natra SA (both of which are unlisted entities). He holds a Masters degree from HEC Lausanne.

Meeting Attendance Board: 4/4, Audit and Risk Committee: 3/3, Nomination Committee: 1/1



Dr Simon Colson
Director
Appointed 1 July 2019



Dr Simon Colson (British) has over 30 years' experience in financial markets, working in investment banking, investment management and financial consulting. From 1995-2001 he was Managing Director, Deutsche Bank AG London, in charge of closed-end fund origination and distribution, and in previous roles was responsible for the launch, restructuring and repurposing of a significant number of investment companies. From 2002-2005 he was a non-executive director of The Association of Investment Companies. In 2002 he founded his own FCA regulated consulting and distribution business which raised assets for emerging managers across a range of traditional and alternative asset classes (including closed-end funds). In 2017 he relinquished his FCA license to concentrate on unregulated advisory and non-executive work. He is a qualified Medical Doctor and holds an MBA in Finance & Investment from Bayes Business School (University of London). Dr Colson resides in the UK.

Meeting Attendance Board: 4/4, Audit and Risk Committee: n/a, Nomination Committee: 1/1



Heather Manners
Director
Appointed on 5 May 2022



Heather Manners (British) is an award-winning market professional with some 34 years' experience of investment in Asia, mostly recently, and for the past 15 years as the co-founder, CEO and CIO of Prusik Investment Management. Heather is also a non-executive director of Montanaro Asset Management and Collidr Asset Management respectively and previously was a non-Executive Director of Aberdeen New Dawn. Heather began her career at Henderson Global Investors Limited where, latterly, she was Head of Asia and Emerging Markets

Meeting Attendance Board: 0/0*, Audit and Risk Committee: 0/0* Nomination Committee: 0/0*

* Appointed to the Board of Director on 5 May 2022

Committee membership key

Audit and Risk Management Engagement Nomination Committee Chair

Directors' Report

The Directors present their thirty-third Annual Financial Report of the Company, covering the year ended 30 June 2022.

FINANCIAL PERFORMANCE

The results and reserve movements for the year are set out in the Statement of Financial Position and Statement of Comprehensive Income on pages 47 and 48 and the Notes to the Financial Statements on pages 51 to 75.

Results and Dividends

The loss for the year for the Company amounted to \$497,482,000, this compared to a profit of \$483,970,000 in the previous year. Refer to Fidelity International's Portfolio Managers Review on pages 4 to 8 for an explanation of the Company's performance.

The Directors propose a dividend of \$0.16 per Participating Preference Share in respect of the year ended 30 June 2022 (2021: 18.0¢). If approved by shareholders at the AGM on 8 December 2022, the dividend will be payable on 16 December 2022 to shareholders on the register at close of business on 18 November 2022. The ex-dividend date is 17 November 2022.

Capital Values

At 30 June 2022, the value of Equity Shareholders' Funds was \$796,761,000 (2021: \$1,699,075,000) a decrease of \$902,314,000. The Net Asset Value per Participating Preference Share was \$8.75 (2021: \$13.99).

Key Performance Indicators

The Financial Highlights and Performance section pages inside the front cover show the Company's Key Performance Indicators including its performance and discount to its NAV over the last five years.

SHAREHOLDERS

Notifiable Interests in the Company's Voting Rights

During the financial year, the following shareholders declared a notifiable interest in the Company's voting rights:

Shareholders	Participating Preference Shares held	% Shares held in Issue	Date of notification
City of London Investment Management	25,973,014	28.51	26 October 2021
Lazard Asset Management LLC	6,503,021	7.138	28 October 2021
Wells Fargo & Company	-	-	1 November 2021
Allspring Global Investments Holdings, LLC	9,901,955	10.87	2 November 2021
City of London Investment Management	26,436,253	29.02	15 June 2022

The following updates to notifiable interests in the Company's voting rights have been declared post the financial year-end:

Shareholders	Participating Preference Shares held	% Shares held in Issue	Date of notification
None	-	-	-

As at 31 August 2022, the Board is also aware of the following significant holdings in the Company

Shareholder	Participating Preference Shares Held	% Shares in Issue
City of London Investment Management	26,864,474	29.49
Strathclyde Pension Fund	19,535,818	21.44
Allspring Global Investments	11,627,378	12.37
Lazard Asset Management	9,877,556	10.84
1607 Capital Partners	2,972,271	3.26

Note: All of the above % Shares in Issue are calculated based on the number of shares in issue as at 31 August 2022, being 91,100,066 Participating Preference Shares.

Directors' Report continued

Corporate Governance

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

The Company is a member of the Association of Investment Companies ('AIC') and the Board has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance ('AIC Code'). The AIC Code addresses the Principles and Provisions set out in the 2018 UK Corporate Governance Code ('UK Code'), as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission provides more relevant information to shareholders.

The Company 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.

As a Guernsey incorporated company with a premium listing on the London Stock Exchange within the FTSE 250, the Company is required to comply with Listing Rule 9.8.7 (for overseas incorporated companies). This requires the Company to state how it has applied the main principles set out in the 2018 UK Corporate Governance Code (the 'UK Code') and whether it has complied with these provisions throughout the accounting period.

Statement of Compliance

The Board confirms that during the year under review, the Company has complied with the provisions of the AIC Code and therefore, insofar as they apply to the Company's business, with the provisions of the 2018 UK 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 were delegated to the Manager, Investment Manager, and other third party service providers, the Company does not have a Chief Executive.
- **Executive Directors' remuneration**
As the Board has no executive Directors, it is not required to comply with the principles of the UK Code in respect of executive Directors' remuneration and does not have a Remuneration Committee.
- **Nomination Committee**
All Directors are members of the Nomination Committee. Given the size of the Board, the Board believes that it is important that all Directors are involved in the evaluation and appointment of new Directors from an early stage.
- **Internal audit function**
As the Company has no employees and delegates its day-to-day operations to the Manager, Investment Manager, and other third party service providers, 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

Company's systems of internal controls in order to provide assurance that they operate as intended.

- **Workforce policies and practices**
As the Company has no employees and delegates its day-to-day operations to the Manager, Investment Manager, and other third party service providers, it is not required to comply with this provision.

The Board is committed to the continuing compliance with the AIC Code.

REGULATORY DISCLOSURES

The Alternative Investment Fund Managers Directive ('AIFMD')

Fidelity International Investment Management is a limited liability partnership organised under the laws of England and Wales and qualifies as an EU alternative investment fund manager ('AIFM'). Article 22 of AIFMD requires certain qualitative and quantitative disclosures on remuneration to assist the understanding of the risk profile of the Company. Details of Fidelity International's Remuneration Policy during the year under review and amounts attributable to the Company are available on page 82.

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 Company.

Significant votes against at the EGM held on 1 October 2021

The resolution to approve the Company's new investment objective and investment policy which was passed at the Company's EGM held on 1 October 2021 had more than 20% of votes cast against the resolution. Provision 4 of the UK Corporate Governance Code states that when 20% or more of votes have been cast against a resolution recommended by a company's board of Directors, the relevant company should explain what actions it intends to take to consult with shareholders in order to understand the reasons behind the result, to provide an update on the consultation no later than six months after the shareholder meeting and to provide a final summary in the company's annual report on what impact the consultation has had on the decisions the board has taken. As announced by the Company at the time, the Board and its advisors consulted extensively with shareholders in advance of the EGM in respect of the decision to appoint Fidelity International as the Company's Investment Manager, including on the basis of the amended investment policy, and do not propose to consult further in that respect. The Board notes that the principal reason for the size of the vote against the resolution was because a significant shareholder of the Company, who held in excess of 20% of the Company's shares at the time of the vote, was opposed to the change of investment policy. The Board will continue to consult with shareholders on all important matters.

ANNUAL GENERAL MEETING

This year's AGM will be held on Thursday, 8 December 2022 at 11:00 a.m. at the registered office of the Company, 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St Peter Port, Guernsey GY1 6JB.

In addition to the ordinary business to be conducted at the meeting, the following special business will be proposed:

Resolutions 12-13: Authority to purchase own shares (special resolutions)

Resolution 12 is seeking to renew authority to purchase through the London Stock Exchange Participating Preference Shares representing 14.99% of the issued share capital of the Company. The decision as to whether the Company purchases any such shares will be at the discretion of the Board. Purchases of Participating Preference Shares will be made within the guidelines permitted by the UK Listing Authority. Any Participating Preference Shares which are repurchased may be held in treasury.

If held in treasury, these shares may subsequently be cancelled or sold for cash at above their net asset value at the time of sale.

Special Resolutions Resolution 12

The Directors are seeking to renew the authority to purchase shares in the market of up to 13,655,899 Participating Preference Shares (respectively equivalent to 14.99 per cent. of the shares of the issued number of Participating Preference Shares at the date of this document or, if lower, such number as is equal to 14.99% of the issued number of Participating Preference Shares at the date of passing the resolution).

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.

The authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2023 unless such authority is renewed prior to such time.

The Company 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.

Resolution 13

Resolution 13 disapplies the pre-emption rights contained in the Articles so that the Board has authority to allot and issue (or sell from treasury) shares for cash on a non-pre-emptive basis in respect of 9,110,006 Participating Preference Shares (equivalent to 10 per cent. of the Participating Preference Shares in issue as at the latest practicable date prior to the date of publication of this document (excluding in each case shares held in treasury)). The disapplication expires on the date falling fifteen months after the date of passing of Resolution 14 or the conclusion of the next annual general meeting of the Company, whichever is the earlier and permits the Board to allot and issue shares (or sell shares from treasury) after expiry of the disapplication if it has agreed to do so beforehand. Shares issued (or sold from treasury) pursuant to the disapplication would not be issued at a price that is less than the prevailing net asset value per share of the relevant class.

The resolution to approve disapplication of pre-emption rights in respect of issues of shares for cash is set at 10 per cent. of the Participating Preference Shares in issue (excluding shares held in treasury). As the issue of such shares (or sale from treasury) by the Company on a non-pre-emptive basis is subject to the additional qualification that the relevant shares must be issued for a price at

least equal to the prevailing net asset value for the relevant class of shares, the Board believes that the existing authority to issue new shares for cash equal to 10 per cent. of the Participating Preference Shares in issue (excluding shares held in treasury) is appropriate.

The Directors have no present intention to exercise the authority conferred by Resolution 13.

Resolution 14

THAT the Articles of the Company be amended as follows:

- (a) the words "a majority of Directors shall not be resident in the United Kingdom" shall be deleted from Article 87;
- (b) the words "provided that a majority of those Directors participating in the call are resident outside the United Kingdom" shall be deleted from Article 109(2);
- (c) the words "PROVIDED THAT such resolution shall not be valid if a majority of the signatories is resident in and/or has given his signature in the United Kingdom" shall be deleted from Article 113; and
- (d) Article 96(f) and Article 111(ii) shall be deleted.

Recommendation

The Board considers that the passing of all resolutions being put to the Company's AGM would be in the best interest of the Company and its shareholders as a whole. It therefore recommends that shareholders vote in favour of resolutions 1 to 14, as set out in the Notice of Annual General Meeting.

THE BOARD

The Board, chaired by Hélène Ploix, currently consists of seven non-executive Directors, all of whom are considered independent of Fidelity Emerging Markets Limited and the Investment Manager. Hélène Ploix was considered independent on appointment. The biographies of the Directors are shown on pages 31 and 32. Prior to the appointment of Heather Manners on 5 May 2021, the Board consisted of six Directors. However, the Board has concluded that it should revert to five members post the 2023 AGM.

The Directors feel that since they do not have executive roles, it is not necessary to establish a separate Remuneration Committee. There is also no separate Management Engagement Committee as the Board, as a whole, regularly meets with Fidelity Emerging Markets, the Administrator and the Company Secretary to discuss their performance.

Russell Edey is the Senior Independent Director and current Chair of the Audit and Risk Committee. Having served on the Audit and Risk Committee for 7 and a half years he will be retiring from the Board during year-end 2023. Russell is also currently a member of the Nomination Committee. The report of the Audit and Risk Committee can be found on pages 39 and 40 and the report of the Nomination Committee can be found on pages 41 and 42 respectively.

The Board regularly reviews both the performance of, and the contractual arrangements with FIL Investments International as Investment Manager. The management agreement sets out matters over which Fidelity International has authority and includes management of the Company's assets and the provision of administrative duties

Directors' Report continued

As noted on page 39, 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 FIL Investments International who provides the Board with appropriate and timely information. Attendance at those meetings is given below each Director's biography on pages 31 and 32. Note that attendance at a Board or Committee meeting by proxy does not count as formal attendance (although it does count towards a quorum).

Directors' Insurance and Indemnification

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

Company Secretary

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

OTHER MATTERS

Voting Policy

During the year under review, and up until the change of manager on 4 October 2021, the Board authorised GIML discretion to exercise the Company's voting rights in respect of resolutions proposed by investee companies, from that date on, the authority was granted to Fidelity.

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

With effect from 4 October 2021, the Board has authorised Fidelity to exercise the Company's voting rights in respect of resolutions proposed by investee companies.

Details of Fidelity's voting policy can be found at www.fidelity.co.uk/responsible-investing.

Borrowing Facilities

The Articles of Incorporation permit the Company to borrow up to 10% of the value of its Net Assets. No borrowing facility was used in either 2021 or 2022.

Discount/Premium to Net Asset Value

The Board reviews the level of the discount or premium between the middle market price of the Company's Participating Preference Shares and their net asset value on a regular basis.

The UK's Exit from the European Union ('EU')

The Company is a Guernsey based authorised closed-ended investment scheme listed in the UK and traded on the London Stock Exchange.

The European Securities and Markets Authority ('ESMA') has approved the co-operation arrangements between the FCA and GFSC. There was limited impact on the Company as a result of Brexit.

Going Concern

The Financial Statements of the Company have been prepared on a going concern basis.

The Directors have considered the Company's investment objective, risk management policies, liquidity risk, credit risk, capital management policies and procedures, the nature of its portfolio and its expenditure and cash flow projections.

The Directors, having considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable) and the projected income and expenditure, are satisfied that the Company is financially sound and has adequate resources to meet all of its liabilities and ongoing expenses and continue in operational existence for the foreseeable future. The Board has therefore concluded that the Company has adequate resources to continue to adopt the going concern basis for the period to 31 October 2023 which is at least twelve months from the date of approval of the Financial Statements. This conclusion also takes into account the Board's assessment of the ongoing risks from Russia-Ukraine conflict and COVID-19 as set out in the Business Continuity Risk in the Strategic Report on page 26. The prospects of the Company over a period longer than twelve months can be found in the Viability Statement on page 28.

Signed on behalf of the Board

Hélène Ploix
6 October 2022

Board's Attendance Record for the Reporting Year

	Regular Board Meetings	Audit and Risk Committee Meetings	Nomination Committee Meetings
Hélène Ploix	4/4	3/3	1/1
Sujit Banerji	4/4	N/A	1/1
Dr Simon Colson	4/4	N/A	1/1
Russell Edey	4/4	3/3	1/1
Torsten Koster	4/4	3/3	1/1
Katherine Tsang	4/4	N/A	1/1
Heather Manners*	N/A	N/A	N/A

* Appointed on 5 May 2022.

Directors' Remuneration Report

The Directors of the Company are non-executive and by way of remuneration 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 AGM on 8 November 2020 and can only be amended by shareholder approval at a general meeting.

The level of Directors' Fees is independently assessed and was reviewed in May 2022 by Stephenson & Co. The assessment concluded that the level of Directors' Fees remained competitive. The fees for the 2022 financial year remain unchanged. The Directors' fees are fixed and not linked to performance. The fees are shown in the table below and are deemed to accrue on a daily basis:

Position	Annual Fee
Director	£30,000
Chairman	additional £10,000
Chairman or Member of the Audit and Risk Committee	additional £5,000
Senior Independent Director	additional £2,500

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 Company or in connection with the business of the Company.

Directors' Service Contracts

No Director has a contract of service with the Company. Accordingly, the Directors are not entitled to any compensation in the event of termination of their appointment or loss of office, other than the payment of any outstanding fees. The Board does not consider it appropriate that Directors should be appointed for a specific term. All Directors are subject to re-election by shareholders annually and any AGM Resolution new Director appointed would be subject to election by shareholders at the next AGM following their appointment.

AGM Resolution

An ordinary resolution to approve this Remuneration Report will be put to shareholders at the forthcoming AGM.

Statement of voting at the last AGM

The following table sets out the votes received at the AGM of the shareholders of the Company, held on 8 December 2021 in respect of the approval of the Directors' Remuneration Report.

Votes cast for		Votes cast against		Total votes cast	Number of votes withheld
Number	%	Number	%		
56,494,648	99.76	135,733	0.24	56,630,381	1,418

For and on behalf of the Board

Hélène Ploix

6 October 2022

Directors' Emoluments for the Year

The fees paid to each Director for the years ended 30 June 2022 and 2021 are shown in the table below with any year-on-year differences being explained:

	30 June 2022	30 June 2021
Hélène Ploix	£45,000	£45,000
Sujit Banerji	£30,000	£30,000
Dr Simon Colson	£30,000	£30,000
Russell Edey	£37,500	£37,500
Torsten Koster	£35,000	£35,000
Katherine Tsang	£30,000	£30,000
Heather Manners ⁽¹⁾	£4,685	-
Saffet Karpat ⁽²⁾	-	£11,986
	£212,185	£219,486

(1) Appointed as a Director on 5 May 2022

(2) Retired as Director on 2 November 2020

No additional fees or expenses were paid to Directors in respect of the financial year ended 30 June 2022.

Directors' Interests

The following Directors had a beneficial interest (including family interests) in the share capital of the Company. The table shows the number of Participating Preference Shares held by each Director as at 30 June 2022 and 2021:

Director	30 June 2022	30 June 2021
Hélène Ploix	15,000	15,000
Sujit Banerji*	15,000	10,000
Dr Simon Colson	4,416	4,416
Russell Edey	10,000	10,000

* On 9 August 2021, Sujit Banerji purchased an additional 5,000 shares in the Company bringing his total holding to 15,000 Participating Preference Shares.

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

Responsibility statement of the Directors in respect of the Annual Report

The Directors confirm that to the best of their knowledge:

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

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

There were no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4 during the financial period under review.

For and on behalf of the Board

Hélène Ploix

6 October 2022

Report of the Audit and Risk Committee

The Board has an established Audit and Risk Committee which consists of Russell Edey, Torsten Koster and Hélène Ploix. Russell Edey is Chairman of the Audit and Risk Committee.

As mentioned above Mr Edey is set to retire in the first half of the 2023 calendar year. The Board with the help of the Nomination Committee have started the process of recruiting his replacement as the Chair of the Audit and Risk Committee.

The Chairman of the Board, Ms Ploix also serves as a member of the Audit and Risk Committee. With reference to the provision 8.2 of the AIC Code, the Audit and Risk Committee notes that Ms Ploix was independent on appointment and considers Ms Ploix's appointment as a member to be appropriate having regard to her skills, experience and valued contributions which enhance the overall effectiveness of the Audit and Risk Committee. The Board consists of seven Directors who are widely dispersed geographically. It is therefore considered sensible for Ms Ploix, Chairman of the Board, to be a member of the committee. However, Ms Ploix will be retiring from the Board at the 2022 AGM to take place on Thursday 8 December.

The Audit and Risk Committee has formally delegated duties and responsibilities with written Terms of Reference, which are available on the Company's website.

The responsibilities of the Audit and Risk Committee are, inter alia:

- To monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcement relating to its financial performance;
- To review the Company'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 Company is reliant;
- To review and approve statements to be included in the Annual Financial Report concerning controls and risk management;
- To review the performance of, and the contractual arrangements with the Administrator and the Custodian;
- To report to the Board that they have carried out a robust assessment of the principal and emerging 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 two 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 Company's auditors.

Significant accounting matters

During the review of the Company's financial statements for the year ended 30 June 2022, the Audit and Risk Committee considered the following matters to be significant issues, both of which were satisfactorily addressed:

Issue considered	How the issue was addressed
Valuation, existence and ownership of investments (including derivatives and unlisted investments) The valuation of investments (including derivatives and unlisted investments) is in accordance with Accounting Policy Note 2(b) on pages 52 and 53.	The Committee took comfort from the Depositary's regular oversight reports that investment related activities are conducted in accordance with the Company's investment policy. The Committee received reports from the Manager, the Depositary and the Administrator which concluded that controls around the valuation, existence and ownership of investments operate effectively. The valuation of the Company's unlisted, suspended, and illiquid investments which are subject to fair value oversight by the Manager's Fair Value Committee ("FVC") were reviewed by the Committee. It receives reporting from the FVC and reviews the proposed valuation methodology to be adopted. The FVC's proposals include recommendations from Kroll, an external company that provides global financial information and services. Specifically, there are a number of current factors impacting the Company's Russian investments, such as markets being closed or with restrictions on trading in certain instruments or with certain counterparties due to the imposition of sanctions: at the period-end appropriate fair value adjustments to these Russian investments have been made as proposed by the FVC.

Report of the Audit and Risk Committee continued

Auditor independence and assessment

The Audit and Risk Committee monitors the European and U.K. legislation regarding mandatory audit firm rotation and tendering to ensure compliance and an external tender was conducted during 2017. Following a robust evaluation of the responses to and presentations involved in the audit tender process, KPMG Channel Islands Limited ('KPMG' or the 'Auditor') was engaged by the Board to act as the Company's auditors from the 2018 financial year.

As part of its review of the continuing appointment of the Auditor, the Audit and Risk Committee considered the independence of the Auditor along with the effectiveness of the audit. The Auditor was asked to attest that KPMG and the audit team members were independent of the Company. KPMG also confirmed that they had not been engaged in the provision of any non-audit services to the Company 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 Investment Manager and Administrator. The Audit and Risk Committee reviewed the Auditor's 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 Company.

The fees paid to KPMG in respect of audit services for the year ended 30 June 2022 were \$159,000 (2021: \$48,000). KPMG did not provide any non-audit services during the year (2021: None).

The audit fees charged through the Statement of Comprehensive Income for the year ended 30 June 2022 also includes an element related to the prior years.

Internal Controls

The Board is responsible for the Company'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 Company'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 Company 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 Manager, 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 Company. 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 Company's business, an annual review of all outsourced 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.

The Audit and Risk Committee has carried out its annual assessment of the internal controls of the Company's service providers for the year ended 30 June 2022 and considered the internal control procedures to be adequate based on the findings of their respective ISAE 3402 or SOC 1 reports.

For and on behalf of the Audit and Risk Committee

Russell Edey

Chairman of the Audit and Risk Committee
6 October 2022

Nomination Committee's Report

The Board has an established Nomination Committee which consists of all Directors. Hélène Ploix is Chairman of the Nomination Committee.

The Nomination Committee has formally delegated duties and responsibilities with written Terms of Reference, which are available on the Company's website.

The responsibilities of the Nomination Committee are inter alia:

- To regularly review the structure, size and composition (including the length of service of the Board members, skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
- To give full consideration to succession planning for Directors, taking into account the challenges and opportunities facing the Company, the skills and expertise needed on the Board in the future and the promotion of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
- To be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise and for overseeing the development of a diverse pipeline for succession.

Diversity

It is seen as a prerequisite that each member of the Board must have the skills, experience and character that will enable them to contribute to the effectiveness of the Board and the success of the Company. Subject to that overriding principle, diversity of experience and approach, including gender diversity, amongst Board members is of great value, and it is the Board's policy to give careful consideration to overall Board balance and diversity in making new appointments to the Board.

Composition and independence

As at 30 June 2022 the Board comprised of four male and three female Directors. All Directors are non-executive and independent of both FEML, GIML and the Investment Manager. Each Director is required to disclose any potential conflicts of interest at each Board meeting.

Tenure and Succession Planning

The policy on Board refreshment is to ensure continuity and stability with no more than one Board member retiring and one successor recruited in each calendar year. In line with the AIC Code guidelines for independent Directors, individuals will generally serve on the Board for no more than nine years, although the Chairman's term of office may be extended by a maximum of three additional years to a total of twelve years. In recruiting new Directors, the aim will always be to preserve or enhance the skill sets on the Board, taking account of the need to ensure age, gender and ethnic diversity.

A review of succession planning was undertaken by the Nomination Committee in June 2022. It was noted that Helene

Ploix had initially intended to retire from the Board at the conclusion of last year's AGM. However, on the recommendation of the Nomination Committee, the Board requested that Helene continue to act as Chairman of the Company for an additional one-year period. The extension of Helene's tenure by one year ensures that the handover to Fidelity and her successor is orderly. Helene will now retire from the Board following the conclusion of the 2022 AGM. In addition, it was agreed that Sujit Banerji, who will have served as a Director of the Company for nine years in October 2022, will also retire following the conclusion of the 2022 AGM. Russell Edey intends to step down in the first half of 2023. Accordingly, the Nomination Committee will appoint external search consultants to source additional nonexecutive Directors to join the Board in 2022. It is proposed that the Board reduce to five Directors upon Russell Edey's retirement.

Board appointments and re-election

All members of the Nomination Committee consider new Board appointments. The Chairman, Fidelity or other appropriate persons provide new appointees to the Board with a preliminary briefing on the workings of the Company. When appointing a new Director, the Board takes care to ensure that the new Director enhances the balance of skills, diversity and experience appropriate to the requirements of the Company 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 Company's expense. Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Incorporation, it is required that they be elected by shareholders.

In accordance with the AIC Code, having served as Directors of the Company for ten and nine, respectively, Hélène Ploix and Sujit Banerji were no longer deemed to be independent, with Hélène Ploix and Sujit Banerji retiring as Directors on 8 December 2022 at the conclusion of the AGM. Having served seven and a half years, Russell Edey has expressed his intention to step down as Director by the year-end 30 June 2023. The Board is currently seeking a replacement for Mr Edey, and the Board have engaged external search consultants to help with the search.

As detailed in the announcement released to the market on 5 May 2022, Heather Manners was duly appointed as an independent Non-Executive Director of the Company with effect from 5 May 2022, and would be put forward for election by shareholders at the next AGM held on 8 December 2022. She was further selected to be the next Chair of the Board subsequent to the conclusion of the AGM. Heather was further elected to be a member of Nomination Committees with effect from 1 July 2022 and a member of the Audit and Risk Committee with effect from the conclusion of the AGM.

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

Nomination Committee's Report continued

Evaluation of the Board

The Board evaluates its performance on an annual basis and considers the balance of skills, experience, length of service and the promotion of diversity and inclusion as part of this process. In accordance with the AIC Code, consideration is given to the engagement of an external evaluator on a regular basis. An independent evaluation of the Board's performance was last conducted in June 2019 by Stephenson & Co. The next independent Board evaluation was due to be conducted in 2022. However, due to the significant change in the composition of the Board in 2022 and first half of 2023, the Board has decided to postpone the independent evaluation due in 2022 to 2023. The findings of the internal evaluation, which took place in 2022 were considered by the Directors, and actions were taken where appropriate.

Hélène Ploix

Chairman of the Nomination Committee

6 October 2022

Independent Auditor's Report to the Members of Fidelity Emerging Markets Limited

Our opinion is unmodified

We have audited the financial statements of Fidelity Emerging Markets Limited (the "Company"), which comprise the statement of financial position as at 30 June 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2022, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled

our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2021):

Valuation of financial assets at fair value through profit or loss and derivative assets and liabilities

	The risk	Our response
Financial assets at fair value through profit or loss: \$727,342,000; (2021: \$1,679,935,000)	Basis: The Company's investments consist primarily of listed equity securities from emerging markets, equity linked notes and derivative instrument assets and liabilities ("Investments").	Our audit procedures included: Internal Controls: We evaluated the design and implementation of key controls over the valuation of the Investments.
Derivative assets: \$20,515,000; (2021: \$nil)	As at 30 June 2022, the Company had invested the equivalent of \$642,794,000 (2021: \$1,671,165,000) in listed equity securities, \$78,739,000 (2021: \$nil) in equity linked notes as well as \$20,515,000 (2021: \$nil) in derivative assets and \$14,408,000 (2021: \$nil) in derivative liabilities.	Use of KPMG Valuation Specialists: We used our KPMG valuation specialist to independently price the listed equity securities of \$642,794,000, equity linked notes of \$78,739,000, derivative assets of \$20,515,000 and derivative liabilities of \$14,408,000 using third party pricing sources.
Derivative liabilities: \$14,408,000; (2021: \$nil)	These Investments, carried at fair value, are valued by the Company based on prices obtained from third party pricing providers.	Assessing disclosures: We also considered the Company's valuation policies adopted in note 2(b) and the Company's disclosures (see note 2(q)) in relation to the use of estimates and judgements regarding the valuation of Investments and derivative instruments and in addition the fair value disclosures in note 17 for compliance with IFRS as adopted by the EU.
Refer to the report of the Audit Committee on page 39, accounting policy notes 2(b) and 2(q) and notes 10, 11 and 17.	Risk: The valuation of the Company's Investments, given that it represents the majority of the Company's net assets, is a significant area of our audit.	

Independent Auditor's Report to the Members of Fidelity Emerging Markets Limited continued

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at \$15.9m, determined with reference to a benchmark of net assets of \$796.8m, of which it represents approximately 2.0% (2021: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to \$11.9m. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$0.8m (2021: \$1.7m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to affect the Company's financial resources or ability to continue operations over this period is availability of capital to meet operating costs and other financial commitments.

We considered whether this risk could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from this risk individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 2(a) to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. We have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement (page 28) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (page 28) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 28 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Independent Auditor's Report to the Members of Fidelity Emerging Markets Limited continued

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 38, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Steven Stormonth

For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors, Guernsey
6 October 2022

Statement of Financial Position

as at 30 June 2022

	Note	30 June 2022 \$'000	30 June 2021 \$'000
Current assets			
Financial assets at fair value through profit and loss	10	727,342	1,679,935
Derivative assets	11	20,515	-
Amounts held at futures clearing houses and brokers		11,901	-
Other receivables	12	30,419	2,654
Cash and cash equivalents		34,418	26,926
		824,595	1,709,515
Current liabilities			
Derivative liabilities	11	14,408	-
Capital gains tax payable		-	7,688
Other payables	13	13,426	2,752
		27,834	10,440
Net assets		796,761	1,699,075
Equity			
Share premium account	15	6,291	6,291
Capital reserve	15	741,095	1,642,118
Revenue reserve	15	49,375	50,666
Total equity		796,761	1,699,075
Net asset value per Participating Preference Share	16	\$8.75	\$13.99

The Financial Statements on pages 47 to 75 were approved by the Board of Directors of the Company on 6 October 2022 and signed on its behalf by:

Hélène Ploix

Russell Edey

Statement of Comprehensive Income

for the year ended 30 June 2022

	Note	Year ended 30 June 2022			Year ended 30 June 2021		
		Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Income and (losses)/gains							
Net (losses)/gains on financial assets at fair value through profit or loss	10	-	(529,993)	(529,993)	-	482,914	482,914
Net gains on derivative instruments	11	-	23,229	23,229	-	-	-
Net foreign exchange losses		-	(2,707)	(2,707)	-	(487)	(487)
Investment income	3	24,399	-	24,399	28,819	-	28,819
Derivative income	3	10,849	-	10,849	-	-	-
Other income	3	137	-	137	62	-	62
Total income and (losses)/gains		35,385	(509,471)	(474,086)	28,881	482,427	511,308
Expenses							
Management fees	4	(927)	(3,709)	(4,636)	(2,790)	(11,160)	(13,950)
Other expenses	5	(2,451)	(6,357)	(8,808)	(1,960)	(2,057)	(4,017)
Total operating expenses		(3,378)	(10,066)	(13,444)	(4,750)	(13,217)	(17,967)
Profit/(loss) before finance costs and taxation		32,007	(519,537)	(487,530)	24,131	469,210	493,341
Finance costs	6	(13,946)	-	(13,946)	(2)	-	(2)
Profit/(loss) before taxation		18,061	(519,537)	(501,476)	24,129	469,210	493,339
Taxation	7	(2,954)	6,948	3,994	(3,694)	(5,675)	(9,369)
Profit/(loss) after taxation for the year attributable to Participating Preference Shares		15,107	(512,589)	(497,482)	20,435	463,535	483,970
Earnings/(loss) per Participating Preference Share (basic and diluted)	8	\$0.15	(\$5.11)	(\$4.96)	\$0.17	\$3.81	\$3.98

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

The Company does not have any other comprehensive income. Accordingly the profit/(loss) after taxation for the year is also the total comprehensive income for the year.

Statement of Changes in Equity

for the year ended 30 June 2022

	Note	Share premium account \$'000	Capital reserve \$'000	Revenue reserve \$'000	Total equity \$'000
Total equity at 30 June 2021		6,291	1,642,118	50,666	1,699,075
(Loss)/profit after taxation for the year		-	(512,589)	15,107	(497,482)
Write off receivable for shares		-	(134)	-	(134)
Repurchase and cancellation of the Company's own shares	14	-	(388,300)	-	(388,300)
Dividend paid to shareholders	9	-	-	(16,398)	(16,398)
Total equity at 30 June 2022		6,291	741,095	49,375	796,761

	Note	Share premium account \$'000	Capital reserve \$'000	Revenue reserve \$'000	Total equity \$'000
Total equity at 30 June 2020		6,291	1,178,583	50,880	1,235,754
Profit after taxation for the year		-	463,535	20,435	483,970
Dividend paid to shareholders	9	-	-	(20,649)	(20,649)
Total equity at 30 June 2021		6,291	1,642,118	50,666	1,699,075

Statement of Cash Flows

for the year ended 30 June 2022

	30 June 2022 \$'000	30 June 2021 \$'000
Operating activities		
Dividend and interest income received	20,371	29,595
Derivative income received	3,808	-
Securities lending income received	38	33
Taxation paid	(3,694)	(3,420)
Purchase of investments	(1,645,720)	(318,603)
Proceeds from sale of investments	2,067,514	340,557
Proceeds from settlement of derivatives	2,218	-
Bank charges	(63)	(2)
Operating expenses paid	(16,448)	(16,628)
Net cash inflow from operating activities	428,024	31,532
Financing activities		
CFD interest paid	(4,585)	-
CFD dividends paid	(8,542)	-
Dividend paid	(16,398)	(20,649)
Repurchase and cancellation of the Company's own shares	(388,300)	-
Net cash outflow from financing activities	(417,825)	(20,649)
Effect of exchange losses on cash and cash equivalents	(2,707)	(487)
Net increase in cash and cash equivalents	7,492	10,396
Net cash and cash equivalents at the beginning of the year	26,926	16,530
Net cash and cash equivalents at the end of the year	34,418	26,926

The cash and cash equivalents comprises cash balances. As at 30 June 2022 there are no cash equivalents (2021: nil).

Notes to the Financial Statements

for the year ended 30 June 2022

1. General

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

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

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

These financial statements were approved by the Board of Directors and authorised for issue on 6 October 2022.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

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

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements. This conclusion also takes into account the Board's assessment of the continuing risks arising from Covid-19 and the current tension between Russia and Ukraine.

Significant accounting estimates, assumptions and judgements

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

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

Adoption of new and revised International Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year, other than those stated below. Their adoption has not had any material impact on the disclosures or the amounts reported in these financial statements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – interest rate benchmark reform – Phase 2.

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

- IAS 1 Presentation of Financial Statements (amendments);
- IAS 8 Accounting Policies, Changes in Accounting estimates and errors (amendments); and
- IAS 12 Income Taxes (amendments).

The Directors do not expect that the adoption of the above standards will have a material impact on the financial statements of the Company in future periods.

Notes to the Financial Statements continued

2. Summary of Significant Accounting Policies continued

(b) Financial Instruments

Classification

(i) Assets

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

(ii) Liabilities

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

Recognition/derecognition

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

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

Measurement

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

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

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

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

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

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

2. Summary of Significant Accounting Policies continued

In preparing these financial statements the Directors have considered the impact of climate change risk as a principal and as an emerging risk as set out on pages 25 and 27, and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with IFRS 13 – “Fair Value Measurement” investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the statement of financial position date. Investments which are unlisted are priced using market-based valuation approaches. All investments therefore reflect the market participants view of climate change risk on the investments held by the Company.

Derivative Instruments

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

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

- Long and short CFDs – the difference between the strike price and the value of the underlying shares in the contract;
- Futures – the difference between the contract price and the quoted trade price; and
- Options – valued based on similar instruments or the quoted trade price for the contract.

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

Amortised cost measurement

Cash and cash equivalents, amounts held at futures clearing houses and brokers and other receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

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

(c) Foreign Currency Translation

Functional and Presentation Currency

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

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

Transactions and Balances

Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting 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 foreign exchange gains or losses’. Foreign exchange gains and losses relating to financial assets at fair value through profit or loss and derivatives are presented in the Statement of Comprehensive Income within ‘Net gains or losses on investments’ and ‘Net gains on derivative instruments’ respectively.

Notes to the Financial Statements continued

2. Summary of Significant Accounting Policies continued

(d) Recognition of Dividend and Interest Income

Dividends arising on the Company's investments are accounted for on an ex-dividend basis, gross of applicable withholding taxes. Interest on cash and cash equivalents and collateral is accrued on a day-to-day basis using the effective interest method. Dividends and interest income are recognised in the Statement of Comprehensive Income.

(e) Income from Derivatives

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

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

(f) Finance Costs

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

(g) Dividend Distribution

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

(h) Cash and Cash Equivalents

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

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

(i) Amounts held at futures clearing houses and brokers

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

(j) Due To and Due From Brokers

Amounts due from/to brokers are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Company shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that amounts may be credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(k) 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 assessing performance of the operating segments, has been identified as the Directors of the Company, as the Directors are ultimately responsible for investment decisions.

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

(l) Expenses

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

Expenses are allocated wholly to revenue with the following exceptions:

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

2. Summary of Significant Accounting Policies continued

(m) Taxation

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

In accordance with IAS 12, 'Income taxes', the Company is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Company's capital gains sourced from such foreign country, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities, using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting 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 Company. Therefore, when measuring any uncertain tax liabilities, management considers all of the relevant facts and circumstances available at the time that could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

(n) Share Capital

Participating Preference Shares have no fixed redemption date and do not automatically participate in the net income of the Company 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.

(o) Purchase of Own Shares

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

(p) Securities Lending

During the year ended 30 June 2022, the Company was engaged in securities lending with third party investment companies. As of 30 June 2022, the Company is no longer engaged in securities lending activities. JPMorgan Chase Bank N.A. acted as the securities lending agent (the 'Lending Agent') providing the securities lending services, record keeping services and served as securities custodian, maintaining custody of all Company-owned listed investments. Under the terms of its lending agreement, the Company received compensation in the form of fees, 20% of which are commissions payable to the Lending Agent for their services. The Company received dividends on the securities loaned and any gains and losses that occurred during the term of the loan were accounted for by the Company. Income earned from the securities lending agreement is recognised on the Statement of Comprehensive Income on an accruals basis and shown net of the commissions paid to the Lending Agent.

(q) Critical Accounting Estimates and Assumptions

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

(r) Capital reserve

The following are transferred to capital reserve:

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

Notes to the Financial Statements continued

3. Income

	Year ended 30 June 2022 \$'000	Year ended 30 June 2021 \$'000
Investment income		
UK dividends	608	238
Overseas dividends	23,595	28,085
UK and overseas scrip dividends	196	496
	24,399	28,819
Derivative income		
Dividends received on long CFDs	4,182	-
Interest received on CFDs	374	-
Other derivative income	6,293	-
	10,849	-
Other income		
Securities lending income	38	33
Interest income from cash and cash equivalents and collateral	99	29
	137	62
	35,385	28,881

4. Management Fees

	Year ended 30 June 2022			Year ended 30 June 2021		
	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Management fees	927	3,709	4,636	2,790	11,160	13,950

Up until 4 October 2021, the Company's Investment Manager was Genesis Investment Management, LLP ('GIML' or 'Genesis').

Under the terms of its Management Agreement and up to the end of same, GIML was entitled to receive a Management Fee from the Company, payable monthly in arrears equal to 0.90% (2021: 0.90%) per annum, calculated and accrued on the Net Asset Value of the Company as at each weekly Valuation Day, except for investments in Investee Funds, where GIML absorbed the expenses of the management of such funds to a maximum of 1% per annum of the value of the Company's holding in the relevant fund at the relevant time.

With effect from 4 October 2021, FIL Investment Services (UK) Limited was appointed as the Alternative Investment Fund Manager of the Company ('the Manager'), with the investment management of the Company undertaken by FIL Investments International ('Fidelity International', 'the Investment Manager') collectively 'Fidelity'.

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

Fidelity International has waived its entitlement to receive a Management Fee for a period of nine months from its date of appointment. Hence, management fees for the financial year ended 30 June 2022 relates to the period under GIML management.

No Management Fee is payable by the Company in respect of the Company's holdings in collective investment schemes or investment trusts managed or advised by the Investment Manager.

Please see information on ongoing charges ratio as presented on page 76.

5. Other expenses

	Year ended 30 June 2022			Year ended 30 June 2021		
	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Custodian fees	1,002	-	1,002	925	-	925
Transaction costs ⁽¹⁾	-	5,039	5,039	-	1,095	1,095
Directors' fees and expenses	282	-	282	313	-	313
Administration fees	359	-	359	330	-	330
Audit fees ⁽²⁾	159	-	159	48	-	48
Legal and professional fees	213	1,318	1,531	103	967	1,070
Sundry expenses	436	-	436	241	(5)	236
	2,451	6,357	8,808	1,960	2,057	4,017

(1) Transaction costs for the year ended 30 June 2022 are higher as compared to the prior financial year due to the rebalancing of the investment portfolio following the change of Investment Manager to Fidelity.

(2) The audit fees charged through the Statement of Comprehensive Income for the year ended 30 June 2022 also includes an element related to the prior years.

6. Finance costs

	Year ended 30 June 2022			Year ended 30 June 2021		
	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Bank charges	63	-	63	2	-	2
CFD dividend expense	9,097	-	9,097	-	-	-
CFD interest expenses	4,786	-	4,786	-	-	-
	13,946	-	13,946	2	-	2

7. Taxation

	Year ended 30 June 2022			Year ended 30 June 2021		
	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Capital gains tax	-	(6,948)	(6,948)	-	5,675	5,675
Withholding taxes	2,954	-	2,954	3,694	-	3,694
	2,954	(6,948)	(3,994)	3,694	5,675	9,369

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 2012. As such, the Company is only liable to pay a fixed annual fee, currently £1,200 (2021: £1,200).

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

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

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

As at 30 June 2022 no capital gains tax provision was recognised in the Statement of Financial Position (2021: \$7,688,000).

Notes to the Financial Statements continued

8. Earnings/(loss) per Participating Preference Share

	Year ended 30 June 2022	Year ended 30 June 2021
Revenue earnings per Participating Preference Share	\$0.15	\$0.17
Capital (loss)/earnings per Participating Preference Share	(\$5.11)	\$3.81
Total (loss)/earnings per Participating Preference Share – basic and diluted	(\$4.96)	\$3.98

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

	\$'000	\$'000
Revenue profit after taxation for the year	15,107	20,435
Capital (loss)/profit after taxation for the year	(512,589)	463,535
Total (loss)/profit after taxation for the year attributable to Participating Preference Shares	(497,482)	483,970

	Number	Number
Weighted average number of Participating Preference Shares in issue	100,251,671	121,466,754

9. Dividends Paid to Shareholders

	Year ended 30 June 2022 \$'000	Year ended 30 June 2021 \$'000
Dividend paid		
2021 final dividend of 18.0¢ (2020: 17.0¢) per Participating Preference Share	16,398	20,649
Total dividend paid	16,398	20,649
Dividend proposed		
2022 final dividend of 16.0¢ (2021: 18.0¢) per Participating Preference Share	14,576	16,398
Total dividend proposed	14,576	16,398

The Directors have proposed the payment of a dividend for the year ended 30 June 2022 of 16.0¢ per Participating Preference Share which is subject to approval by shareholders at the Annual General Meeting on 8 December 2022 and has not been included as a liability in these financial statements. The dividend will be paid on 16 December 2022 to shareholders on the register at the close of business on 18 November 2022 (ex-dividend date 17 November 2022).

10. Financial Assets at Fair Value through Profit or Loss

	30 June 2022 \$'000	30 June 2021 \$'000
Listed equity securities	642,794	1,671,165
Equity linked notes	78,739	-
Unlisted investee funds	5,809	8,770
Total financial assets at fair value through profit or loss*	727,342	1,679,935
Opening book cost	1,184,256	1,123,078
Opening unrealised gains on financial assets at fair value through profit or loss	495,679	82,209
Opening fair value of financial assets at fair value through profit or loss	1,679,935	1,205,287
Movements in the year		
Purchases at cost	1,657,753	317,129
Sales - proceeds	(2,080,353)	(325,395)
(Losses)/gains on financial assets at fair value through profit or loss	(529,993)	482,914
Closing fair value	727,342	1,679,935
Closing book cost	907,801	1,184,256
Closing unrealised (losses)/gains on financial assets at fair value through profit or loss	(180,459)	495,679
Closing fair value of financial assets at fair value through profit or loss	727,342	1,679,935

* The fair value hierarchy of the financial assets at fair value through profit or loss is shown in Note 17 below.

(Losses)/gains on financial assets at fair value through profit or loss

	Year ended 30 June 2022 \$'000	Year ended 30 June 2021 \$'000
Realised gains/(losses) on financial assets at fair value through profit or loss		
Realised gains	390,831	101,348
Realised losses	(244,686)	(31,903)
Net realised gains on financial assets at fair value through profit or loss	146,145	69,445
Change in unrealised (losses)/gains on financial assets at fair value through profit or loss		
Change in unrealised appreciation on financial assets at fair value through profit or loss	(499,923)	352,230
Change in unrealised depreciation on financial assets at fair value through profit or loss	(176,215)	61,239
Net change in unrealised (losses)/gains on financial assets at fair value through profit or loss	(676,138)	413,469
Net (losses)/gains on financial assets at fair value through profit or loss	(529,993)	482,914

The Company received \$2,080.4m (2021: \$325.4m) from financial assets at fair value through profit or loss sold in the year. The book cost of these financial assets at fair value through profit or loss when they were purchased was \$1,934.2m (2021: \$255.9m). These financial assets at fair value through profit or loss have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the financial assets at fair value through profit or loss.

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

	Year ended 30 June 2022 \$'000	Year ended 30 June 2021 \$'000
Purchases transaction costs	2,094	541
Sales transaction costs	2,945	554
	5,039	1,095

Notes to the Financial Statements continued

11. Derivative Instruments

	Year ended 30 June 2022 \$'000	Year ended 30 June 2021 \$'000
Realised gains/(losses) on derivative instruments		
Gains on CFDs	129,741	-
Gains on futures	117,231	-
Gains on options	6,269	-
Losses on CFDs	(227,268)	-
Losses on futures	(3,963)	-
Losses on options	(6,068)	-
Net realised gains on derivative instruments	15,942	-
Change in unrealised gains/(losses) on derivative instruments		
Gains on CFDs	19,541	-
Gains on options	948	-
Losses on CFDs	(10,890)	-
Losses on futures	(277)	-
Losses on options	(2,035)	-
Net change in unrealised gains on derivative instruments	7,287	-
Net gains on derivative instruments	23,229	-

	30 June 2022 Fair value \$'000	30 June 2021 Fair value \$'000
Fair value of derivative instruments recognised on the Statement of Financial Position*		
Derivative instrument assets	20,515	-
Derivative instrument liabilities	(14,408)	-
	6,107	-

* The fair value hierarchy of the derivative instruments is shown in Note 17 below.

	30 June 2022		30 June 2021	
	Fair value \$'000	Asset exposure \$'000	Fair value \$'000	Asset exposure \$'000
At the year end the Company held the following derivative instruments				
Long CFDs	3,781	249,053	-	-
Short CFDs	4,967	188,830	-	-
Short CFD (hedging exposure)	(97)	(7,938)	-	-
Futures (hedging exposure)	(277)	(60,312)	-	-
Long call options	973	3,675	-	-
Short put options	(2,954)	16,092	-	-
Short call options	(286)	3,334	-	-
	6,107	392,734	-	-

12. Other Receivables

	30 June 2022 \$'000	30 June 2021 \$'000
CFD dividend receivable	377	-
Securities sold pending settlement	13,218	379
Amounts receivable on settlement of derivatives	9,770	-
Accrued income	6,189	2,062
Other receivables	865	213
	30,419	2,654

13. Other Payables

	30 June 2022 \$'000	30 June 2021 \$'000
CFD interest payable	201	-
CFD dividend payable	555	-
Securities purchased pending settlement	12,033	-
Amounts payable on settlement of derivatives	103	-
Management fees	-	1,389
Legal and professional fees	-	967
Custodian fees	108	164
Directors' fees	76	92
Accrued expenses	350	140
	13,426	2,752

14. Share Capital

	2022 Number of shares	2021 Number of shares
Authorised		
Founder shares of no par value	1,000	1,000
Issued		
Participating Preference Shares of no par value adjusted for purchase of own shares	121,466,754	121,466,754
Repurchase and cancellation of the Company's own shares	(30,366,688)	-
Participating Preference Shares as at 30 June	91,100,066	121,466,754

On 6 September 2021, the Company launched a tender offer to buy back up to 25% of its issued share capital. As a result of the tender offer, on 22 October 2021, the Company repurchased 30,366,688 Participating Preference Shares for cancellation. The resultant number of shares in issue is 91,100,066 Participating Preference Shares.

The costs associated with the cancellation of the shares of \$388,300,000 were charged to the capital reserve.

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

Founder Shares

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

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

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

Notes to the Financial Statements continued

14. Share Capital continued

Treasury Shares

The Company does not hold treasury shares as all historical repurchases of its own shares have been cancelled.

Participating Preference Shares

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

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

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

15. Capital and Reserves

	Share premium account \$'000	Capital reserve \$'000	Revenue reserve \$'000	Total equity \$'000
At 1 July 2021	6,291	1,642,118	50,666	1,699,075
Net losses on financial assets at fair value through profit or loss (see Note 10)	-	(529,993)	-	(529,993)
Net gains on derivative instruments (see Note 11)	-	23,229	-	23,229
Net foreign exchange losses	-	(2,707)	-	(2,707)
Management fees (see Note 4)	-	(3,709)	-	(3,709)
Other expenses (see Note 5)	-	(6,357)	-	(6,357)
Tax charged to capital (see Note 7)	-	6,948	-	6,948
Write off receivable for shares	-	(134)	-	(134)
Repurchase and cancellation of the Company's own shares (see Note 14)	-	(388,300)	-	(388,300)
Revenue profit after taxation for the year	-	-	15,107	15,107
Dividends paid to shareholders (see Note 9)	-	-	(16,398)	(16,398)
At 30 June 2022	6,291	741,095	49,375	796,761

Share Premium

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

The capital reserve balance at 30 June 2022 includes unrealised losses on the revaluation of financial assets at fair value through profit or loss of \$180,459,000 (2021: gains of \$495,679,000) as detailed in Note 10 above.

16. Net Asset Value per Participating Preference Share

	30 June 2022	30 June 2021
Net assets	\$796,761,000	\$1,699,075,000
Participating Preference Shares in issue	91,100,066	121,466,754
Net Asset Value per Participating Preference Share	\$8.75	\$13.99

17. Financial Instruments

Management of risk

Up until 4 October 2021 the Company's Investment Manager was Genesis Investment Management, LLP ('GIML' or 'Genesis').

With effect from 4 October 2021, FIL Investment Services (UK) Limited was appointed as the Alternative Investment Fund Manager of the Company ('the Manager'), with the investment management of the Company to be undertaken by FIL Investments International ('Fidelity International', 'the Investment Manager'), collectively 'Fidelity'.

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

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

The Company's financial instruments may comprise:

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

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

Interest rate risk

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

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

Notes to the Financial Statements continued

17. Financial Instruments continued

Interest rate risk exposure

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

	30 June 2022 \$'000	30 June 2021 \$'000
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	245,272	-
	245,272	-
Exposure to financial instruments that earn interest		
Short CFDs – exposure plus fair value	201,638	-
Amounts held at futures clearing houses and brokers	11,901	-
Cash and cash equivalents	34,418	26,926
	247,957	26,926
Net exposure to financial instruments that earn interest	2,685	26,926

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at the statement of financial position date, an increase of 1% in interest rates throughout the year, with all other variables held constant, would have decreased the loss after taxation for the year and increased the net assets of the Company by \$27,000 (2021: increased the profit after taxation for the year and increased the net assets of the Company by \$269,000). A decrease of 1% in interest rates throughout the year would have had an equal but opposite effect.

Foreign currency risk

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

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

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

Currency exposure of financial assets

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

17. Financial Instruments continued

Currency exposure of financial liabilities

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

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

Currency	Investments held at fair value through profit or loss \$'000	Asset/ (liabilities) exposure of derivative instruments ¹ \$'000	Cash, cash equivalents and other receivables/ (payables) ² \$'000	2022 Total foreign currency risk \$'000
Brazilian real	71,653	-	1,363	73,016
Canadian dollar	50,696	(18)	302	50,980
Chinese yuan renminbi	43,529	-	148	43,677
Euro	13,162	(2,746)	35	10,451
Hong Kong dollar	62,006	105,454	4,893	172,353
Indian rupee	68,882	-	472	69,354
Indonesian rupiah	10,611	-	-	10,611
Korean won	37,393	2,275	82	39,750
Mexican peso	1,737	16,545	(67)	18,215
Nigerian naira	15,731	-	1,602	17,333
Polish zloty	2,118	(391)	1	1,728
South African rand	60,046	(3,091)	2	56,957
Sterling	20,936	(7,209)	112	13,839
Swedish Krona	3,251	-	-	3,251
Taiwan dollar	99,327	-	2,971	102,298
United Arab Emirates dirham	26,679	-	-	26,679
United States dollar	132,765	(85,971)	47,516	94,310
Vietnamese dong	5,784	-	4,134	9,918
Other currencies	1,036	(16,442)	(254)	(15,660)
	727,342	8,406	63,312	799,060

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

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

Notes to the Financial Statements continued

17. Financial Instruments continued

Currency	Investments held at fair value through profit or loss \$'000	Asset/(liabilities) exposure of derivative instruments \$'000	Cash, cash equivalents and other receivables/(payables) \$'000	2021 Total foreign currency risk \$'000
Brazilian real	49,357	-	223	49,580
Chinese yuan renminbi	106,591	-	194	106,785
Euro	105,033	-	-	105,033
Hong Kong dollar	281,470	-	903	282,373
Hungarian forint	24,804	-	-	24,804
Indian rupee	147,723	-	749	148,472
Indonesian rupiah	35,499	-	-	35,499
Korean won	121,076	-	247	121,323
Mexican peso	64,190	-	267	64,457
Nigerian naira	18,228	-	893	19,121
Philippine peso	28,329	-	-	28,329
South African rand	87,028	-	-	87,028
Sterling	28,495	-	-	28,495
Swiss Franc	34,069	-	-	34,069
Taiwan dollar	104,491	-	347	104,838
Thailand baht	32,745	-	-	32,745
United States dollar	335,288	-	13,737	349,025
Vietnamese dong	23,590	-	766	24,356
Other currencies	51,929	-	814	52,743
	1,679,935	-	19,140	1,699,075

Foreign currency risk management

The degree of sensitivity of the Company's assets to foreign currency risk depends on the net exposure of the Company to each specific currency and the volatility of that specific currency in the year. At 30 June 2022, had the average exchange rate of the US dollar weakened by a reasonable possible movement of 5% (2021: 5%) in relation to the basket of currencies in which the Company's net assets are denominated, weighted by the Company's exposure to each currency with all other variables held constant, the Company estimates the loss after taxation for the year would have decreased and net assets would have increased by \$35,238,000 (2021: increased the profit after taxation for the year and increased the net assets of the Company by \$67,503,000).

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

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

Market price risk

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

17. Financial Instruments continued

Market price risk management

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

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

The Board reviews the prices of the portfolio's holdings and investment performance at their meetings. Country and Sector Exposure of the Portfolio and Forty Largest Holdings illustrate the Company's portfolio at the end of reporting period reflects the diversified strategy.

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

Market price risk – Investee Funds

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

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

There were no purchases in Investee Funds during the year ended 30 June 2022 (2021: none). Total sales amounted to \$1,473,000 (2021: \$1,338,000). As at 30 June 2022 and 2021 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases. During the year ended 30 June 2022 total net losses incurred on investments in Investee Funds were \$1,488,000 (2021: gains of \$608,000).

Other price risk

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

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

Other price risk sensitivity

The following table illustrates the sensitivity of loss after taxation for the year and net assets to an increase or decrease of 10% (year ended 30 June 2021: 10%) in the fair value of investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on investments with all other variables held constant.

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

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

Notes to the Financial Statements continued

17. Financial Instruments continued

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

	2022		2021	
	10% increase in fair value \$'000	10% decrease in fair value \$'000	10% increase in fair value \$'000	10% decrease in fair value \$'000
Statement of Comprehensive Income – (loss)/profit after taxation				
Total (loss)/profit after taxation for the year	72,734	(72,734)	167,993	(167,993)
Net assets	72,734	(72,734)	167,993	(167,993)

Liquidity risk

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

The liquidity risk profile of the Company was as follows:

	30 June 2022 \$'000	30 June 2021 \$'000
Amounts due within one month		
Securities purchased pending settlement	12,033	-
Amounts payable on settlement of derivatives	103	-
Derivative liabilities	12,494	-
CFD interest payable	201	-
CFD dividend payable	555	-
Custodian fees	108	164
Management fees	-	1,389
Legal and professional fees	-	967
Directors' fees	76	92
Accrued expenses	350	140
Amounts due within one year		
Derivative liabilities	1,914	-
Capital gains tax payable	-	7,688
Total liabilities	27,834	10,440

Liquidity risk management

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

The Company has no receivables past their due dates as at 30 June 2022 (2021: nil).

17. Financial Instruments continued

Credit and counterparty risk

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

The Company has no receivables past their due dates as at 30 June 2022 (2021: nil).

Credit risk management

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

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

	30 June 2022 Amounts due within 1 year \$'000	30 June 2021 Amounts due within 1 year \$'000
Derivative assets	20,515	-
Securities sold pending settlement	13,218	379
Amounts receivable on settlement of derivatives	9,770	-
Amounts held at futures clearing houses and brokers	11,901	-
Cash and cash equivalents	34,418	26,926
CFD dividend receivable	377	-
Accrued income	6,189	2,062
Other receivables	865	213
	97,253	29,580

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

Notes to the Financial Statements continued

17. Financial Instruments continued

Collateral

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

	30 June 2022		30 June 2021	
	collateral received \$'000	collateral pledged \$'000	collateral received \$'000	collateral pledged \$'000
Goldman Sachs International Ltd	2,730	-	-	-
J.P. Morgan Securities plc	-	440	-	-
Morgan Stanley & Co. International Ltd	8,090	-	-	-
HSBC Bank plc	5,180	-	-	-
UBS AG	740	11,461	-	-

Credit Risk – Securities Lending

During the year ended 30 June 2022, the Company was engaged in securities lending. As of 30 June 2022, the Company is no longer engaged in securities lending activities.

Participation in securities lending transactions exposed the Company to risk of default by the third party borrower. To mitigate this risk, during the period when the Company was engaged in securities lending, the loans were secured by collateral comprising of governmental securities and was called in on a daily basis to a value of 102% of the fair value of securities on loan if that collateral was denominated in the same currency as the securities on loan and 105% if it was denominated in a different currency. The Lending Agent was responsible for monitoring the collateralisation of 102% and 105% and ensuring that these levels were maintained on marked to market fair values of all securities on loan. The Company had 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 was with the Lending Agent.

During the period when the Company was engaged in securities lending, Genesis actively monitored the capital levels and credit rating of the Lending Agent and the third party borrowers.

Derivative instrument risk

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

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

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

Derivative instruments exposure sensitivity analysis

The Company invests in derivative instruments to gain or reduce exposure to the equity market. An increase of 10% in the share prices of the investments underlying the derivative instruments at the reporting date would have decreased the loss after taxation for the year and increased the net assets of the Company by \$841,000 (2021: nil). A decrease of 10% in share prices of the investments underlying the derivative instruments would have had an equal but opposite effect.

17. Financial Instruments continued

Offsetting

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

The Company's derivative instrument financial assets and liabilities recognised in the Statement of Financial Position and amounts that could be subject to netting in the event of a default or termination are shown below: (2021: No derivative instrument financial assets and liabilities were held).

	Gross amount \$'000	Gross amount of recognised financial liabilities set off on the statement of financial position \$'000	Net amount of financial assets presented on the statement of financial position \$'000	Related amounts not set off on statement of financial position		2022
				Financial instruments \$'000	Margin account received as collateral \$'000	
Financial assets						Net amount \$'000
CFDs	19,542	-	19,542	(10,444)	(6,635)	2,463
Options	973	-	973	(973)	-	-
	20,515	-	20,515	(11,418)	(6,635)	2,463

	Gross amount \$'000	Gross amount of recognised financial assets set off on the statement of financial position \$'000	Net amount of financial liabilities presented on the statement of financial position \$'000	Related amounts not set off on statement of financial position		2022
				Financial instruments \$'000	Margin account pledged as collateral \$'000	
Financial liabilities						Net amount \$'000
CFDs	(10,891)	-	(10,891)	10,444	-	(447)
Options	(3,240)	-	(3,240)	973	2,267	-
Futures	(277)	-	(277)	-	277	-
	(14,408)	-	(14,408)	11,417	2,544	(447)

Fair Value Hierarchy

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

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to inputs other than quoted prices included in level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data

Notes to the Financial Statements continued

17. Financial Instruments continued

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	30 June 2022 Total \$'000
Financial assets at fair value through profit or loss				
Investments in equity securities	642,794	-	-	642,794
Equity linked notes	-	78,739	-	78,739
Investee funds	-	-	5,809	5,809
Derivative instrument assets - Options	973	-	-	973
Derivative instrument assets - CFDs	-	19,542	-	19,542
	643,767	98,281	5,809	747,857
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities - Futures contracts	(277)	-	-	(277)
Derivative instrument liabilities - Options	(2,155)	(1,085)	-	(3,240)
Derivative instrument liabilities - CFDs	-	(10,891)	-	(10,891)
	(2,432)	(11,976)	-	(14,408)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	30 June 2021 Total \$'000
Financial assets at fair value through profit or loss				
Investments in equity securities	1,638,420	32,745	-	1,671,165
Investee funds	-	-	8,770	8,770
	1,638,420	32,745	8,770	1,679,935

	30 June 2022 \$'000	30 June 2021 \$'000
Valuation basis for Level 3 Investment		
Administrator's Net Asset value	5,809	8,770
	5,809	8,770

As at 30 June 2022 there were twelve non-derivative holdings (2021: five holdings) classified as Level 3 investments as well as four CFD positions. Two non-derivative holdings (2021: two 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. Ten non-derivative holdings (2021: three holdings) had a nil value. As at 30 June 2022 the four CFD positions assigned to Level 3 (2021: none) had a nil value.

As at the reporting date seven Russian non-derivative securities as well as one investment exposed to Ukrainian securities have been fair valued at nil as at 30 June 2022 as a result of trading being suspended on international stock exchanges. These non-derivative investments have been transferred from Level 1 to Level 3 with a value of nil.

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

17. Financial Instruments continued

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

	30 June 2022 Level 3 \$'000	30 June 2021 Level 3 \$'000
Movements in level 3 investments during the year		
Opening balance	8,770	9,500
Sales	(1,473)	(1,338)
Realised gains	889	869
Net change in unrealised losses	(2,377)	(261)
Closing balance	5,809	8,770

Unrealised losses as at year end amounting to \$7,186,000 (2021: unrealised losses of \$4,809,000) 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 (losses)/gains on financial assets at fair value through profit or loss'.

The Company holds seven securities issued by Russian entities. These securities continue to be impacted by a range of actions taken by governments, stock exchanges and counterparties, including sanctions regimes, leading to significant valuation and liquidity issues. Due to these issues, and the Company's inability to transact or transfer these assets, the value of the seven Russian securities held by the Company was written down to nil, reflecting the significant uncertainty in the resolution of geopolitical events within the next financial year. These securities, classified as Level 1 immediately prior to the suspension of Russian markets, were transferred to Level 3 during the year ended 30 June 2022. The Company's investments in the seven Russian securities amounted to \$17,283,661 immediately prior to suspension of markets on 28 February 2022 with a cost of \$99,959,944.

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

Securities Lending

During the year ended 30 June 2022, the Company was engaged in securities lending. As of 30 June 2022, the Company is no longer engaged in securities lending activities. As at 30 June 2022 the Company had securities with a fair value of nil (2021: \$11,808,000) on loan and received nil (2021: \$5,319,000) of non-cash collateral for these loans. Included in the securities on loan were Brazilian securities with a fair value of nil (2021: \$6,794,000). All Brazilian securities lending transactions must go through the Brazilian Clearing and Depository Corporation ('CBLC'), who act as a counterparty, managing and holding the collateral.

Capital Risk Management

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

Notes to the Financial Statements continued

18. Capital Resources and Gearing

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

The Company's gearing at the year end is set out below: (2021: No derivative instrument financial assets and liabilities were held, hence gearing for Gross and Net exposure is not applicable).

	30 June 2022			
	Gross gearing		Net gearing	
	Exposure \$'000	% ¹	Exposure \$'000	% ¹
Financial assets at fair value through profit and loss	727,342	91.3	727,342	91.3
Long CFDs	249,053	31.3	249,053	31.3
Short put options	16,092	2.0	16,092	2.0
Long call options	3,675	0.5	3,675	0.5
Total long exposures before hedges	996,162	125.1	996,162	125.1
Less: short derivative instruments hedging the above	(68,250)	(8.6)	(68,250)	(8.6)
Total long exposures after the netting of hedges	927,912	116.5	927,912	116.5
Short CFDs	188,830	23.7	(188,830)	(23.7)
Short call options	3,334	0.4	(3,334)	(0.4)
Gross Asset Exposure/net exposure	1,120,076	140.6	735,748	92.4
Net Assets	796,761		796,761	
Gearing²		40.6%		(7.6)%

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

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

19. Transactions with the Managers and Related Parties

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. Related parties also include key management personnel and entities under common control of the Manager.

(a) GIML's remuneration and terms of appointment

Under the terms of its Management Agreement, GIML was entitled to receive a management fee from the Company, payable monthly in arrears equal to 0.90% (2021: 0.90%) per annum, calculated and accrued on the Net Asset Value of the Company as at each weekly Valuation Day, except for investments in Investee Funds, where GIML will absorb the expenses of the management of such funds to a maximum of 1% per annum of the value of the Company's holding in the relevant fund at the relevant time. Genesis related investment companies, do not pay a separate management fee to GIML. The management fee for the financial year ended 30 June 2022 was \$4,636,000 (2021: \$13,950,000).

GIML ceased to act as manager to the Company on 4 October 2021, however, in accordance with the notice of termination and under the terms of the management agreement, it received a management fee until 31 October 2021.

(b) Fidelity's remuneration and terms of appointment

On 4 October 2021, FIL Investment Services (UK) Limited was appointed as Manager ('the Manager') to the Company and has delegated the role of Investment Manager to FIL Investments International ('the Investment Manager'), both the Manager and Investment Manager are part of the FIL Group of companies, ('Fidelity'). Under the Investment Management Agreement ('the IMA'), the Manager is entitled to receive a Management Fee of 0.60% per annum of the Net Asset Value of the Company.

The Management Fee is calculated and charged daily and payable monthly in arrears.

Under the terms of the IMA, the Manager has waived its entitlement to receive a Management Fee for a period of nine months from its date of appointment.

No Management Fee is payable by the Company in respect of the Company's holdings in collective investment schemes or investment trusts managed or advised by the Manager.

19. Transactions with the Managers and Related Parties continued

(c) Administration fees

The Administrator is entitled to receive a fee, payable monthly, based on the Net Asset Value of the Company and time incurred. Administration fees for the year were \$359,000 and charged by JP Morgan Administration Services (Guernsey) Limited (2021: \$330,000).

(d) Custodian fee

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

The Company also reimburses the charges and expenses of other organisations with whom securities are held. The total of all Custodian fees for the year represented approximately 0.08% (2021: 0.05%) per annum of the average Net Assets of the Company. Custodian fees for the year were \$1,002,000 (2021: \$925,000).

(e) Securities lending fees

During the year ended 30 June 2022, the Company was engaged in securities lending. As of 30 June 2022, the Company is no longer engaged in securities lending activities. The Company generated gross income of \$47,000 (2021: \$41,000) from securities lending transactions during the year. Commissions amounting to \$9,000 (2021: \$8,000) 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.

(f) Directors' fees and expenses

Included in Directors' fees and expenses for the year of \$282,000 (2021: \$313,000) are Directors' fees and also travelling, hotel and other expenses which the Directors are entitled to when properly incurred by them in travelling to, attending and returning from meetings and while on other business of the Company.

Directors' related party interests are stated on page 37 as part of the Directors' Remuneration Report.

There were no transactions between the Company and such related parties during the year and there were no outstanding balances between these entities at 30 June 2022.

20. Ultimate Controlling Party

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

21. Segment Information

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

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

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

As at 30 June 2022 and 30 June 2021, the Company has no assets classified as non-current assets. A breakdown of the Company's financial assets at fair value through profit and loss is shown in the Country exposure of the Company's portfolio on pages 16 to 20.

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

22. Subsequent events

No significant events have occurred since the end of the reporting date which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 30 June 2022 or on the financial performance and cash flows of the Company for the year ended on that date.

Alternative Performance Measures

Active Share

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

Discount/Premium

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

Gearing

Gearing is considered to be an Alternative Performance Measure. See Note 18 on page 74 for details of the Company's gearing.

Ongoing charges

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

	30 June 2022	30 June 2021
Management fees (\$'000)	4,636	13,950
Other expenses (\$'000)	8,808	4,017
Less transaction costs (\$'000)	(5,039)	(1,095)
Less legal fees - not recurring (\$'000)	(1,318)	(967)
Ongoing charges (\$'000)	7,087	15,905
Average net assets (\$'000)	1,179,409	1,540,591
Ongoing charges ratio	0.60%	1.03%

This ongoing charges figure is based on a reduced management fee for the year to 30 June 2022, and is anticipated to be circa 0.80% in future.

Total Return Performance

Total return performance is considered to be an Alternative Performance Measure (as defined in the Glossary to the Annual Report on pages 84 to 86). NAV per share total return includes reinvestment of the dividend in the NAV of the Company on the ex-dividend date. Share price total return includes the reinvestment of the net dividend in the month that the share price goes ex-dividend.

The tables below provide information relating to the NAV per share and share prices of the Company, the impact of the dividend reinvestments and the total returns for the years ended 30 June 2022 and 30 June 2021.

	Net asset value per share	Share price
2022		
30 June 2021	1,013.13p	919.00p
30 June 2022	720.13p	633.70p
Change in the year	-28.9%	-31.0%
Impact of dividend reinvestment	+1.0%	+1.0%
Total return for the year	-27.9%	-30.0%

	Net asset value per share	Share price
2021		
30 June 2020	823.37p	718.00p
30 June 2021	1,013.13p	919.00p
Change in the year	+23.0%	+28.0%
Impact of dividend reinvestment	+1.8%	+2.0%
Total return for the year	+24.8%	+30.0%

Securities Financing Transactions Regulation ("SFTR")

Securities Financing Transactions (Unaudited)

The Company engages in Securities Financing Transactions (SFT) (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to SFT for the accounting year ended 30 June 2022 are detailed below.

Global Data

Amount of securities on loan

During the year ended 30 June 2022, the Company was engaged in securities lending. As of 30 June 2022, the Company is no longer engaged in securities lending activities. The total value of securities on loan as a proportion of the Company's total lendable assets, as at the statement of financial position date, is nil. Total lendable assets represents the aggregate value of assets types forming part of the Company's securities lending programme.

Amount of assets engaged in CFDs

The following disclosures relate to CFDs held by the Company which may be considered Total Return Swaps under the SFTR.

As at 30 June 2022, all CFDs were contracted bilaterally with open maturities:

Broker	Fair Value \$'000	Percentage of Net Assets	Collateral held by the broker \$'000	Collateral held by the Company \$'000
Goldman Sachs International (UK)	(446)	(0.06%)	2,730	-
HSBC Bank plc (UK)	6,052	0.76%	5,180	-
J.P. Morgan Securities plc (UK)	1,414	0.18%	-	440
Morgan Stanley & Co International (UK)	715	0.09%	8,090	-
UBS AG (UK)	916	0.11%	740	-

Collateral held by the broker was denominated in US dollars and held in a segregated account on behalf of the Company with a maturity of one day.

Settlement and clearing

OTC derivative transactions are entered into by the Fund under an International Swaps and Derivatives Associations, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement. An ISDA Master Agreement is a bilateral agreement between the Company and a counterparty that governs OTC derivative transactions (including CFDs) entered into by the parties. All OTC derivative transactions entered under an ISDA Master agreement are netted together for collateral purposes.

Share of collateral received that is reused and reinvestment return

Collateral received for CFD positions is kept in segregated accounts with the brokers and is not reinvested by the Company. There are no returns from reinvestment of collateral received.

Return and cost

For any securities lending activities, JPMorgan Chase Bank, N.A (JPMCB), the lending agent, receives a fee of 10% of the gross revenue for its services related to the Stock Lending Transactions. The remainder of the revenue, 90%, is received by the Company i.e. for the benefit of the holders of Participating Preference Shares.

Information about returns and costs related to securities lending is disclosed in Note 3 Income.

All returns from CFDs are earned by the Company. Information about returns and costs related to CFDs is disclosed in Note 3 Income, Note 6 Finance Costs and Note 11 Derivative Instruments.

Notice of Annual General Meeting

NOTICE is hereby given that the thirty-third Annual General Meeting of Fidelity Emerging Markets Limited (the “Company”) will be held at the registered office of the Company at 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey GY1 6JB, on Thursday, 8 December 2022 at 11:00 a.m. to consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions and special resolutions as set out below:

ORDINARY RESOLUTIONS

To be proposed as ordinary resolutions:

1. To receive the Report of the Directors and audited Financial Statements for the year ended 30 June 2022.
2. To approve the Directors’ Remuneration Report for the year ended 30 June 2022.
3. To re-appoint KPMG Channel Islands Limited as Independent Auditor to the Company.
4. To authorise the Directors to agree the remuneration of the Independent Auditor.
5. To declare a final dividend of \$0.16 per share designated as a Participating Redeemable Preference Share (the “Participating Preference Shares”) to be paid in respect of the financial year ended 30 June 2022.
6. To re-elect Dr Simon Colson as a Director of the Company.
7. To re-elect Mr Russell Edey as a Director of the Company.
8. To re-elect Mr Torsten Koster as a Director of the Company.
9. To re-elect Ms Katherine Tsang as a Director of the Company.
10. To elect Ms Heather Manners as a Director of the Company.
11. THAT the Directors be generally and unconditionally authorised to allot and issue, grant rights to subscribe for, or to convert securities into, up to 30,366,688 Participating Preference Shares (being 33.33 per cent. of the Company’s shares of each class in issue as at the latest practicable date prior to the date of publication of this document (excluding shares held in treasury)) for the period expiring on the date falling fifteen months after the date of passing of this Resolution 12 or the conclusion of the next annual general meeting of the Company, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted and issued after such expiry and the Directors may allot and issue shares in pursuance of such an offer or agreement as if the authority had not expired.

SPECIAL RESOLUTIONS

To be proposed as special resolutions:

12. THAT, In substitution for the Company’s existing authority to make market purchases of Participating Preference Shares, the Company is authorised to make market purchases of Participating Preference Shares, PROVIDED THAT:
 - (a) the maximum number of Participating Preference Shares that may be purchased shall be 13,655,899 being 14.99% of the issued number of Participating Preference Shares at the date of this document or, if lower, such number as is equal to 14.99% of the issued number of Participating Preference Shares at the date of passing the resolution;

- (b) 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;
- (c) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2022 unless such authority is renewed prior to such time; and
- (d) the Company 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.

13. THAT, in accordance with Article 9(4) of the articles of incorporation of the Company (the “Articles”), the Directors be empowered to allot and issue (or sell from treasury) 9,110,006 Participating Preference Shares (being 10 per cent. of the such Shares in issue of each class as at the latest practicable date prior to the date of this notice (excluding shares held in treasury)) for cash as if Article 9.4 of the Articles did not apply to the allotment and issue (or sale from treasury) for the period expiring on the date falling fifteen months after the date of passing of this Resolution 14 or the conclusion of the next annual general meeting of the Company, whichever is the earlier, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted and issued (or sold) after such expiry and the Directors may allot and issue (or sell) shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution 14 has expired

14. THAT the Articles of the Company be amended as follows:

- (a) the words “a majority of Directors shall not be resident in the United Kingdom” shall be deleted from Article 87;
- (b) the words “provided that a majority of those Directors participating in the call are resident outside the United Kingdom” shall be deleted from Article 109(2);
- (c) the words “PROVIDED THAT such resolution shall not be valid if a majority of the signatories is resident in and/or has given his signature in the United Kingdom” shall be deleted from Article 113; and
- (d) Article 96(f) and Article 111(ii) shall be deleted.

Administration

Registered Office

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

Website

www.fidelity.co.uk/emergingmarkets

**Alternative Investment Fund Manager
(from 4 October 2021)**

FIL Investment Services (UK) Limited
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

Investment Manager

FIL Investments International
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

Custodian

JP Morgan Chase Bank
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom
*(Authorised and regulated by the United Kingdom's
Financial Conduct Authority)*

Administrator and Company Secretary

J.P. Morgan Administration Services (Guernsey) Limited
1st Floor, Les Echelons Court
Les Echelons
South Esplanade
St. Peter Port
Guernsey GY1 6JB
Channel Islands
*(Authorised and regulated by the Guernsey Financial
Service Commission)*

Registrar

Computershare Investor Services
(Guernsey) Limited
13 Castle Street
St. Helier
Jersey JE1 1ES
Channel Islands
Telephone: +44 (0) 370 707 4040
www.investorcentre.co.uk/je

Stockbrokers

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

Jefferies International Limited
100 Bishopsgate
London EC2N 4JL
United Kingdom

Independent Auditor

KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St. Peter Port
Guernsey GY1 1WR

General Data Protection Regulation ("GDPR")

What personal data is collected and how it is used

The Company is an investment trust which is a public limited company and has certain regulatory obligations such as the requirement to send documents to its shareholders, for example, the Annual Report and other documents that relate to meetings of the Company. The Company will therefore collect shareholders' personal data such as names, addresses and identification numbers or investor codes and will use this personal data to fulfil its statutory obligations.

Any personal data collected will be kept securely on computer systems and in some circumstances on paper. Personal information is kept secure in line with Fidelity's Information Security policies and standards. If you are unhappy with how we have used your personal data, you can complain by contacting the UK Data Protection Officer at Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Sharing personal data

In order to assist the Company in meeting its statutory requirements, the Company delegates certain duties around the processing of this data to its third party service providers, such as the Company's Registrar and Printers. The Company has appointed Fidelity to undertake marketing activities for the Company and their privacy statement can be found on the Company's website at <https://investment-trusts.fidelity.co.uk/privacy-policy/>

The Company's agreements with the third party service providers have been updated to be compliant with GDPR requirements. The Company confirms to its shareholders that their data will not be shared with any third party for any other purpose, such as for marketing purposes. In some circumstances, it may be necessary to transfer shareholders' personal data across national borders to Fidelity Group entities operating in the European Economic Area ("EEA"). Where this does occur, the European standard of protections will be applied to the personal data that is processed. Where personal data is transferred within the Fidelity Group, but outside of the EEA, that data will subsequently receive the same degree of protection as it would in the EEA.

Retention Period

We will keep the personal data for as long as is necessary for these purposes and no longer than we are legally permitted to do so.

Requesting access, making changes to your personal data and other important information

Shareholders can access the information that the Company holds about them or ask for it to be corrected or deleted by contacting Fidelity's UK Data Protection Officer, Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Alternative Investment Fund Manager's Disclosure (unaudited)

In compliance with the Alternative Investment Fund Managers' Directive ("AIFMD"), the Board has appointed FIL Investment Services (UK) Limited ("FISL") as the Company's Alternative Investment Fund Manager ("AIFM"). FISL has delegated the investment management to FIL Investments International ("FIL") and the company secretarial function to J.P. Morgan Administration Services (Guernsey) Limited.

Details of the current Management Agreement can be found in the Strategic Report on pages 25 to 30.

The table below discloses information required by the Alternative Investment Fund Managers' Regulations 2013.

Function	AIFM Role and Responsibility	AIFMD Disclosure
Investment management	<p>The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investments International ("FIL").</p> <p>The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.</p>	Details of the Company's investment objective, strategy and investment policy, including limits, are on pages 23 and 24.
Risk management	<p>The AIFM has a responsibility for risk management for the Company which is in addition to the Board's corporate governance responsibility for risk management.</p> <p>The Company has a Risk Management Process Document which is agreed with the Board and demonstrates that risk management is separated functionally and hierarchically from operating units and demonstrates independence safeguards. The Manager maintains adequate risk management systems in order to identify, measure and monitor all risks at least annually under AIFMD. The Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing.</p> <p>The Board, as part of UK corporate governance, remains responsible for the identification of significant risks and for the ongoing review of the Company's risk management and internal control processes.</p>	The AIFM has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of risk management and internal controls and for reviewing its effectiveness. Further details can be found in the Strategic Report on pages 23 to 30 and in Note 17 to the Financial Statements on pages 63 to 73.
Valuation of illiquid assets	AIFMD requires the disclosure of the percentage of the Alternative Investment Fund's assets which are subject to special arrangements arising from their illiquid nature and any new arrangements for managing the liquidity of the Company.	As at the date of this report, none of the Company's assets is subject to special arrangements arising from its illiquid nature.

Function	AIFM Role and Responsibility	AIFMD Disclosure
Leverage	<p>The Company may be geared through (i) borrowing of up to 10% of its net asset value and/or (ii) by entering into derivative positions (both long and short) which have the effect of gearing the Company's portfolio, to enhance performance.</p> <p>The AIFM has set maximum levels of leverage that are reasonable. It has implemented systems to calculate and monitor compliance against these limits and has ensured that the limits have been complied with at all times.</p> <p>There are two methods of calculating leverage – the Gross Method which does not reduce exposure for hedging; and the Commitment Method which does reduce exposure for hedging</p>	<p>The maximum leverage limits are 2.50 for the Gross Method of calculating leverage and 2.00 for the Commitment Method.</p> <p>At 30 June 2022, actual leverage was 1.74 for the Gross Method and 1.47 for the Commitment Method.</p>
Liquidity management	<p>The AIFM, in consultation with the Board, maintains a liquidity management policy which is considered at least annually.</p>	<p>The Company's assets mainly comprise readily realisable securities and derivative instruments which can be sold easily to meet funding commitments if necessary.</p> <p>Further details can be found in Note 17 on page 68.</p>
Remuneration of the AIFM	<p>The AIFM operates under the terms of Fidelity's Global Remuneration Policy Statement. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B) and the BIPRU Remuneration Code (SYSC19C).</p>	<p>Details of Fidelity International's Global Remuneration Policy can be found at www.fidelityinternational.com/global/remuneration/default.page</p>

Glossary to the Annual Report

ACTIVE SHARE*

Active Share is a measure of the percentage by which stock holdings in the Company differ from the constituents of the benchmark, the MSCI Emerging Markets Index. Active share is calculated by taking the sum of the absolute difference between the weights of the holdings in the Company and those in the MSCI Emerging Markets Index and dividing the result by two.

ADR (AMERICAN DEPOSITARY RECEIPT)

A negotiable certificate issued by a US bank representing a specified number of shares in a foreign stock that is traded on a US Exchange.

AIC

The Association of Investment Companies ("AIC"). The Company is a member of the AIC.

AIF

Alternative Investment Fund ("AIF"). The Company is an AIF.

AIFM

Alternative Investment Fund Manager ("AIFM"). The Board has appointed FIL Investment Services (UK) Limited to act as the Company's AIFM.

AIFMD

The Alternative Investment Fund Managers Directive ("AIFMD") is a European Union Directive implemented on 22 July 2014.

ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority ('ESMA') has published guidelines on Alternative Performance Measures ('APMs'). APMs are defined as being a 'financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable accounting framework.' The guidelines are aimed at promoting the usefulness and transparency of APMs included in regulated information and aim to improve comparability, reliability and/or comprehensibility of APMs. The definitions shown with a * are the APMs that are used throughout this Annual Financial Report, Half Year Report, Financial Statements and Notes to the Financial Statements which include.

- Active Share
- Discount/Premium;
- Gearing (Gross and Net);
- Ongoing Charges;
- Total Return Performance (Net Asset Value Total Return or Share Price Total Return)

ASSET EXPOSURE

The value of an underlying security or instrument to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of derivative).

AUDITOR

KPMG Channel Islands Limited, or such other auditor, as the Company may appoint from time to time.

BENCHMARK INDEX (THE INDEX)

The Company's benchmark index, the MSCI Emerging Markets Index.

COLLATERAL

Assets provided as security.

CONTRACT FOR DIFFERENCE (CFD)

A contract for difference is a derivative. It is a contract between the Company and an investment bank at the end of which the parties exchange the difference between the opening price and the closing price of the underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A contract for difference allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as margin. The Company may reason that the asset price will rise, by buying ("long" position) or fall, by selling ("short" position). If the Company holds long positions, dividends are received and interest is paid. If the Company holds short positions, dividends are paid and interest is received.

CUSTODIAN

An entity that holds (as intermediary) the Company's assets, arranges the settlement of transactions and administers income, proxy voting and corporate actions. The Company's Custodian is JPMorgan Chase Bank.

DERIVATIVES

Financial instruments whose value is derived from the value of an underlying asset or other financial instruments. The main categories of derivatives are contracts for difference, warrants, futures and options.

DISCOUNT*

If the share price of the Company is lower than the Net Asset Value per Participating Preference Share, the Company's shares are said to be trading at a discount. It is shown as a percentage of the Net Asset Value per Participating Preference Share.

EARNINGS

The earnings generated in a given period from investments:

- **Revenue Earnings** – reflects the dividends and interest from investments and other income, net of expenses, finance costs and taxation;
- **Capital Earnings** – reflects the return on capital, excluding any revenue earnings; and
- **Total Earnings** – reflects the aggregate of revenue and capital earnings.

EQUITY LINKED NOTES (ELNS)

Debt instruments whose return on investment is linked to specific equities or equity markets. The return on equity linked notes may be determined by an equity index, a basket of equities, or a single equity.

FAIR VALUE

The carrying value in the Statement of Financial Position which represents the amount that would be received or paid on disposal of the financial asset or liability.

FIDELITY

FIL Investments International.

FIL LIMITED

The ultimate parent company of the FIL Group of companies. Incorporated in Bermuda.

FIL

FIL Limited and each of its subsidiaries.

FORWARD CURRENCY CONTRACT

An agreement to buy or sell a currency, commodity or other asset at a specified future date and at a redetermined price.

FUTURE OR FUTURE CONTRACT

An agreement to buy or sell a stated amount of a security, currency or commodity at a specific future date and at a preagreed price.

GROSS ASSET EXPOSURE

The value of the portfolio to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of the derivatives, but excluding forward currency contracts).

GROSS GEARING*

Gross Asset Exposure less Equity Shareholders' Funds expressed as a percentage of Equity Shareholders' Funds.

HEDGES

Short positions that demonstrate risk-reduction qualities by offsetting long positions held by the Company which have regional congruence and a correlation of at least 80% to the Long Exposure of the Company.

INVESTMENT MANAGER

FIL Investments International

LONG EXPOSURE

The value of the Company's direct and indirect investments in long positions (including the economic value of the exposure to the reference asset of any derivative instrument).

MANAGER

FIL Investment Services (UK) Limited is the appointed Manager under the Alternative Investment Fund Managers' Directive ("AIFMD") and has delegated the investment management of the Company to the Investment Manager.

MSCI EMERGING MARKETS INDEX

The Benchmark Index of the investment performance of the Company, in UK sterling terms.

NET ASSET VALUE PER PARTICIPATING PREFERENCE SHARE TOTAL RETURN*

NAV per Participating Preference Share Total Return is a measure showing how the NAV per Participating Preference Share has performed over a period of time, taking into account dividends paid to shareholders. Total Return measures allow shareholders to compare performance between investment funds where the dividend paid may differ. To calculate Total Return, it is assumed that dividends are reinvested into the assets of the Company at the prevailing NAV on the last day of the month that the shares first trade ex-dividend.

NET ASSET VALUE PER PARTICIPATING PREFERENCE SHARE

Net Assets are the value of the Company's assets less its liabilities. Net Asset Value ('NAV') per Participating Preference Share is the Net Assets divided by the number of Participating Preference Shares in issue.

NET ASSETS

The value of the Company's assets minus its liabilities.

NET GEARING*

Net Market Exposure less Equity Shareholders' Funds expressed as a percentage of Equity Shareholders' Funds.

NET MARKET EXPOSURE

Net positive market exposure of the Company's portfolio, whether through direct or indirect investment, with short and hedge positions subtracted from long positions. It is calculated as (Long Exposure - Hedges) - Short Exposure.

ONGOING CHARGES RATIO*

The ongoing charges ratio is a measure used to estimate the expenses likely to occur in the foreseeable future. It is calculated by dividing the annualised ongoing charges (total operating expenses excluding transaction costs and one-off charges) by the average month end net asset values of the Company for the year under review and has been prepared in accordance with the AIC's recommended methodology. The change in the ongoing charges ratio for the reporting period is driven by the change of Manager from 4 October 2021. Under the terms of the Investment Management Agreement, the Manager has waived its entitlement to receive a Management Fee for a period of nine months from its date of appointment.

OPTIONS

An option is a contract which gives the right but not the obligation to buy or sell an underlying asset at an agreed price on or before an agreed date. Options may be call or put and are used to gain or reduce exposure to the underlying asset on a conditional basis.

PORTFOLIO

The Company's portfolio which may be made up of equities, index linked securities, equity linked notes and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions and other interests including derivatives (such as futures, options and contracts for difference).

Glossary to the Annual Report continued

PREMIUM*

If the share price of the Company is higher than the net asset value per ordinary share, the Company's shares are said to be trading at a premium. The premium is shown as a percentage of the net asset value per ordinary share.

REGISTRAR

The entity that manages the Company's shareholder register. The Company's Registrar is Computershare Investor Services (Guernsey) Limited.

RESERVES

- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares has exceeded the cost of those ordinary shares. It is not distributable by way of dividend and cannot be used to fund share repurchases.
- **Capital reserve** represents realised gains or losses on investments and derivatives sold, unrealised increases and decreases in the fair value of investments and derivatives held and other income and costs recognised in the capital column of the Statement of Comprehensive Income. It can be used to fund share repurchases and it is distributable by way of dividend.
- **Revenue reserve** represents retained revenue surpluses recognised through the revenue column of the Statement of Comprehensive Income. It is distributable by way of dividend.

SECRETARY

J.P. Morgan Administration Services (Guernsey) Limited.

SHARE PRICE TOTAL RETURN*

Share Price Total Return is a measure showing how the Share Price has performed over a period of time, taking into account dividends paid to shareholders. Total Return measures allow shareholders to compare performance between investment funds where the dividend paid may differ. To calculate Total Return, it is assumed that dividends are reinvested into the shares of the Company at the prevailing Share Price on the last day of the month that the shares first trade ex-dividend.

SHARE PRICE

The Share Price taken is the closing price. This is the price at which the Company's shares trade on the London Stock Exchange at the end of trading on a business day.

SHAREHOLDERS' FUNDS

Also described as Net Asset Value, Shareholders' Funds represent the total value of the Company's assets less the total value of its liabilities as shown in the Statement of Financial Position.

SHORT EXPOSURE

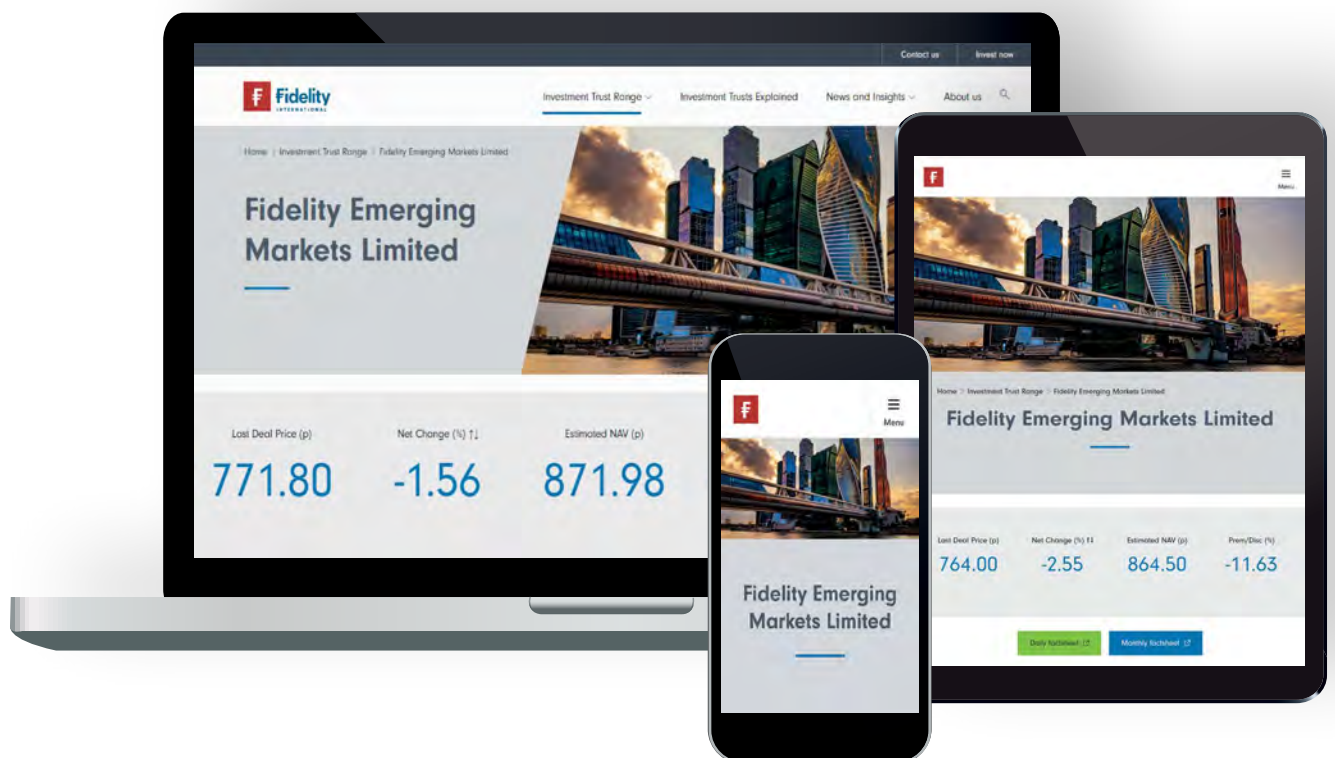
The position of the Company when it has sold a security or derivative that it does not own but is now committed to eventually purchase in order to satisfy its obligation to sell. It is a strategy used to capitalise on an expected decline in the security's or derivative's price.

SIZE OF COMPANY (MARKET CAP)

- Large – above \$50bn;
- Medium – between \$10bn – \$50bn;
- Small – below \$10bn

UNLISTED COMPANIES

Companies not listed on a regulated stock exchange. They are stated at best estimate of fair value, based on recognised valuation techniques which may take account of recent arm's length transactions in the investments.



To find out more about Fidelity Emerging Markets Limited, visit our website at www.fidelity.co.uk/emergingmarkets where you can read articles and watch videos on the Company.



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